



**MEETING
OF THE
FINANCE, BUDGET AND INVESTMENT COMMITTEE
11:00 A.M.
MARCH 22, 2018
JAMES CABELL LIBRARY
901 PARK AVENUE, ROOM 303, RICHMOND, VIRGINIA**

MINUTES

COMMITTEE MEMBERS PRESENT

Mr. William Ginther, chair
Mr. Benson Dendy, vice chair
Mr. John Luke, Jr.
Mr. Keith Parker
Ms. Jacquelyn Stone

COMMITTEE MEMBER ABSENT

Mr. Alexander McMurtrie, Jr.
Dr. Shantaram Talegaonkar

BOARD MEMBERS PRESENT

Ms. Phoebe Hall, rector

OTHERS PRESENT

Dr. Michael Rao, President
Ms. Karol Kain Gray, Vice President for Finance and Budget
Dr. Meredith Weiss, Vice President of Administration

Staff and students from VCU and VCUHS

Members of the press

CALL TO ORDER

Mr. William Ginther, Chair of the Finance, Budget and Investment Committee, called the meeting to order at 11:02 a.m.

APPROVAL OF AGENDA

Mr. Ginther asked for a motion to approve the agenda for the March 22, 2018 meeting of the Finance, Budget and Investment Committee, as published. After motion duly made and seconded,

the agenda for the Finance, Budget and Investment Committee meeting was approved.

APPROVAL OF MINUTES

Mr. Ginther asked for a motion to approve the minutes of the December 8, 2017 meeting of the Finance, Budget and Investment Committee, as published. After motion duly made and seconded the Minutes of the December 8, 2017 were approved. A copy of the minutes can be found at on the VCU website at the following webpage
<http://www.president.vcu.edu/board/committeeminutes.html>.

ACTION ITEMS:

Resolution for Authorization of Line of Credit for Engineering Research Building

Ms. Gray presented the resolution to use the Line of Credit to provide short-term financing for the \$42.5 million University Portion of the Project, plus related issuance costs and financing expenses. In May 2015, the University approved the project to construct, equip and furnish an 131,200 square foot, \$94.1 million School of Engineering Research Expansion project. The \$94.1 million total Project cost (of which the \$5.6 million Planning Authorization is a component) is to be funded in part with approximately \$51.6 million of proceeds from state tax supported debt and general fund appropriations (the “State Portion”) and with approximately \$42.5 million of the University’s non-state tax supported debt (the “University Portion”).

After motion duly made and seconded the Finance Budget and Investment approved the motion to recommend that the Board approve the resolution to reissue the bonds. A copy of the resolution is attached hereto as *Attachment A* and is made a part hereof.

Architect/Engineer and Project Plans Selections:

- **A/E Selection D Deck Renovations** – This project consists of the application of a corrosion inhibitor, addition of a traffic bearing membrane and miscellaneous concrete repairs totaling \$4.5 million. Dunbar Milby Pittman and Vaughn is the selected architect for the project.
- **A/E Selection Trani Life Sciences Building Roof Repair and Replacement** - This project will replace the rooftop mechanical system and the roof membrane on the Eugene P. and Lois E. Trani Center for Life Sciences totaling \$6 million. DJG, Inc. is the selected architect for the project.
- **A/E Selection West Hospital Department of Transplant Renovation** - This project is to consolidate and modernize facilities to accommodate the School of Medicine’s Department of Transplant Surgery on the 8th and 15th floor of West Hospital totaling \$2.275 million. KOP architect is the selected firm.
- **Project Plans – West Main Street Deck Restorations** - This project consist of repairing spalling concrete, cracks in concrete columns, girders and beams, and

replacement of deteriorated expansion joints. Repair of the stairs towers and replacement of the elevators and lighting are also included in this \$5.8 million project with funding from Parking Revenues and University Debt.

Mr. Ginther asked for a motion to recommend that the Board approve the architect/engineer and project plans as presented. After motion duly made and seconded, the Finance Budget and Investment Committee approved the motion to recommend that the Board approve the architect selections and/or project plans.

REPORT FROM VICE PRESIDENT OF ADMINISTRATION

Dr. Weiss introduced Sightlines, Inc. who provided an analysis of the University's facilities and recommendations on proper investments in capital outlay to address deferred maintenance and critical issues on both campuses. The committee reviewed a detailed analysis of buildings in various portfolios looking at reliability, asset preservation, economic opportunity, safety and code requirements and program improvement. This analysis was provided with information gathered by assessment of 116 E&G buildings and 5 million GSF considering deferred and 10-year life cycle capitalized replacement needs for building systems. The report provided a funding target of \$28 million per year of capital investment to sustain existing spaces. Mr. Ginther reminded the committee that this report was for information only but a useful tool for consideration of the upcoming capital outlay budgeting cycle.

Dr. Weiss also reported the contract award to Woodland Construction for renovations on the 8th floor of West Hospital totaling \$2.48 million.

REPORT FROM VICE PRESIDENT OF FINANCE AND BUDGET

Ms. Gray provided an update on the new procure-to-pay system being developed with Jaggaer over the next 15 months. The estimated savings are approximately \$2 million in FY20 and \$4 million in FY21.

Ms. Gray also provided a brief update on the University's debt showing the audited debt reation of 4.5% and the current available line of credit balance of \$45.1 million. No new debit was issued in FY2017 and there was one VCBA refunding completed. Approximately \$30 million per year of bond principal is retired. During the next 5 years, over \$154 million will be retired (35%) and over \$301 million (68%) over the next 10 years. Over the next 6 years, planned capital projects requiring approximately \$126.5 million in debt issuance are expected. Ms. Gray indicated that she would not go beyond a 5% debt ratio to keep our bond ratings in good standing.

Ms. Gray also presented the Treasurer's Report that was distributed to the Board for informational purposes. Ms. Gray discussed the short-term and long-term tier performance and asset allocation as of December 31, 2017.

The annual reports from the various foundations for VCU were included in the board materials for the committee's information including a summary of overall clean audit findings for each.

REPORTS FOR INFORMATIONAL PURPOSES

Mr. Ginther noted that there were several reports provided to the committee for informational purposes, specifically, the Sources and Uses funding for FY18, the Revenue and Expense Quarterly Summary, VCU Intercollegiate Athletics Programs year end report; the VCU Health System and Financial Operations; Capital Projects Update; the Finance, Budget & Investment Committee Dashboards, and, the campaign pledges to date from the Development Office.

CLOSED SESSION

On motion made and seconded, the meeting of the Finance, Budget and Investment Committee convened into closed session pursuant to Sections 2.2-3711 (A) (3) of the Virginia Freedom of Information Act for the discussion or consideration of the acquisition of real property for a public purpose, or of the disposition of publicly held real property where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body.

RECONVENED SESSION

Following the closed session, the public was invited to return to the meeting. Mr. Ginther, Chair, called the meeting to order. On motion duly made and seconded the following resolution of certification was approved by a roll call vote:

Resolution of Certification

BE IT RESOLVED, that the joint meeting of the Finance, Budget and Audit Committee and the Board of Visitors of Virginia Commonwealth University certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements under this chapter were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion by which the closed session was convened were heard, discussed or considered by the Committee of the Board.

<u>Vote</u>	<u>Ayes</u>	<u>Nays</u>
Mr. William Ginther, chair	X	
Mr. Benson Dendy, vice chair	X	
Mr. John Luke, Jr.	X	
Mr. Keith Parker	X	
Ms. Jacquelyn Stone	X	
Ms. Phoebe Hall, Rector	X	

All members responding affirmatively, the resolution of certification was unanimously adopted.

ADJOURNMENT

There being no further business Mr. Ginther, Chair, adjourned the meeting at 12:24 p.m.