

# Finance Budget and Investment Committee

September 15, 2016



**VCU**

# Open Session – For Action

1. Minutes from May 13, 2016

# Open Session – For Action

## 2. Committee Charter and Planner

# Open Session – For Action

## 3. Financial Assumptions in Six-Year Plan

# Open Session – For Action

4. Resolutions
  - a. Authorizing Certain Officers to Execute Financing Documents
  - b. Authorizing Use of the Line of Credit for the Engineering Building
  - c. Authorizing Use of the Line of Credit for the School of Allied Health Professions Building

# Open Session – For Action

## 5. Alternative Construction Process

- VCU has been authorized and made use of alternative construction procurement methods for over ten years
- Alternate construction procurement methods are:

### 1. construction management at risk (CMAR)

CMAR is a delivery method which entails a commitment by the **Construction Manager (CM)** to deliver the project within a Guaranteed Maximum Price (GMP) which is based on the construction documents and specifications at the time of the GMP plus any reasonably inferred items or tasks.

(typically limited to projects with a construction cost of \$10M+)

### 2. design-build (DB)

Design-build is a method of project delivery in which one entity – the design-build team – works under a single contract with the project owner to provide design and construction services.

(typically limited to projects with a project cost of \$10M+ and a critical project timeline for completion)

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## 5. Alternative Construction Process

- During the last legislative session, language in the Appropriation Act requires us to:
  1. develop a process for determining the selected procurement method - **completed**
  2. submit the process to the Department of General Services (DGS) for review and recommendation - **completed**
  3. submit the process with DGS recommendations for approval to the BOV. Now **requesting your approval** of the process presented.

# Open Session – For Action

## 6. Capital Amendments

- Amend the six-year capital plan to include:
  1. West Hospital 9<sup>th</sup> Floor Renovation
    - School of Medicine's Department of Orthopedic Surgery
    - administrative and support offices
    - includes abatement of asbestos, reconfiguration, new finishes
    - \$2.7M School of Medicine funds





# Open Session – For Action

## 6. Capital Amendments

- Amendment to the six-year capital plan to include:

### 2. Rice Center Lodge Budget Increase

- Provides overnight accommodations for 25-30 visiting researchers, and students
- Rooms, dining and meeting space
- Budget increase from 1.9M to \$2.3M
- \$1.76M private; \$452K Rice Center Wetlands Easement Account; \$93K university funds
- 3 bids were opened on June 9, 2016. Construction contract was awarded to Daniels & Co. for \$1,669,000



# Open Session – For Action

## 6. Capital Amendments

- Amend the six-year capital plan to include:
  3. Sanger Hall Phase II, Part B Renovation Budget Increase
    - Improve building infrastructure, administrative space, environmental rooms, and research labs, on 4<sup>th</sup> and 5<sup>th</sup> floors
    - Original budget \$25,145,000
    - 4 bids were opened on April 13, 2016 with award to SRC for \$13,840,000
    - Actual bids received exceeded budget projections by \$2,272,139



# Open Session – For Information

## 6. Contract Awards

- Contract notification
  1. Rhoads Hall – student housing
    - Restroom Renovations
    - Phase I completed summer 2016  
Floors 2-5
    - Phase II to be completed summer 2017  
Floors 6-18
    - Bids from two contractors opened April 13, 2016  
Contract awarded to Virtexco Corp
    - \$4.61M VCU Residential Housing Auxiliary Funds



# Open Session – For Information

## 6. Contract Awards

- Contract notification
  2. Raleigh Building Renovations
    - Upgrades to meet current building codes and functional requirements, foundation, roof, exterior masonry, water infiltration, walls, ceilings, flooring, paint, elevator, HVAC, ADA, electric etc.
    - Anticipated to achieve LEED Silver Certification requirements
    - Bids from five contractors opened June 17, 2016  
Contract awarded to Virtexco Corp
    - \$8.42M State Funds



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## 7. Capital Projects Update

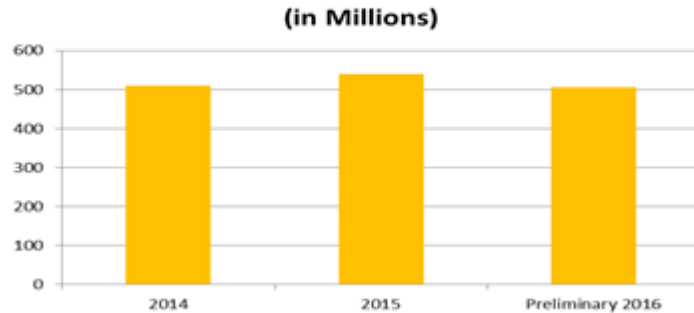
- ICA continues on the previously reported construction schedule
- The Police headquarters relocation project will be completed by the end of September



# Open Session – For Information

## 8. Preliminary Cash Balance Position

**VCU Cash and Investments – Three Year Trend**



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## 9. New Budget Model Update

- Realigned resources and staffing
- Preliminary recommendation on metrics for Central Cost allocation:
  - Square feet – allocation of facilities
  - Student FTE and credit hour – allocation of student-related services
  - Employee FTE (faculty and staff) - allocation of employee services ranging from HR to Library
  - All funds expenditure budget - general centralized services (Finance, University Relations, etc.)
- Preliminary recommendation on Tuition allocation: based on student credit hours

# New Budget Model Progress: NEXT STEPS

- Re-engage consultant
- Develop preliminary recommendations for Research and Financial Aid revenues and expenses
- Incorporate Auxiliary and Restricted funds
- Test Hyperion data tool
- Roll-out of Communication Plan
- Launch Administrative Assessment Pilot

Next report to FBI: December 9, 2016



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## 10. Committee Dashboard

Measure	Metrics/Performance as of June 30, 2016	Comments
Investments	Investment Balances	<ul style="list-style-type: none"> <li>No concerns</li> </ul>
	Investment Returns	<ul style="list-style-type: none"> <li>See 6/30/16 Treasurer's Report</li> </ul>
Debt	Bond ratings	<ul style="list-style-type: none"> <li>AA-/Aa2 (within Tier III requirement)</li> </ul>
	Debt Ratio	<ul style="list-style-type: none"> <li>4.87% (below 6.0% debt policy requirement and 7.0% Tier III requirement)</li> </ul>
	Debt Capacity	<ul style="list-style-type: none"> <li>\$174.6 million (at a 6.0% debt ratio)</li> </ul>
Revenues and Expenses	Performance vs. Budget	<ul style="list-style-type: none"> <li>Budgeted revenue: \$1,098M</li> <li>Actual Results: \$1,095M - 3.9% over last year</li> <li>Variance revenue: \$2.8M or .26%</li> <li>Budgeted expense: \$1,097M</li> <li>Actual Results: \$1,074M - 3.3% over last year</li> <li>Variance expense: \$23.3M or 2.1%</li> </ul>
<b>Major Projects/Initiatives</b>		<b>Next Steps/Comments</b>
Public Private Partnership - GRC		<ul style="list-style-type: none"> <li>Closed on 08/12/16</li> </ul>
VCIMCO		<ul style="list-style-type: none"> <li>See 6/30/16 Treasurer's Report</li> </ul>
New Budget Model		<ul style="list-style-type: none"> <li>Central Cost allocation largely complete; tuition and financial aid modeling underway</li> </ul>

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## 11. Treasurer's Report

- **Short-term Tier** in compliance with Investment Policy, save for a temporary over-weighting towards Money Market Funds (AAA-rated cash-equivalent). This was due to portfolio rebalancing, which is now complete and in full compliance.
- **Long-term Tier** in compliance with Investment Policy, save for a temporary over-weighting towards fixed income and cash and a temporary underweighting towards alternative assets. This is due to VCIMCO rebalancing the portfolio, and will be done once VCIMCO has completed selecting managers.

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## 12. Efficiencies and Effectiveness

- Exclusive Beverage Contract
- Mail Services

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## 13. Miscellaneous Reports:

- ARMICS
- BOV Fund
- Revenue and Expense
- VCU Health System