

Virginia Commonwealth University
Finance, Budget and Investment Committee of the Board of Visitors
Minutes

Date: September 15, 2016
Time: 11:00 a.m. – 12:30 p.m.
Location: James Cabell Library, 909 Park Avenue, Richmond, VA, Room 303
Present: Mr. William M. Ginther, Chair
Ms. Phoebe P. Hall
Mr. Alexander B. McMurtrie, Jr., Vice Chair and Secretary
Mr. Keith Parker
Mr. Shantaram Talegaonkar
Dr. John W. Snow
Mr. Steve L. Worley
Mr. John A. Luke Jr., Rector
Dr. Michael Rao
Ms. Karol Kain Gray
Dr. Meredith Weiss
Staff and students from VCU and VCUHS
Members of the press

Mr. Ginther called the meeting to order at 11:05 a.m.

Mr. Ginther announced we are now in open session. On motion made and seconded, the Finance, Budget and Investment Committee approved the **Minutes from a Meeting held May 13, 2015**

On motion made and seconded, the Finance, Budget and Investment Committee recommended to the full Board the approval of the following action items that were presented:

**Virginia Commonwealth University
Finance, Budget and Investment Committee of the Board of Visitors
Minutes**

- **Committee Charter and Planner**
- **Financial Assumptions in Six-Year Plan**
- **Resolutions:**

Authorizing Certain Officers to Execute Financing Documents

**RESOLUTION OF THE BOARD OF VISITORS OF
VIRGINIA COMMONWEALTH UNIVERSITY**

**AUTHORITY OF CERTAIN OFFICERS
TO EXECUTE FINANCING DOCUMENTS**

WHEREAS, Chapter 6.1, Title 23 of the Code of Virginia of 1950, as amended (the "Virginia Code") establishes a public corporation under the name and style of Virginia Commonwealth University (the "University") which is governed by a Board of Visitors (the "Board") vested with the supervision, management and control of the University;

WHEREAS, Title 23 of the Virginia Code classifies the University as an educational institution of the Commonwealth of Virginia;

WHEREAS, by Chapter 4.10, Title 23 of the Virginia Code (as amended, the "Act"), the University entered into a management agreement with the Commonwealth of Virginia which was enacted as Chapter 594 of the Acts of Assembly of 2008 which, as amended, classifies the University as a public institution of higher education and empowers the University with the authority to undertake and implement the acquisition of any interest in land, including improvements on the acquired land at the time of acquisition, new construction, improvements or renovations and to borrow money and make, issue and sell bonds of the University for such purposes;

WHEREAS, the Act further authorizes the University to provide for the payment of the principal of and the interest on any bonds from any one or more of the following sources: (i) its revenues generally; (ii) income and revenues derived from the operation, sale, or lease of a particular project or projects, whether or not they are financed or refinanced from the proceeds of such bonds, notes, or other obligations; (iii) funds realized from the enforcement of security interests or other liens or obligations securing such bonds, notes, or other obligations; (iv) proceeds from the sale of bonds, notes, or other obligations; (v) payments under letters of credit, policies of municipal bond insurance, guarantees, or other credit enhancements; (vi) any reserve

Virginia Commonwealth University
Finance, Budget and Investment Committee of the Board of Visitors
Minutes

or sinking funds created to secure such payment; (vii) accounts receivable of the University; or (viii) other available funds of the University;

WHEREAS, the University's Management Agreement allows the Board, consistent with the its full and ultimate accountability and pursuant to its legally permissible procedures, to specifically delegate by Board resolution the duties and responsibilities pertaining to financial operations and management to a person or persons within the University, who, while continuing to be fully accountable for such duties and responsibilities, may further delegate the implementation of those duties and responsibilities pursuant to the University's usual delegation policies and procedures.

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

1. The Board directs the President or his designee to continue to bring before the Board any future proposed debt transactions for approval in keeping with historical practice and the terms of the Management Agreement.

2. The President, the Vice President for Finance and Budget, the University Treasurer, or any other individual designated by the President are each hereby authorized to serve as "Authorized Officers" for the purpose of executing any documents related to:

(a) the issuance of bonds, notes, or other obligations for any purpose that is consistent with the University's mission, including, without limitation, to finance or refinance any project (as defined in Virginia Code § 23-38.89),

(b) appropriately managing operational cash flows,

(c) providing for short term financing

(d) refunding bonds, notes or other obligations issued by or on behalf of the University, or otherwise, including bonds, notes, or other obligations or obligations not then subject to redemption, and

(e) any guarantee, assumption or agreement to pay, in whole or in part, indebtedness issued by such institution or any affiliated entity for managing operational cash flows or resulting in the acquisition or construction of facilities for the benefit of such institution, or the refinancing thereof.

Virginia Commonwealth University
Finance, Budget and Investment Committee of the Board of Visitors
Minutes

3. The Board's delegation of the authority herein to the President, the Vice President for Finance and Budget, and the University Treasurer extends to any successor to such office, whether holding such title or not, so long as the duties of such office are substantially similar to that of the President, the Vice President for Finance and Budget, and the University Treasurer.

4. The Board hereby ratifies all documents executed by the President, the Vice President for Finance and Budget, and the University Treasurer (or any predecessor to such office, whether holding such title or not), or any individual specifically designated by the President to execute documents related to the financial operations and debt management described herein.

Authorizing Use of the Line of Credit for the Engineering Building

**RESOLUTION OF THE BOARD OF VISITORS OF
VIRGINIA COMMONWEALTH UNIVERSITY**

**CAPITAL PROJECT DETAILED PLANNING AUTHORIZATION AND
CONFIRMATION OF AUTHORIZATION OF THE LINE OF CREDIT FOR THE
SCHOOL OF ENGINEERING RESEARCH EXPANSION PROJECT**

WHEREAS, under the 2008 Management Agreement between the Commonwealth of Virginia (the "Commonwealth") and Virginia Commonwealth University (the "University"), the Board of Visitors (the "Board") is required to authorize the initiation of each major capital project by approving its size, scope, budget, and funding;

WHEREAS, the University desires to develop detailed plans to construct, equip and furnish an approximately 125,000 gross square foot School of Engineering Research Expansion project, (the "Project");

WHEREAS, the cost to develop detailed plans for the Project is approximately \$5,600,000;

WHEREAS, under the 2008 Management Agreement between the Commonwealth and the University, major capital projects may be submitted to the Board for authorization at any time but must include a statement of urgency if not part of the approved Six Year Capital Plan;

WHEREAS, the Project is a part of the Six Year Capital Plan approved by the Board on May 8, 2015;

Virginia Commonwealth University
Finance, Budget and Investment Committee of the Board of Visitors
Minutes

WHEREAS, under the 2008 Management Agreement between the Commonwealth and the University, the University has the authority to issue bonds, notes or other obligations that do not constitute state tax supported debt;

WHEREAS, on March 4, 2014, the Executive Committee of the Board (the "Executive Committee") adopted a resolution (the "Authorizing Resolution") that authorized the entering into of a revolving line of credit (the "Line of Credit") for purposes of providing short term financing for, among other projects, the construction, equipping and furnishing of three initial capital projects (collectively the "Initial Projects");

WHEREAS, in addition to the Initial Projects, the Executive Committee authorized the use of the Line of Credit to provide short term financing for (i) any other capital projects that have been authorized by the Board and (ii) any other capital projects which are below the then threshold (currently \$2,000,000) for requiring Board approval as set forth in the University's "Authority to Execute Contracts and Other Documents" policy;

WHEREAS, the Board desires to confirm that the University is authorized to use proceeds of the Line of Credit for purposes of providing short term financing for the Project;

WHEREAS, the Board will further review and approve a financing resolution prior to securing permanent financing for the University's portion of the debt component of the Project, plus amounts needed to fund issuance costs, reserve funds, and other financing expenses; and,

WHEREAS, the University may address minor cost variances provided sufficient funds are available to support the full project costs;

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

5. The University is authorized to move forward with a \$5,600,000 detailed planning authorization for the School of Engineering Research Expansion project in an aggregate principal amount not to exceed \$5,600,000, plus related issuance costs and financing expenses.

6. The Board hereby confirms that up to \$5,600,000 of the proceeds of the Line of Credit (or any other borrowing mechanism that prior to such borrowing has been approved by the Board) is authorized pursuant to the Authorizing Resolution to be used for purposes of providing short term financing for the School of Engineering Research Expansion project, plus related issuance costs and financing expenses.

**Virginia Commonwealth University
Finance, Budget and Investment Committee of the Board of Visitors
Minutes**

7. Any Authorized Officer (as defined in the Authorizing Resolution) and any other officers that the University has duly authorized through subsequent resolution of the Board, and their delegates, are each hereby authorized to take such actions and to execute and deliver on behalf of the University any and all agreements, certificates or other documents, which they deem necessary or desirable in order to carry out the foregoing resolutions or the Authorizing Resolution and any and all actions heretofore taken by them consistent with the foregoing resolutions or the Authorizing Resolution are hereby ratified and confirmed.

8. This Resolution shall take effect immediately upon its adoption.

**Authorizing Use of the Line of Credit for the School of Allied Health
Professions Building**

**RESOLUTION OF THE BOARD OF VISITORS OF
VIRGINIA COMMONWEALTH UNIVERSITY**

**CAPITAL PROJECT CONSTRUCTION AUTHORIZATION AND CONFIRMATION
OF AUTHORIZATION OF THE LINE OF CREDIT FOR THE SCHOOL OF ALLIED
HEALTH PROFESSIONS BUILDING PROJECT**

WHEREAS, under the 2008 Management Agreement between the Commonwealth of Virginia (the "Commonwealth") and Virginia Commonwealth University (the "University"), the Board of Visitors (the "Board") is required to authorize the initiation of each major capital project by approving its size, scope, budget, and funding;

WHEREAS, the University has developed detailed plans to construct, equip and furnish an approximately 155,000 gross square foot, \$87,300,000 School of Allied Health Professions Building project (the "Project");

WHEREAS, under the 2008 Management Agreement between the Commonwealth and the University, major capital projects may be submitted to the Board for authorization at any time but must include a statement of urgency if not part of the approved Six Year Capital Plan;

WHEREAS, the Project is a part of the Six Year Capital Plan approved by the Board on May 8, 2015;

Virginia Commonwealth University
Finance, Budget and Investment Committee of the Board of Visitors
Minutes

WHEREAS, under the 2008 Management Agreement between the Commonwealth and the University, major capital projects that are to be funded entirely or in part by a general fund appropriation of the General Assembly or proceeds from state tax supported debt, shall require both Board approval and those pre-appropriation approvals of the state's governmental agencies then applicable, and shall follow the state's process for capital budget requests;

WHEREAS, the Project is to be funded in part with approximately \$76,500,000 of proceeds from state tax supported debt and the Project has followed the state's process for capital budget requests and has obtained all necessary pre-appropriation approvals of the state's governmental agencies;

WHEREAS, the Project, in addition to being funded in part with approximately \$76,500,000 of proceeds from state tax supported debt, is to be funded in part with approximately \$10,800,000 of University bonds, notes or other obligations that do not constitute state tax supported debt (plus related issuance costs and financing expenses);

WHEREAS, under the 2008 Management Agreement between the Commonwealth and the University, the University has the authority to issue bonds, notes or other obligations that do not constitute state tax supported debt;

WHEREAS, on March 4, 2014, the Executive Committee of the Board (the "Executive Committee") adopted a resolution (the "Authorizing Resolution") that authorized the entering into of a revolving line of credit (the "Line of Credit") for purposes of providing short term financing for, among other projects, the construction, equipping and furnishing of three initial capital projects (collectively the "Initial Projects");

WHEREAS, in addition to the Initial Projects, the Executive Committee authorized the use of the Line of Credit to provide short term financing for (i) any other capital projects that have been authorized by the Board and (ii) any other capital projects which are below the then threshold (currently \$2,000,000) for requiring Board approval as set forth in the University's "Authority to Execute Contracts and Other Documents" policy;

WHEREAS, the Board desires to confirm that the University is authorized to use proceeds of the Line of Credit for purposes of providing short term financing for the Project;

WHEREAS, the Board will further review and approve a financing resolution prior to securing permanent financing for the University's portion of the debt component of the Project, plus amounts needed to fund issuance costs, reserve funds, and other financing expenses; and,

Virginia Commonwealth University
Finance, Budget and Investment Committee of the Board of Visitors
Minutes

WHEREAS, the University may address minor cost variances provided sufficient funds are available to support the full project costs;

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

9. The University is authorized to move forward with the construction, equipping, and furnishing of the School of Allied Health Professions Building project in an aggregate principal amount not to exceed \$87,300,000 in total project costs, plus related issuance costs and financing expenses.

10. The Board hereby confirms that up to \$10,800,000 of the proceeds of the Line of Credit (or any other borrowing mechanism that prior to such borrowing has been approved by the Board) is authorized pursuant to the Authorizing Resolution to be used for purposes of providing short term financing for the School of Allied Health Professions Building project, plus related issuance costs and financing expenses.

11. Any Authorized Officer (as defined in the Authorizing Resolution) and any other officers that the University has duly authorized through subsequent resolution of the Board, and their delegates, are each hereby authorized to take such actions and to execute and deliver on behalf of the University any and all agreements, certificates or other documents, which they deem necessary or desirable in order to carry out the foregoing resolutions or the Authorizing Resolution and any and all actions heretofore taken by them consistent with the foregoing resolutions or the Authorizing Resolution are hereby ratified and confirmed.

12. This Resolution shall take effect immediately upon its adoption.

- **Alternative Construction Process**
- **Capital Amendments**
 - West Hospital, 9th Floor
 - Rice Center Lodge
 - Sanger Hall Phase II, Part B

Virginia Commonwealth University
Finance, Budget and Investment Committee of the Board of Visitors
Minutes

The following items were presented for information and after general discussion follow-up requests were made:

- **Capital Projects Update** by Dr. Weiss.
- **June 30, 2016 Preliminary Cash Balance Position** presented by Ms. Kain Gray.
- **New Budget Model Update** by Ms. Kain Gray
- **Finance, Budget and Investment Committee Dashboards** by Ms. Kain Gray
- **Notification of Contract Awards** by Dr. Weiss
 - a) Rhoads Hall Restroom Renovations
 - b) Raleigh Building Renovations
- **Treasurer's Report** Operating Pool, Long-Term Investment Portfolio and Glasgow Endowment Fund as of June 30, 2016, Compliance & Asset Allocation Review, and Cash, Debt & Monitoring Report as of September 9, 2016 by Ms. Kain Gray

The following information was included in the board materials but was not presented in the committee meeting:

- **Update on Agency Risk Management and Internal Controls Standards (ARMICS)**
- **Board of Visitors Fund Annual Report as of June 30, 2016**
- **Revenue and Expense Summary as of June 30, 2016**
- **VCU Health System and Financial Operations as of December 31, 2015**

The meeting was adjourned at 12:05p.m.