COMMITTEE MEMBERS PRESENT:
Mr. Stuart C. Seigel, chair
Ms. Pamela El
Mr. Peter Farrell
Mr. Andrew Florance
Mr. Edward L. McCoy

COMMITTEE MEMBERS ABSENT:
Mr. Todd P. Haymore, vice chair
Ms. Alexis Swann

OTHERS PRESENT:
Dr. Michael Rao, President
Ms. Karol Kain Gray, Senior Vice President for Finance and Budget and CFO
Dr. Meredith Weiss, Vice President of Administration
Staff and students from VCU and VCUHS
Members of the Press

CALL TO ORDER:
Mr. Stuart Seigel, Chair of the Finance, Budget and Investment Committee, called the meeting to order at 10:55 a.m.

APPROVAL OF MINUTES:
Mr. Siegel asked for a motion to approve the minutes of May 13, 2021 meeting of the Finance, Budget and Investment Committee, as published. After motion duly made and seconded, the minutes for the Finance, Budget and Investment Committee meeting of May 13, 2021 were approved.

OPEN SESSION ITEMS:
Mr. Siegel began at by asking Ms. Gray to present the 2021-22 Finance, Budget and Investment Committee Charter and Meeting Planner.

Ms. Gray presented the proposed changes to the 2021-22 committee charter and meeting planner in keeping with the Board’s bylaws and current operational practices. This year’s recommended changes are updates to university position titles referenced in the documents.

Mr. Siegel asked Ms. Gray to present the resolution to approve the increase in designation of the Quasi Endowment.
Ms. Gray provided a brief history on the creation of the quasi endowment of $90 million in December 2016 to increase cash balances and generate additional investment income for strategic use. VCU Investment Management Company (VCIMCO) manages these funds under the board-approved investment policy. Ms. Gray reported the current value of the endowment at approximately $121 million and provided an analysis of how the additional $20 million of this increase in designation would impact the University.

Mr. Siegel asked Dr. Weiss to present the six-year capital plan amendment for Renovations to Founders Hall.

Dr. Weiss reviewed the project details for correcting significant water intrusion, roofing, and masonry exterior issues in the historic facility located at 827 Franklin Street. The estimated cost of the project is $3.2 million and will be covered with maintenance reserve funds.

On motion duly made and seconded, the three action items were approved for recommendation of approval to the full board.

A copy of the action items are attached hereto as Attachment A.

SENIOR VICE PRESIDENT’S REPORT

Mr. Siegel asked Ms. Gray to present her report on the following:

Reporting Structure of Related Foundations and VCIMCO – Ms. Gray reviewed the governance relationship between VCIMCO and other VCU foundations noting that each are separate 501 [C] [3] organizations with their own boards with an annual financial statement audit performed by an independent auditor for all. The foundations exist solely to benefit the University. The President or his designee is a member of the foundation board and one member of the VCU Board is also a member of the foundation board. Memorandum of Understandings govern the relationship with the foundations and are signed by both parties with renewals every three to five years. The foundations are reported as component units of the University on financial statements and 990 filings are also reviewed by the University. The Senior VP and CFO provide an annual high-level review of financial results of the foundations to this committee.

VCIMCO is required to adhere to VCU’s investment policy and an investment management agreement is signed between the parties and updated as necessary. The VCIMCO board includes: 2 appointees from the VCU Board (not necessarily VCU Board Members), 2 appointees from VCUHS Board, and 1 appointee from the VCU President who is Chair.

VCU Investment Management Company Report – Ms. Nancy Everett, Chief Investment Officer for VCIMCO provided an update to the committee showing total assets under management of almost $2 billion. Ms. Everett provided a brief market review for 2021 Q2 and a portfolio performance for VCIMCO for Quarterly Year-t -Date (representative portfolio of 6.7%), Final
Year-to Date (representative portfolio of 36.7%) and a 3-year review (representative portfolio of 13.0%).

Annual Debt Report – Ms. Gray presented the University’s debt management report as of June 30, 2021 showing no major concerns or compliance issues with how debt is being managed in accordance with the board debt policy approved in 2013. The University has $422.6 million in total debt with approximately $26 million per year of bond principal retired for the next 10 years. During the next 5 years, over $116 million of outstanding debt will be retired and during the next 10 years, over $254 million of outstanding debt will be retired. Ms. Gray also reviewed Peer Comparisons and Selection (criteria and schools) as well as the diversified concentration risk across financial institutions provided credit services, investments, custody services and banking.

VCU Budget Update – Ms. Gray reviewed the 2021 tuition budget to actuals showing a $5.8 million variance due to summer enrollment. With the total 2021 fall tuition, the budget is showing a projected annual deficit of $7.8 million which will be addressed by the University’s Budget Committee.

FACILITIES WAM OVERVIEW

Mr. Siegel asked Dr. Weiss to provide her report on women and minority-owned spending as it relates to Facilities Management.

Dr. Weiss provided the FY21 impact showing that minority-owned spending within Facilities represented 65% of the University’s total spend and was 41% of the University’s total spend with woman-owned vendors. Dr. Weiss also reviewed the total SWAM, Minority and Woman-owned spend within the larger current capital construction projects. University Renovations also utilizes SWAM, Minority and Woman-Owned businesses and Dr. Weiss provided a five-year review of those expenditures. The facilities and procurement departments are working in partnership to implement improvements and streamline efforts to assist with access, outreach and transparency, to measure goals, accountability and explore areas for growth and innovation. The Athletic Village now being developed will provide additional opportunities for improvements in WAM expenditures.

REPORTS FOR INFORMATIONAL PURPOSES:

Mr. Siegel noted that there were several reports for informational purposes, specifically, the Sources and Uses of Funding, Revenue and Expense Summary, VCU Health System and Financial Operations, Treasurer’s Report, Agency Risk Management and Internal Controls Standards (ARMICS), Board of Visitors Fund Annual Report, and Capital Projects Update.

A copy of the Ms. Gray and Dr. Weiss’ presentation is attached hereto as Attachment A.
ADJOURNMENT:
There being no further business, Mr. Siegel adjourned the meeting at 11:45 a.m.
ATTACHMENT A

VIRGINIA COMMONWEALTH UNIVERSITY
BOARD OF VISITORS

FINANCE, BUDGET, AND INVESTMENT COMMITTEE CHARTER

I. PURPOSE

The primary purpose of the Finance, Budget, and Investment Committee (“Committee”) is to assist the Board of Visitors in fulfilling its objectives and fiduciary responsibilities related to applicable policy/ies and oversight of:

- University finances and investments
- University policies on debt management
- University facilities planning, design, construction and renovation.
- University purchase and divestiture of land, including any easements.

The Committee is responsible for reviewing financial statements, budgets, debt, investments, cash management, six-year financial operating and capital plans, and make corresponding recommendations to the Board of Visitors all for the purpose of maintaining a sound fiscal standing. In addition and contributing to fiscal standing, the Committee is responsible for reviewing the University’s tuition and fee charges for each year. The Committee directly oversees the investment of the cash management pool and reviews the financial activities of any foundation or organization established to benefit the University, including foundations, partnerships, or other affiliated entities.

The Committee also approves selection of engineers and architects for University construction capital projects exceeding $5 million, approves the renovation or replacement of outdated facilities and equipment, and approves project plans for construction projects exceeding $5 million, approves the acquisition of all property, and the sale and demolition of property.

University management is responsible for day-to-day operation of the University within the established authorities, under the governance of the Committee.

II. COMPOSITION AND INDEPENDENCE

The Committee will be comprised of three or more Visitors. In addition to complying with the Commonwealth of Virginia’s Conflict of Interest laws and any University policies, each member must be free from any financial, family or other material personal relationship that, in the opinion of the Board or the Committee members, would impair their independence from management and the University. Committee members should also refrain from activities that a reasonable person would view as unethical or contrary to the institutional mission.
III. RESPONSIBILITIES

In performing its oversight responsibilities, the Committee shall:

A. General:

1. Adopt a formal written charter that specifies the Committee’s scope of responsibility. The charter should be reviewed annually and updated as necessary.
2. Maintain minutes of open session meetings.
3. Report Committee actions to the Board of Visitors with such recommendations as the Committee may deem appropriate.
4. Consistent with state law, the Committee may meet in closed session (with or without members of senior management present) with the external auditors and/or the SVP/CFO or Vice President of Administration to discuss matters that the Committee or any of these groups believe should be discussed privately.
5. Become well acquainted with all of the information and pertinent facts under the purview of the Committee.
6. Implement best practices across the institution for financial management.
7. Ensure that the institution is operating efficiently, effectively and appropriately with regard to the use of public and other funds to support its stated mission.

B. Financial Policy and Investments:

1. Review recommendations of the Administration concerning new or revised financial policy and make appropriate recommendations to the Board of Visitors.
2. Review financial assumptions upon which budgets are based.
3. Review and recommend approval of the six-year financial plan and operating budget.
4. Review and recommend approval of the six-year capital outlay plan and capital outlay budget, and all amendments to the plan.
5. Review periodically and compare financial operating results with appropriate budgets and benchmarks.
6. Approve major design changes to the VCU Optional Retirement Plan.
7. Review annual financial statements and supporting schedules and report to the Board the results of that review.
8. Serve, with the advice of the Investment Advisory Subcommittee, as an investment committee and oversee University investment policies and activities including direct management of the University's cash investment pool and monitoring of the policies and activities of the University-related private foundations.
9. Review annually the BOV Fund.
10. Review quarterly the University Efficiencies.
11. Review quarterly the F&A Dashboard.
C. **Facilities Planning and Debt Management:**

1. Review and recommend approval of the master site plan.
2. Review and recommend approval of plans for new construction and major renovation projects in accordance with Board-approved procedures.
3. Review and recommend approval of the six-year capital outlay program and amendments thereto.
4. Review and recommend to the Board all debt issuance and review debt management policies.
5. Review and recommend approval of property acquisition or disposition of real estate and other interests therein.
6. Consider such other matters relating to the maintenance and security of the University's buildings and grounds and the care and preservation of the University's furnishings and equipment as may warrant its consideration.

D. **Emergency Preparedness:**

1. Review and recommend approval of plans pertaining to emergency preparedness and campus security.

E. **Administration:**

1. Review and approve the Committee charter annually and any significant updates to the charter.
2. Review and approve the annual Committee work plan and any significant changes to the plan.
3. Review the qualifications of the Committee members, staff and the level of staffing by the institution as needed.
4. Review annually the Deficit Disclosure.
5. Annual Investment Conflict of Interest Disclosure Statement.
7. Review annually Agency Risk Management and Internal Control Standards (ARMICS)

F. **Tuition and Fees:**

1. Review and recommend tuition and fee charges if needed to provide guidance to the Board.

IV. **MEETINGS**

The Committee will meet at least four times annually. Additional meetings may occur more frequently as circumstances warrant. The Committee Chair should communicate with the SVP/CFO prior to each Committee meeting to finalize the meeting agenda and review the matters to be discussed.
### A. General

1. **Adopt a formal written charter that specifies the Committee’s scope of responsibility. The charter should be reviewed and updated as necessary.**
   - Frequency: A
   - Planned Timing: Q1, Q2, Q3, Q4
   - Sept: X
   - Dec: X

2. **Maintain minutes of open session meetings.**
   - Frequency: Q
   - Planned Timing: Q1, Q2, Q3, Q4
   - X

3. **Report Committee actions to the Board of Visitors with such recommendations as the Committee may deem appropriate.**
   - Frequency: AN
   - Planned Timing: Q1, Q2, Q3, Q4
   - X

4. **Consistent with state law, the Committee may meet in closed session (with or without members of senior management present) with the external auditors and/or the SVP/CFO or Vice President for Administration to discuss matters that the Committee or any of these groups believe should be discussed privately.**
   - Frequency: A
   - Planned Timing: Q1, Q2, Q3, Q4
   - X

5. **Become well acquainted with all of the information and pertinent facts under the purview of the Committee.**
   - Frequency: Q
   - Planned Timing: Q1, Q2, Q3, Q4
   - X

6. **Implement best practices across the institution for financial management.**
   - Frequency: AN
   - Planned Timing: Q1, Q2, Q3, Q4
   - X

7. **Ensure that the institution is operating efficiently, effectively and appropriately with regard to the use of public and other funds to support its stated mission.**
   - Frequency: A
   - Planned Timing: Q1, Q2, Q3, Q4
   - X

### B. Financial Policy and Investments

1. **Review recommendations of the Administration concerning new or revised financial policy and make appropriate recommendations to the Board of Visitors.**
   - Frequency: Q
   - Planned Timing: Q1, Q2, Q3, Q4
   - X

2. **Review financial assumptions upon which budgets are based.**
   - Frequency: AN
   - Planned Timing: Q1, Q2, Q3, Q4
   - X

3. **Review and recommend approval of the six-year financial plan and operating budget.**
   - Frequency: AN
   - Planned Timing: Q1, Q2, Q3, Q4
   - X

4. **Review and recommend approval of the six-year capital outlay plan and capital outlay budget, and all amendments to the plan.**
   - Frequency: Q
   - Planned Timing: Q1, Q2, Q3, Q4
   - X

5. **Review periodically and compare financial operating results with appropriate budgets and benchmarks.**
   - Frequency: AN
   - Planned Timing: Q1, Q2, Q3, Q4
   - X

6. **Approve major design changes to the VCU Optional Retirement Plan.**
   - Frequency: Q
   - Planned Timing: Q1, Q2, Q3, Q4
   - X

7. **Review annual financial statements and supporting schedules and report to the Board the results of that review.**
   - Frequency: Q
   - Planned Timing: Q1, Q2, Q3, Q4
   - X

8. **Serve, with the advice of the Investment Advisory Subcommittee, as an investment committee and oversee University investment policies and activities including...**
   - Frequency: Q
   - Planned Timing: Q1, Q2, Q3, Q4
   - X
direct management of the University's cash investment pool and monitoring of the policies and activities of the University-related private foundations.

<p>| | | | | |</p>
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<thead>
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</thead>
<tbody>
<tr>
<td>9.</td>
<td>Review the BOV Fund</td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>10.</td>
<td>Review the University Efficiencies</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>Review the F&amp;A Dashboard</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

### C. Facilities Planning and Debt Management

1. Review and recommend approval of the master site plan. | X |

2. Review and recommend approval of plans for new construction and major renovation projects in accordance with Board-approved procedures. | X | X | X | X | X |

3. Review and recommend approval of the six year capital outlay program and amendments thereto. | X | X | | X |

4. Review and recommend to the Board all debt issuance and review debt management policies. | X | X | X |

5. Review and recommend approval of property acquisition or disposition of real estate and other interests therein. | X |

6. Consider such other matters relating to the maintenance and security of the University's buildings and grounds and the care and preservation of the University's furnishings and equipment as may warrant its consideration. | X |

### D. Emergency Preparedness

1. Review and recommend approval of plans pertaining to emergency preparedness and campus security | X |

### E. Administration

1. Review and approve the Committee charter and any significant updates to the charter. | X | X |

2. Review and approve the Committee work plan and any significant changes to the plan. | X | X |

3. Review the qualifications of the Committee members, staff and the level of staffing by the institution. | X |

4. Review the Deficit Disclosure. | X |

5. Investment Conflict of Interest Disclosure Statement. | X | X |

6. Review the Investment Policy Statements – Asset Allocation | X | X |

7. Review the Agency Risk Management and Internal Control Standards (ARMICS) | X | X |
<table>
<thead>
<tr>
<th>Frequency</th>
<th>Planned Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>A=Annually; Q=Quarterly; AN=As Necessary</td>
<td>A</td>
</tr>
<tr>
<td>Q1, Q2, Q3, Q4 based on Fiscal Year (July – June)</td>
<td></td>
</tr>
</tbody>
</table>

**F. Tuition and Fees**

1. Review and recommend tuition and fee charges.  

1 Annually in April a Special Meeting of the BOV may be held to discuss the Budget Plan and Proposed Tuition and Fees.
Proposal to
Increase Quasi Endowment
Finance, Budget and Investments Committee
Karol Kain Gray
September 17, 2021
Quasi Endowment History

• To increase cash balances and generate additional investment income for strategic use, Board authorized $90mm in December, 2016

• VCIMCO manages these funds under the Board-approved Investment Policy
  – Annual distribution of 4.5% and administrative fee of 1.0% provide funding for strategic uses as determined by CFO

• Under the Investment Policy, this recommendation adjusts the Short-Term and Long-Term Tier allocations
Quasi Endowment History & Estimates

Valuations at 6/30

- Millions

- 2016: $0
- 2017: $20
- 2018: $40
- 2019: $60
- 2020: $80
- 2021 (est): $100
- 2022 (est): $120
- 2023 (est): $140
- 2032 (est): $160

Distributions

- Millions

- 2018: $2
- 2019: $3
- 2020: $4
- 2021: $5
- 2022 (est): $6
- 2023 (est): $7
- 2032 (est): $8

Assumes 7.5% return on investment

4.5% Distribution is made to University Units; 1% Admin Fee for Strategic Use
Analysis of $20M Impact

Days Cash on Hand

Addition to Quasi

Target DCOH Range

Days Cash on Hand (est.)
Questions?
RESOLUTION OF THE BOARD OF VISITORS OF VIRGINIA COMMONWEALTH UNIVERSITY

APPROVAL OF DESIGNATION OF FUNDS AS QUASI-ENDOWMENT

WHEREAS, on December 9, 2016, the Board approved the designation of $90 million of the University’s Non-General Fund Reserves and Balances to be treated as endowment and invested in long term investment vehicles;

WHEREAS, pursuant to the VCU Investment Policy, the Office of the Senior Vice President and CFO must perform ongoing analysis and monitoring to recommend to the Board a prudent split between the Short-Term and Long-Term investments; and

WHEREAS, the Office of the Senior Vice President and CFO has completed such analysis and the Senior Vice President and Chief Financial Officer has recommended certain modifications regarding the University’s Long-Term investments, and the Board now desires to designate certain funds to be treated as endowment for long-term investment.

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF VISITORS OF VIRGINIA COMMONWEALTH UNIVERSITY:

1. The Board hereby designates up to an additional $20 million of the University’s Non-Public Fund Reserves and Balances to be treated as endowment (“quasi-endowment”) and invested in long-term investment vehicles.

2. This Resolution shall take effect immediately upon its adoption, provided that investment actions shall be consistent with existing investment advisor and manager contracts and consistent with the VCU Investment Policy.
Virginia Commonwealth University
Amendment to the 2020-2026 Six-Year Capital Plan
Founders Hall, 827 West Franklin Street

Background

Founders Hall is located within the Historic Franklin Street District and houses several units of the College of Humanities and Sciences. The building is experiencing significant water intrusion issues and requires repairs that include replacement of the roof as well as repairs to windows and the deteriorated masonry exterior.

Considerations

The repairs needed in Founders Hall meet the criteria for use of maintenance reserve funds. The Commonwealth of Virginia limits the use of state-appropriated maintenance reserve funds to $2M or less, but provides an exception to the $2M limit on a case-by-case basis. The university requested and is waiting for approval of an exception for the Founders Hall project based on the $3.2M estimated cost of work. Projects exceeding $2M also require approval from VCU’s Board of Visitors.

Cost and funding source

The estimated cost of the project is $3.2M. Maintenance reserve funds will be used.

Recommendation

Approve amendment of the university’s 2020-2026 Six-Year Capital Plan to undertake major repairs to Founders Hall using maintenance reserve funds at a cost not to exceed $3.2M.
Board of Visitors

Finance Budget and Investment Committee
September 17, 2021
Agenda

Open Session

1. Call to Order

2. Approval of Minutes – May 13, 2021
Action Items:

3a FBI Committee Charter and Planner

- The Charter is updated in keeping with the Board’s Bylaws and current operational practices. This year’s recommended changes are updates to university position titles referenced in the document. Items provided in BoardEffect.
Action Items:

3b Resolution: Approval of Increase in Designation of Quasi Endowment
Quasi Endowment History

• To increase cash balances and generate additional investment income for strategic use, Board authorized $90mm in December, 2016
• VCIMCO manages these funds under the Board-approved Investment Policy
  – Annual distribution of 4.5% and administrative fee of 1.0% provide funding for strategic uses as determined by CFO
• Under the Investment Policy, this recommendation adjusts the Short-Term and Long-Term Tier allocations
**Quasi Endowment History & Estimates**

**Valuations at 6/30**

- **Corpus**
- **Increase**
- **Earnings**

**Distributions**

- **Distribution 4.5%**
- **Admin Fee 1%**
- **Increase in Distribution**

**Assumes 7.5% return on investment**

4.5% Distribution is made to University Units; 1% Admin Fee for Strategic Use
Analysis of $20M Impact
Action Items:

3c Six-Year Capital Plan Amendment: Renovations to Founders Hall
Six-year Capital Plan amendment
Repair of 827 West Franklin Street | Founders Hall

Background
Founders Hall is located within the Historic Franklin Street District and houses several units of the College of Humanities and Sciences. The building is experiencing significant water intrusion issues and requires repairs to roofing, windows and masonry exterior.

Cost and funding source
The estimated cost of the project is $3.2M and will be covered by maintenance reserve funds.

Recommendation
Approve amendment of the university’s 2020-2026 Six-Year Capital Plan to undertake major repairs to Founders Hall using maintenance reserve funds at a cost not to exceed $3.2M.
Chair to motion for approval of all action items.
4. Report from Senior Vice President and CFO

A. Reporting Structure of Related Foundations and VCIMCO
B. VCU Investment Management Company Report - Nancy E presenting
C. Annual Debt Report - draft is coming
D. VCU Budget Update - included
Governance for Related Foundations and VCIMCO
Foundation/VCIMCO Governance

- The foundations and VCIMCO are separate 501 (C) (3) organizations with their own boards

- Annual financial statement audit is performed by an independent auditor for all organizations
Foundation Governance

- Foundations exist solely to benefit the university
- The President or his designee is a member of the foundation board; One member of the VCU Board is also a member of the foundation board
- MOU governs relationship with the foundations; signed by both parties; renewed every three-five years
- Foundations are reported as component units of the university on the financial statements; 990 filings are also reviewed by the university
- SVP/CFO provides an annual high level review of financial results of foundations
VCIMCO Governance

- VCIMCO board includes:
  - 2 appointees from the VCU Board, not necessarily VCU Board members
  - 2 appointees from the VCUHS Board
  - VCU President appoints one member who is the Chair

- An Investment management agreement is signed between the parties; updated as needed

- VCIMCO is required to adhere to VCU’s Investment Policy; compliance is tracked quarterly
VCIMCO Update

Nancy Everett, Chief Investment Officer
Agenda

I. VCIMCO Update

II. Investment Update
## VCIMCO AUM as of June 30, 2021

<table>
<thead>
<tr>
<th>Endowment and Quasi-Endowment Assets</th>
<th>$ in Millions</th>
<th>% of VCIMCO</th>
</tr>
</thead>
<tbody>
<tr>
<td>VCU Health System</td>
<td>1,082.2</td>
<td>54.4%</td>
</tr>
<tr>
<td>VCU Quasi</td>
<td>119.7</td>
<td>6.0%</td>
</tr>
<tr>
<td>VCU Foundation</td>
<td>114.7</td>
<td>5.8%</td>
</tr>
<tr>
<td>VCU College of Engineering Foundation</td>
<td>94.5</td>
<td>4.8%</td>
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<tr>
<td>VCU School of Business Foundation</td>
<td>61.7</td>
<td>3.1%</td>
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<td>VCU Glasgow</td>
<td>60.5</td>
<td>3.0%</td>
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<tr>
<td>VCU Central Bank Capital Reserve</td>
<td>20.4</td>
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<td>VCU Central Bank Unrestricted</td>
<td>3.5</td>
<td>0.2%</td>
</tr>
<tr>
<td>Community Memorial Hospital Foundation</td>
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<td>0.0%</td>
</tr>
<tr>
<td>The Gear Endowment</td>
<td>0.1</td>
<td>0.0%</td>
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</table>

<table>
<thead>
<tr>
<th>Other Short-Term Assets</th>
<th>$ in Millions</th>
<th>% of VCIMCO</th>
</tr>
</thead>
<tbody>
<tr>
<td>VCU Short-Term</td>
<td>301.2</td>
<td>15.2%</td>
</tr>
<tr>
<td>VCU Health System</td>
<td>129.6</td>
<td>6.5%</td>
</tr>
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Total VCIMCO AUM: $1,988.2

### % of VCIMCO AUM

<table>
<thead>
<tr>
<th>Endowment and Quasi-Endowment</th>
<th>$1,557.4</th>
<th>83.6%</th>
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<tr>
<td>Other Short-Term</td>
<td>$430.8</td>
<td>21.6%</td>
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Note: Totals may not sum due to rounding. Values are based on estimates. The VCU Health System Endowment & Quasi-Endowment Asset includes MCV AP and Aries Insurance.
Agenda

I. VCIMCO Update

II. Investment Update
Performance Review

**VCU Long-Term Tier**

<table>
<thead>
<tr>
<th></th>
<th>Estimated June 30, 2021</th>
<th>% Allocation</th>
<th>Since Inception</th>
<th>4/30/16</th>
<th>5 Years</th>
<th>3 Years</th>
<th>1 Year</th>
<th>CYID</th>
<th>FYID</th>
<th>3 Mos</th>
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<tbody>
<tr>
<td>VCMCO Funds</td>
<td>100.0%</td>
<td></td>
<td></td>
<td>10.19%</td>
<td>10.36%</td>
<td>13.01%</td>
<td>36.65%</td>
<td>12.91%</td>
<td>36.65%</td>
<td>6.73%</td>
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<tr>
<td>Long-Term Policy Benchmark</td>
<td>10.75%</td>
<td>11.02%</td>
<td>11.86%</td>
<td>27.21%</td>
<td>8.95%</td>
<td>27.21%</td>
<td>6.08%</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

### Equity

<table>
<thead>
<tr>
<th>Index</th>
<th>% Allocation</th>
<th>Since Inception</th>
<th>4/30/16</th>
<th>5 Years</th>
<th>3 Years</th>
<th>1 Year</th>
<th>CYID</th>
<th>FYID</th>
<th>3 Mos</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSCI All Country World</td>
<td>69.7%</td>
<td></td>
<td>14.62%</td>
<td>14.99%</td>
<td>17.00%</td>
<td>49.66%</td>
<td>16.10%</td>
<td>49.66%</td>
<td>8.80%</td>
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<tr>
<td>Long Equity</td>
<td>18.99%</td>
<td></td>
<td>14.61%</td>
<td>14.55%</td>
<td>14.53%</td>
<td>39.26%</td>
<td>12.80%</td>
<td>39.26%</td>
<td>7.39%</td>
</tr>
<tr>
<td>Domestic</td>
<td>10.2%</td>
<td></td>
<td>16.83%</td>
<td>16.83%</td>
<td>17.93%</td>
<td>42.91%</td>
<td>13.27%</td>
<td>42.91%</td>
<td>9.04%</td>
</tr>
<tr>
<td>Global and International</td>
<td>33.1%</td>
<td>12.99%</td>
<td>13.70%</td>
<td>15.52%</td>
<td>49.75%</td>
<td>18.68%</td>
<td>49.75%</td>
<td>13.78%</td>
<td></td>
</tr>
<tr>
<td>Long / Short</td>
<td>15.5%</td>
<td></td>
<td>13.55%</td>
<td>14.49%</td>
<td>18.33%</td>
<td>47.74%</td>
<td>8.95%</td>
<td>47.74%</td>
<td>5.14%</td>
</tr>
<tr>
<td>Private Equity</td>
<td>10.5%</td>
<td></td>
<td>16.67%</td>
<td>16.65%</td>
<td>16.65%</td>
<td>66.43%</td>
<td>23.47%</td>
<td>66.43%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

### Credit and Absolute Return

<table>
<thead>
<tr>
<th>Index</th>
<th>% Allocation</th>
<th>Since Inception</th>
<th>4/30/16</th>
<th>5 Years</th>
<th>3 Years</th>
<th>1 Year</th>
<th>CYID</th>
<th>FYID</th>
<th>3 Mos</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barclays US Corporate High Yield</td>
<td>18.0%</td>
<td></td>
<td>5.37%</td>
<td>7.46%</td>
<td>19.40%</td>
<td>10.15%</td>
<td>19.40%</td>
<td>2.97%</td>
<td></td>
</tr>
<tr>
<td>Real Assets</td>
<td>7.0%</td>
<td></td>
<td>7.44%</td>
<td>15.37%</td>
<td>3.62%</td>
<td>15.37%</td>
<td>2.74%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MSCI All Country World Real Estate</td>
<td>3.1%</td>
<td></td>
<td>-1.76%</td>
<td>-2.89%</td>
<td>-2.82%</td>
<td>15.99%</td>
<td>7.10%</td>
<td>15.99%</td>
<td>6.73%</td>
</tr>
<tr>
<td>Treasuries</td>
<td>0.7%</td>
<td></td>
<td>0.60%</td>
<td>0.36%</td>
<td>1.66%</td>
<td>-2.40%</td>
<td>0.54%</td>
<td>-2.40%</td>
<td>-2.48%</td>
</tr>
<tr>
<td>Barclays US Treasury</td>
<td>2.13%</td>
<td></td>
<td>1.93%</td>
<td>3.96%</td>
<td>-1.18%</td>
<td>-1.14%</td>
<td>-1.18%</td>
<td>0.62%</td>
<td></td>
</tr>
</tbody>
</table>

### Cash and Equivalents

<table>
<thead>
<tr>
<th>Index</th>
<th>% Allocation</th>
<th>Since Inception</th>
<th>4/30/16</th>
<th>5 Years</th>
<th>3 Years</th>
<th>1 Year</th>
<th>CYID</th>
<th>FYID</th>
<th>3 Mos</th>
</tr>
</thead>
<tbody>
<tr>
<td>VCU Long-Term Tier</td>
<td>100.0%</td>
<td></td>
<td>10.00%</td>
<td>10.17%</td>
<td>12.89%</td>
<td>36.28%</td>
<td>12.89%</td>
<td>36.28%</td>
<td>6.64%</td>
</tr>
</tbody>
</table>

Totals may not sum due to rounding. Past performance is not predictive of future results.

Returns for periods greater than one year are annualized. Performance is estimated based on best available data as of July 14, 2021.

Performance includes reporting by 34 of 35 Real Private Assets Fund LP underlying investments representing 99.8% of net asset value as of March 31, 2021.

VCU Long-Term Tier includes variations from legacy manager reporting.

Since inception return is indicative of VCMCO’s inception (April 30, 2016) unless otherwise indicated.

1. 63% MSCI All Country World, 25% Barclays US Aggregate, 10% MSCI All Country World Real Estate.
Q2 2021 Market Review

- As the reopening gained momentum, growth equities outperformed value equities (+11.9% for the Russell 1000 Growth versus +5.2% for the Russell 1000 Value)
  - Energy, technology, and real estate outperformed consumer staples and utilities

- US equities (S&P 500, +8.6%) bested developed international (MSCI EAFE, +5.2%) and emerging markets (MSCI EM, +5.1%)

- Inflation concerns waned and expectations for ongoing monetary policy accommodations led to falling Treasury rates, with the US 10-Year ending the quarter at 1.45%, down from 1.74% at the end of Q1
  - Longer duration bonds and spread sector assets drove bond market performance

- The US dollar weakened against most major currencies, with the exception of the Yen

*Note: As of June 30, 2021.*
VCIMCO Portfolio Performance

- **QTD**
  - Representative Portfolio: 6.7%
  - Performance Drivers:
    - Public Equity holdings in Southeast Asia that benefit as global supply chains shift from China
    - Continued Domestic Equity strength
    - Private Equity quarterly performance is not yet available and adjusted only for currency moves and certain expenses

- **FYTD**
  - Representative Portfolio: 36.7%
  - Performance Drivers:
    - Strong equity market recovery and manager alpha in Equity and Credit allocations

- **3-Year**
  - Representative Portfolio: 13.0%
  - Performance Drivers:
    - Robust equity market returns and active manager alpha across the portfolio

Note: As of June 30, 2021. The Representative Portfolio reflects the performance and allocations for a Partner that has a full allocation to Ram Private Assets Fund (“RPAF”) and has been invested with VCIMCO funds since VCIMCO’s inception. Individual Partner performance and allocations may vary. Totals may not sum due to rounding.
University Debt Management Report  
as of June 30, 2021
How is Our Debt Managed?

The Debt Management Policy was approved by the Board of Visitors on September 19, 2013. An administrative update was implemented in May 2021*. The following updates are provided to the Board:

<table>
<thead>
<tr>
<th>Status</th>
<th>Debt Outstanding at a Glance - June 30, 2021 (page 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status</td>
<td>FY2021 Debt Issuance and Refinancing Summary (page 4)</td>
</tr>
<tr>
<td>Status</td>
<td>Bond and Commercial Paper Principal Amortization (page 5)</td>
</tr>
<tr>
<td>Status</td>
<td>Future Debt Issuance and Capacity Constraints (page 6)</td>
</tr>
<tr>
<td>Status</td>
<td>Rating Agency highlights and Peer Comparison (pages 8 - 10)</td>
</tr>
<tr>
<td>Status</td>
<td>Relationship Exposure (page 11)</td>
</tr>
</tbody>
</table>

*Marked copy of changes in board materials
By the Numbers (June 30, 2021)

Call Schedule

- Premium
- @Par

Excludes non-callable debt

Total Debt $422.6 million

Note: 9c and 9d VCBA bonds are issued by the Commonwealth on behalf of VCU but debt service and debt liability borne by VCU directly.
## New Debt Issuance FY 2021

<table>
<thead>
<tr>
<th>Issuer</th>
<th>The Commonwealth of Virginia</th>
<th>VCU</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Date</strong></td>
<td>11/5/2020</td>
<td>2/9/2021</td>
</tr>
<tr>
<td><strong>Series</strong></td>
<td>9c 2020B *</td>
<td>VCBA 9d 2021A&amp;B *</td>
</tr>
<tr>
<td><strong>Refunding</strong></td>
<td>9c 2011A</td>
<td>Various VCBA 9d Bonds</td>
</tr>
<tr>
<td>VCU portion</td>
<td>$20,395,000</td>
<td>$17,350,000</td>
</tr>
<tr>
<td><strong>Unit benefiting</strong></td>
<td>Housing</td>
<td>Biotech (Research) Cancer Center Housing Parking School of Medicine Student Commons</td>
</tr>
<tr>
<td><strong>Savings</strong></td>
<td>$4.1 mm NPV</td>
<td>$0.4 mm NPV</td>
</tr>
<tr>
<td></td>
<td>$4.1 mm debt service reduction through FY2023</td>
<td>$6.2 mm debt service reduction through FY2023</td>
</tr>
</tbody>
</table>

*Part of pooled debt issued by the State of Virginia*
• Amortization of bond principal over time, assuming no additional debt is issued
• Approximately $26 million per year of bond principal retired for the next 10 years
• During the next 5 years, over $116 million of outstanding debt will be retired (28%)
• During the next 10 years, over $254 million will be retired (62%)
Future Debt Issuance and Capacity Constraints  
Capacity at 4.2% Debt Ratio

Excludes estimated impact from leases under GASB 87 (FY2022 and beyond) pending quantification

New debt:
- REF – Broad & Belvidere Reno (to 2023)
- Sunoco (from REF, for ICA parking lot)
- Bourne (Athletic Village)
- AIAB property (State reimbursement)

Payments from the Central Bank will cover these scheduled bullet payments
Tax-Exempt Debt Compliance

• There are no compliance issues that require the attention of the Board of Visitors.

• The Tax-Exempt Debt Compliance Policy was adopted by the Board of Visitors on February 9, 2012. An update will be presented for Board approval in December.

• The policy provides a framework for complying with laws and regulations relating to the issuance and post-issuance monitoring of tax-exempt bonds, addressing the following compliance areas:
  
  o Expenditure and allocation of bond proceeds
  o Spending requirements and arbitrage rebates
  o Private Business Use
  o Continuing disclosure and other filings
  o Record retention
  o Training

• To monitor unrelated third party (Private Business) Use, the policy requires the following:
  
  o Annual distribution of a Private Use Questionnaire to responsible departments to determine whether Private Business Use above allowable thresholds exists. To date, annual analysis indicate compliance within allowable limits.

  o Active monitoring of Private Business Use by a Bond Compliance Community consisting of representatives from Treasury Services, Facilities Management Division, Controller’s Office, Procurement Services, Capital Assets and Real Estate, Office of the General Counsel and Office of Research (ongoing)
Public Debt Ratings Changes

- Rating in Aa category is critical for Tier III Status
  - S&P AA- (5/12/2020), outlook negative
    - Outlook is negative for Higher Ed (4th consecutive year)
  - Moody’s Aa3 (5/6/2020), outlook stable
    - Outlook is stable for Higher Ed (3/22/2021)

- Moody’s scorecard changed in August 2021 – VCU rating affirmed

- Challenges to rating
  - Diminishing Operating Revenues (Enrollment) and Margin
  - Total Cash and Investment balances

- New GASB 87 rules on leases will reduce debt capacity
Peer Selection – Criteria and Schools

Selection Criteria
- Moody’s rated Aa3
- Non-community college, non-system schools
- Selected the +/- 3 schools in 2020 Means comparison based on undergraduate enrollment.

or

- Virginia Tier III peers (with a Moody’s rating)

Peer Listing
- Montana State University, MT
- Oklahoma State University, OK
- Miami University, OH
- East Carolina University, NC
- Florida Atlantic University, FL
- Oregon State University, OR

- University of Virginia
- Virginia Tech
- George Mason University
Peer Comparisons* FY 2020

* As reported by Moody’s which includes Health System cash but not expense

(x) reflects “times” and is indicated by left-hand axis
**Relationship Exposure**

As of June 30, 2021

The University has diversified its concentration risk across financial institutions providing credit services, investments, custody services and banking.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Placement Debt</td>
<td>2015A&amp;B: $25.5M</td>
<td></td>
<td>2021A: $10.7M</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Paper Dealer</td>
<td></td>
<td>Tax-Exempt</td>
<td>$4.4M</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Paper Line of Credit</td>
<td>$0 outstanding/ $75M available</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Advisory</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$203M Long-Term Tier and Central Bank; $246M under advisement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Manager</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$55M AUM</td>
<td>$246M AUM</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Custodian</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$203M in Long-Term Tier and Central Bank</td>
<td>$301M in Operating Pool</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Banking</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$73M in average monthly balance</td>
<td>Transitioning from Wells Fargo</td>
</tr>
</tbody>
</table>
University Budget Update
## 2021 Year in Review

### Tuition Budget to Actuals

<table>
<thead>
<tr>
<th>Semester</th>
<th>Budget</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate Fall and Spring</td>
<td>$ 252,337,847</td>
<td>$ 252,819,068</td>
<td>$ 481,222</td>
</tr>
<tr>
<td>Graduate Fall and Spring</td>
<td>70,979,016</td>
<td>70,380,289</td>
<td>(598,727)</td>
</tr>
<tr>
<td>First Professional Fall and Spring</td>
<td>68,259,574</td>
<td>68,023,738</td>
<td>(235,836)</td>
</tr>
<tr>
<td><strong>Total Fall and Spring</strong></td>
<td><strong>391,576,437</strong></td>
<td><strong>391,223,096</strong></td>
<td><strong>(353,342)</strong></td>
</tr>
<tr>
<td>Undergraduate Summer</td>
<td>15,518,338</td>
<td>17,069,621</td>
<td>1,551,283</td>
</tr>
<tr>
<td>Graduate Summer</td>
<td>9,310,751</td>
<td>12,437,569</td>
<td>3,126,818</td>
</tr>
<tr>
<td>First Professional Summer</td>
<td>141,665</td>
<td>1,581,292</td>
<td>1,439,627</td>
</tr>
<tr>
<td><strong>Total Summer</strong></td>
<td><strong>24,970,754</strong></td>
<td><strong>31,088,482</strong></td>
<td><strong>6,117,728</strong></td>
</tr>
<tr>
<td><strong>Total University</strong></td>
<td><strong>$ 416,547,191</strong></td>
<td><strong>$ 422,311,577</strong></td>
<td><strong>$ 5,764,386</strong></td>
</tr>
</tbody>
</table>
Total Projected Fall Tuition

*In thousands*

<table>
<thead>
<tr>
<th>Date</th>
<th>Total Projected Fall Tuition</th>
</tr>
</thead>
<tbody>
<tr>
<td>14 Days to First Day</td>
<td>189,025</td>
</tr>
<tr>
<td>7 Days to First Day</td>
<td>194,224</td>
</tr>
<tr>
<td>First Day of Classes</td>
<td>197,609</td>
</tr>
<tr>
<td>Census I</td>
<td>203,366</td>
</tr>
<tr>
<td>Census II</td>
<td>202,258</td>
</tr>
</tbody>
</table>

Projected annual deficit: **-$7,846,142**
5. Facilities WAM Overview
Facilities WAM Overview

VCU Board of Visitors
September 2021
Facilities (FMD) impact on WAM (FY21)

**Minority-owned spending**
- University: 35%
- FMD: 65%

**Woman-owned spending**
- University: 59%
- FMD: 41%
### Capital construction projects

<table>
<thead>
<tr>
<th></th>
<th>STEM Building*</th>
<th>Engineering Research Building</th>
<th>College of Health Professions</th>
<th>Virginia Treatment Center for Children</th>
<th>Rice Rivers Center</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total spend SWAM</strong></td>
<td>$45.9M (48.9%)</td>
<td>$45M (59.6%)</td>
<td>$37.3M (57.8%)</td>
<td>$31M (56.0%)</td>
<td>$4M (70.5%)</td>
</tr>
<tr>
<td><strong>Total spend Minority</strong></td>
<td>$4.6M (4.9%)</td>
<td>$3.6M (4.8%)</td>
<td>$6.9M (10.7%)</td>
<td>$7.2M (13.1%)</td>
<td>$65K (1.2%)</td>
</tr>
<tr>
<td><strong>Total spend Woman</strong></td>
<td>$4.9M (5.3%)</td>
<td>$1.4M (1.9%)</td>
<td>$9.4M (14.5%)</td>
<td>$6.7M (12.1%)</td>
<td>$725K (12.7%)</td>
</tr>
</tbody>
</table>

**Total $93.8M**

- **10.2% WAM**

**Total $75.7M**

- **6.7% WAM**

**Total $64.6M**

- **25.2% WAM**

**Total $55.4M**

- **25.2% WAM**

**Total $5.7M**

- **13.9% WAM**

*STEM figures are projections; project in progress*
<table>
<thead>
<tr>
<th></th>
<th>FY21</th>
<th>FY20</th>
<th>FY19</th>
<th>FY18</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total spend SWAM</td>
<td>$5.3M (95%)</td>
<td>$3.9M (98%)</td>
<td>$5.6M (77%)</td>
<td>$8.6M (98%)</td>
<td>$7.3M (93%)</td>
</tr>
<tr>
<td>Total spend Minority</td>
<td>$1.3M (24%)</td>
<td>$760K (19%)</td>
<td>$1.9M (25.7%)</td>
<td>$1.8M (21%)</td>
<td>$4.3M (55.3%)</td>
</tr>
<tr>
<td>Total spend Woman</td>
<td>$8K (0.1%)</td>
<td>$2K (0%)</td>
<td>$65K (0.9%)</td>
<td>$28K (0.3%)</td>
<td>$58K (0.7%)</td>
</tr>
</tbody>
</table>
New improvements

The facilities and procurement departments are working in partnership to implement these improvements and not duplicate effort.

- **Access, outreach and transparency**
  - Launch and promote a website of facilities WAM vendors to improve access and visibility
  - Consultant led targeted outreach to WAM vendors early and often in the solicitation process
  - Supplier diversity letter of commitment in each solicitation

- **Measurable goals**
  - WAM goals in vendor solicitations
  - Project specific WAM goals
  - Continue to measure, monitor and report SWAM with a focus on WAM

- **Accountability**
  - Hold vendors accountable for meeting WAM goals

- **Growth and innovation**
  - Consulting partnership will explore additional supplier diversity opportunities
Athletic Village update
6. Miscellaneous Reports – for information

a. Sources and Uses of Funding
b. Revenue and Expense Summary as of June 30, 2021
c. VCU Health System Financial Operations
d. Treasurer’s Report
e. Agency Risk Management and Internal Controls Standards (ARMICS)
f. Board of Visitors Fund Annual Report as of June 30, 2021
g. Capital Projects Update
7. Other Business
8. Adjournment