Open Session Agenda  
FINANCE AND RESOURCE MANAGEMENT COMMITTEE  
Latham Ballroom A/B, The Inn at Virginia Tech  
8:30 a.m.  
August 25, 2020

<table>
<thead>
<tr>
<th>Agenda Item</th>
<th>Reporting Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Motion to Reconvene in Open Session</td>
<td>Preston White</td>
</tr>
<tr>
<td>2. Welcome and Opening Remarks</td>
<td>Ed Baine</td>
</tr>
<tr>
<td>3. Consent Agenda</td>
<td>Ed Baine</td>
</tr>
<tr>
<td>a. Approval of Items Discussed in Closed Session</td>
<td></td>
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<tr>
<td>b. Approval of Minutes of the May 29, 2020 Meeting</td>
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</tr>
<tr>
<td>d. Approval of Creativity and Innovation District Living Learning Community 9(c) Debt Financing Resolution</td>
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<tr>
<td>e. Approval of Resolution to Adjust VT-ARC Affiliation Agreement</td>
<td></td>
</tr>
<tr>
<td>4. Comprehensive Update on Advancement</td>
<td>Charlie Phlegar</td>
</tr>
<tr>
<td>5. Update on Research</td>
<td>Don Taylor</td>
</tr>
<tr>
<td>6. Financial Update on COVID-19</td>
<td>Tim Hodge</td>
</tr>
<tr>
<td>7. Approval of Resolution for Additional Lines of Credit</td>
<td>Ken Miller John Cusimano</td>
</tr>
<tr>
<td>8. Approval of Year-to-Date Financial Performance Report (July 1, 2019 – June 30, 2020)</td>
<td>Tim Hodge Bob Broyden</td>
</tr>
<tr>
<td>9. Approval of Resolution Establishing University Policy 12111, Acceptance of Terms and Conditions Associated with Donations, Gifts, and Other Private Philanthropic Support</td>
<td>Ken Miller</td>
</tr>
<tr>
<td>10. Update on the Implementation of the JLARC Recommendations</td>
<td>Ken Miller Bryan Garey</td>
</tr>
<tr>
<td>11. Discussion of Future Agenda Topics and Closing Remarks</td>
<td>Ed Baine</td>
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</table>

* Requires full Board approval.  
⧫ Discusses Enterprise Risk Management topic(s).
Briefing Report

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

August 25, 2020

Open Session

1. Motion to Reconvene in Open Session

2. Welcome and Opening Remarks

3. Consent Agenda: The Committee will consider for approval and acceptance the items listed on the Consent Agenda.
   
   a. Approval of Items Discussed in Closed Session: The Committee will review and approve the items discussed in closed session.
   
   b. Approval of Minutes of the May 29, 2020 Meeting: The Committee will review and approve the minutes of the May 29, 2020 meeting.
   

      This report will provide information on the 17 finance and administrative measures and the university’s performance for each of those measures. The report will also provide information on SCHEV’s assessment of the six academic measures.

   d. Approval of Creativity and Innovation District Living Learning Community 9(c) Debt Financing Resolution: The Committee will review for approval a debt financing resolution for the Creativity and Innovation District Living Learning Community through the state’s 9(c) pooled bond program.

      The Creativity and Innovation District Living Learning Community has been authorized by the state to be financed for up to $89.62 million plus amounts needed to fund issuance

* Requires full Board approval.
◆ Discusses Enterprise Risk Management topic(s).
costs, reserve funds, and other financing expenses. The university has used commercial paper as short-term financing to date and will reimburse itself from the 9(c) bond proceeds.

e. **Approval of Resolution to Adjust VT-ARC Affiliation Agreement:** The Committee will review for approval a resolution to adjust the Virginia Tech Applied Research Corporation (VT-ARC) Affiliation Agreement that was approved at the June 2, 2020 full board meeting. This adjustment is to add language allowing VT-ARC to request an exception to the requirement to provide a benefits and compensation plan for its employees that as nearly as practical matches that of the university. Such exceptions may be authorized by the Senior Vice President and Chief Business Officer of the university.

4. **Comprehensive Update on Advancement:** The Committee will receive a comprehensive presentation from University Advancement providing an update on the fiscal year 2020 giving results and giving trends since the launch of the Advancement Model. This report also includes an update on the philanthropic participation rate; the impact of COVID-19 on fundraising and advancement; the work of University Relations in response to the pandemic; and a summary of near-term focus areas for fundraising priorities, athletics, and participation goals.

5. **Update on Research:** The Committee will receive an update on research including an update on goals from fiscal year 2020 and notable achievements and results, a summary of the impact of COVID-19 on research, and leadership testimonials.

♦ 6. **Financial Update on COVID-19:** The Committee will receive an update on the financial impacts of the COVID-19 pandemic. This presentation includes an overview of the university's response to the pandemic; the allocation of the Coronavirus Aid, Relief, and Economic Security (CARES) Act funds; and the remaining unknown impacts related to the pandemic for Fall semester of fiscal year 2021.

* 7. **Approval of Resolution for Additional Lines of Credit:** The Committee will review for approval a resolution identifying authorized officers; approving the terms of proposals and the form of a credit agreement and promissory note; and authorizing the authorized officers to negotiate, execute, and deliver all necessary documents to obtain up to $210 million of additional lines of credit.

* Requires full Board approval.
♦ Discusses Enterprise Risk Management topic(s).
8. Approval of Year-to-Date Financial Performance Report (July 1, 2019 – June 30, 2020): The Committee will review for approval the Year-to-Date Financial Performance Report for July 1, 2019 – June 30, 2020. The university successfully closed its fiscal year in accordance with guidance and requirements of the commonwealth. The Education and General budgets were balanced at year-end, with no operating deficit incurred. The Auxiliary Enterprises revenues were higher than projected due to interest earnings, orientation participation, student fees from higher than budgeted enrollments, and software sales. Auxiliary Enterprises expenditures were lower than projected due to the university holding back expenses in response to the COVID-19 pandemic and the timing of incomplete projects.

For year-ended June 30, 2020, $117.7 million has been expended for Educational and General capital projects, and $66.6 million has been expended for Auxiliary Enterprises capital projects. Total capital outlay expenditures for year-ended June 30, 2020 was $184.3 million against an annual budget of $173.9 million.

9. Approval of Resolution Establishing University Policy 12111, Acceptance of Terms and Conditions Associated with Donations, Gifts, and Other Private Philanthropic Support: The Committee will review for approval a resolution establishing University Policy, 12111, Acceptance of Terms and Conditions Associated with Donations, Gifts, and Other Private Philanthropic Support. This policy was developed in response to the new provisions of Code of Virginia §23.1-1304.1 that requires boards of visitors to establish a policy for the acceptance of terms and conditions and implement administrative processes for specific types of philanthropic support.

10. Update on the Implementation of the JLARC Recommendations: The Committee will receive an update on the implementation of JLARC recommendations for broader spans of control. This update also provides an overview of the human resources milestones reached in 2019 and outlines human resources goals and objectives for 2020.

11. Discussion of Future Agenda Topics and Closing Remarks: The Committee will discuss possible topics for future meetings and other topics as needed.

* Requires full Board approval.
♦ Discusses Enterprise Risk Management topic(s).
Joint Closed Session Agenda

ACADEMIC, RESEARCH, AND STUDENT AFFAIRS COMMITTEE
and
FINANCE AND RESOURCE MANAGEMENT COMMITTEE

Latham Ballroom A/B, The Inn at Virginia Tech
8:00 – 8:30 a.m.

August 25, 2020

<table>
<thead>
<tr>
<th>Agenda Item</th>
<th>Reporting Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Motion to Begin Joint Closed Session</td>
<td>Anna James</td>
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<tr>
<td>* 2. Discussion of Changes to and Ratification of Personnel Changes Report</td>
<td>Ken Miller, Cyril Clarke</td>
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</tbody>
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* Requires full Board approval.
Motion to Reconvene in Open Session

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

August 25, 2020

WHEREAS, the Finance and Resource Management Committee of the Board of Visitors of Virginia Polytechnic Institute and State University has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, §2.2-3711 of the Code of Virginia requires a certification by the Finance and Resource Management Committee that such closed meeting was conducted in conformity with Virginia Law;

NOW, THEREFORE, BE IT RESOLVED, that the Finance and Resource Management Committee of the Board of Visitors of Virginia Polytechnic Institute and State University hereby certifies that, to the best of each member’s knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia Law 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 convening the closed meeting were heard, discussed or considered by the Finance and Resource Management Committee.
Welcome and Opening Remarks

ED BAINE
CHAIR, FINANCE AND RESOURCE MANAGEMENT COMMITTEE
a. Approval of Items Discussed in Closed Session
b. Approval of Minutes of the May 29, 2020 Meeting
   * d. Approval of Creativity and Innovation District Living Learning Community 9(c) Debt Financing Resolution
   * e. Approval of Resolution to Adjust VT-ARC Affiliation Agreement

*Requires full Board approval
Discussion of Changes to and Ratification of Personnel Changes Report

Recommendation: That the Committees ratify the Personnel Changes Report as submitted.
FINANCE AND RESOURCE MANAGEMENT COMMITTEE MINUTES

BOARD OF VISITORS

May 29, 2020

The Finance and Resource Management Committee of the Board of Visitors of Virginia Polytechnic Institute and State University met on Friday, May 29, 2020, at 1:00 p.m. On this date, the Commonwealth of Virginia was operating under a state of emergency as declared by Governor Northam due to the COVID-19 pandemic. This was an entirely electronic meeting held via Zoom videoconference to conduct regular business as permitted by legislation passed by the General Assembly on April 22, 2020, and signed into law by Governor Northam. A quorum of the Finance and Resource Management Committee was present on the videoconference.

Finance & Resource Management Committee members present
Horacio Valeiras (Rector)
Ed Baine
Anna James
Letitia Long (Committee Chair and Vice Rector)
Melissa Nelson

Other Board members present:
Shelley Butler Barlow
Greta Harris
C. T. Hill
L. Chris Petersen
Preston White

Constituent Representatives present:
John Ferris (Faculty Representative)
Ryan King (Graduate Student Representative)
Tamarah Smith (Staff Representative)
Madelynn Todd (Undergraduate Student Representative)

Also present on the Zoom videoconference were the following: President Timothy Sands, Kim O’Rourke (Secretary to the Board), Callan Bartel, Bob Broyden, Cyril Clarke, Al Cooper, John Cusimano, Kelly DeCamp (captioner), Karen DePauw, John Dooley, Corey Earles, Kari Evans, Michael Friedlander, Bryan Garey, Kay Heidbreder, Tim Hodge, Sharon Kurek, Nancy Meacham, Scott Midkiff, Ken Miller, Erik Olson (captioner), Charlie Phlegar, Dwayne Pinkney, Don Taylor, Tracy Vosburgh, Chris Yianilos

In addition, 234 members of the university community and public viewed a live stream of the videoconference on YouTube Live.
1. **Welcome and Opening Remarks**

2. **Consent Agenda:** The Committee considered for approval and acceptance the items listed on the Consent Agenda.

   a. Approval of Minutes of the May 7, 2020 Meeting

   b. Approval of 2020-21 Pratt Fund Budget: The Pratt Fund provides funding for programs in both the College of Engineering and Department of Animal Nutrition in the College of Agriculture and Life Sciences. For 2020-21, the College of Engineering proposes expenditures of $999,333 and the Department of Animal Nutrition proposes expenditures of $969,833.

   c. Approval of 2020-21 Hotel Roanoke Conference Center Budget: The Hotel Roanoke Conference Center Commission was established by resolutions adopted by Virginia Tech and the City of Roanoke, under Commonwealth of Virginia enabling legislation. The enabling legislation provided that the Commission shall annually prepare and submit to both the City of Roanoke and Virginia Tech a proposed operating budget showing its estimated revenues and expenses for the forthcoming fiscal year, and, if the estimated expenses exceed the estimated revenues, the portion of the unfunded balance is to be borne by each participating party for the operation of the conference center. The funds for Virginia Tech total $80,000 for the fiscal year 2020-21 and will come from the Fralin endowment which was established to assist with the project.

   d. Approval of 2020-21 Virginia Tech-Wake Forest University School of Biomedical Engineering and Science Budget: The collaboration agreement, which outlines the relationship and responsibilities of Virginia Tech and Wake Forest University School of Biomedical Sciences, requires the governing boards of each university to approve the annual operating budget for the School of Biomedical Engineering and Sciences. The Virginia Tech financial commitment for fiscal year 2020-21 is $5.5 million.

   e. Approval of Resolution to Rescind the August 31, 2015 Distribution of Nike Contract Revenue Resolution: The resolution seeks to rescind the Distribution of Nike Contract Revenue Resolution, approved by the Board of Visitors on August 31, 2015. The rescission of this resolution is required due to the establishment of Bylaw 11.3.2.2 of the National Collegiate Athletics Association that prohibits an outside source from paying or supplementing the salary of an athletics department staff member.
*  f. Notification of Provisions of the Appropriation Act Relating to Indebtedness of State Agencies (Unauthorized Deficits): This is the university’s annual notification to the Board of Visitors detailing the provisions of the Appropriation Act relating to indebtedness of state agencies, or unauthorized deficits.

The Committee approved the items on the Consent Agenda.

*  3. Resolutions Delegating Authority and Reaffirming Human Resources Policy: The Committee reviewed for approval the proposed resolutions to delegate authority to the president to temporarily reduce pay or implement furloughs for faculty and university staff through June 30, 2021 with the goal of preserving the university’s workforce to the extent possible. The proposal requires the president to consult with the Rector and share with the Board a plan before enacting this authority. The plan will be part of a comprehensive budget reduction strategy to address temporary and permanent budget reductions needed to address the fiscal crisis caused by the COVID-19 pandemic. Additionally, the Committee reviewed for approval the reaffirmation of a human resources policy, University Policy 4240: Layoff Policy for Staff.

The Rector expressed the Board of Visitors’ support for retaining and recruiting exceptional faculty and said the Board would look at all options before reducing compensation. The Committee echoed this statement, adding that these mitigation strategies are essential to provide the university leadership with all options to navigate the current financial situation, emerging from the pandemic financially strong and intact.

The Committee recommended the Resolution Delegating Authority to the President and the Resolution Reaffirming Human Resources Policy for Classified and University Staff to the full Board for approval.

*♦  4. Resolution for Approval of Tuition and Fee Rates for 2020-21: The Committee reviewed for approval the proposed tuition and fee rates for 2020-21.

The 2004 General Assembly authorized “The Board of Visitors . . . of institutions of higher education may set tuition and fee charges at levels they deem to be appropriate for all resident student groups based on, but not limited to, competitive market rates . . . ”
The university proposes to maintain tuition and mandatory educational & general (E&G) fees for in-state undergraduate students at the same levels as 2019-20. This tuition and fee package is recommended in response to the negative financial implications of the COVID-19 pandemic on the students.

Consistent with this, this package proposes to hold 2020-21 in-state and out-of-state undergraduate tuition and mandatory E&G fees at 2019-20 levels of $11,595 for in-state and $30,739 for out-of-state students. For on-campus graduate programs, this package proposes to hold 2020-21 in-state and out-of-state graduate tuition and mandatory E&G fees at 2019-20 levels of $13,876 for in-state and $28,393 for out-of-state students. For off-campus graduate programs, this package proposes to hold 2020-21 in-state and out-of-state tuition and mandatory E&G fees at 2019-20 levels of $15,342 for in-state and $30,338 for out-of-state students.

Additionally, this package proposes to hold 2020-21 Virginia/Maryland and out-of-state, non-Maryland Veterinary Medicine tuition and mandatory E&G fees at 2019-20 levels of $22,081 for Virginia/Maryland students and $51,214 for out-of-state, non-Maryland students.

For Virginia Tech Carilion School of Medicine students, this package proposes to hold 2020-21 tuition and mandatory E&G fees at 2019-20 levels of $53,288.

Furthermore, the university recommends an increase of $58 or 2.8 percent to total comprehensive fees for a total of $2,154 for both instate and out-of-state undergraduate and graduate students. An average 2.3 percent increase in room and board is recommended.

The Committee expressed appreciation for the university listening to the needs of the students and the Board and adjusting the tuition and fee rate proposal accordingly.

The Committee recommended the Resolution for Tuition and Fee Rates for 2020-21 to the full Board for approval.
5. **Approval of 2020-21 Compensation for Graduate Assistants:** The Committee reviewed for approval the proposed 2020-21 schedule of stipends and support for the health insurance program for graduate students. To be competitive in the recruitment and retention of high-quality graduate students, it is important for the university to provide compensation packages that are comparable with those offered by peer institutions. The key components of the graduate student compensation package include competitive stipends, tuition assistance, and health insurance. The report also includes a revised listing of the proposed stipend compensation pay ranges with the addition of $58 to the academic year Stipend Supplement of $400, resulting in a total academic year Stipend Supplement of $458 to help mitigate university assigned costs.

The Committee requested that the Commission of Graduate and Professional Studies present their recommendations on compensation for graduate assistants at future Finance and Resource Management Committee and Academic, Research, and Student Affairs Committee meetings.

The Committee recommended the 2020-21 Compensation for Graduate Assistants to the full Board for approval.

6. **Approval of 2020-21 Faculty Compensation Plan:** The Committee reviewed for approval the 2020-21 Faculty Compensation Plan. The report defines the qualification criteria for teaching and research faculty and administrative and professional faculty, provides guidance on the authorized salary average for full-time teaching and research faculty positions, and requires board approval. The key elements of the 2020-21 plan are consistent with the current plan.

For Fall 2018, Virginia Tech’s Actual Salary Average was $104,132. This placed Virginia Tech at the 29th percentile of its peer group, based on the most recent peer salary data available from the Integrated Postsecondary Education Data System (IPEDS). Based on SCHEV’s forecast of salary escalation at peer institutions, the university estimates that the Actual Salary Average will rank in the 25th percentile of peer institutions for Fall 2019.

Recognizing the critical nature of faculty compensation, the university’s standing relative to the 60th percentile of the university’s peer group average salary, the higher levels of competing offers being received by key faculty, and to minimize the high cost of turnover, the university will continue to explore opportunities to improve the competitiveness of Virginia Tech faculty compensation. However, due to the lack of a statewide salary program in 2020-21 and budget uncertainty resulting from the COVID-19 pandemic, no university merit process is currently planned for the 2020-21 fiscal year.
However, the plan does include the proposed increases for faculty members approved for promotion and tenure.

The Committee requested that the university share a comparison of compensation in similar departments at peer institutions in order to illustrate where the gaps in faculty pay are the largest at a future meeting.

The Committee recommended the 2020-21 Faculty Compensation Plan to the full Board for approval.

* 7. Approval of 2020-21 University Budgets: The Committee reviewed for approval the 2020-21 University Budgets. The University Budgets are comprised of the Operating and Capital Budgets.

Due to the dynamic and uncertain environment resulting from the COVID-19 pandemic, it is prudent for the university to establish preliminary budgets for fiscal year 2020-21 that address the strong possibility that the university will be required to operate with fewer resources in 2020-21. Because of these unknown impacts, the university proposes that the 2020-21 preliminary budgets be a continuation of the 2019-20 budgets with adjustments for the uncertainty including a 5 percent reduction in discretionary spending for the Auxiliary Systems Budgets and the Operating Budget. The university is undergoing contingency planning by conducting a university-wide 5 and 10 percent budget reduction exercise and will commence a process to update budgets once the COVID-19 pandemic’s financial impact on state funding, enrollment and various university operations is better understood.

a. Auxiliary System Budgets: The auxiliary systems are a component of the overall operating budget. In accordance with the resolutions authorizing and securing the Dormitory and Dining Hall System, Electric Service Utility System, University Services System, and Athletic Facilities System revenue bonds, the Board of Visitors is required to separately adopt an annual budget for each system. All budgets are balanced and designed in accordance with bond covenants including maintenance and reserve requirements. The annual budgets, including debt service, for the period July 1, 2020 to June 30, 2021 for the four systems are:
   i. Dormitory and Dining Hall System Budget: $130.3 million
   ii. Electric Service System Budget: $33.7 million
   iii. University Services System Budget: $52.9 million
   iv. Athletics Facilities System Budget: $74.7 million
The Committee recommended each of the four Auxiliary Systems Budgets for 2020-21 to the full Board for approval.

b. Operating Budget and Capital Budget: The university envisions the 2020-21 budget development occurring in phases, proposing that the fiscal year opens with a preliminary budget constructed in anticipation of constrained resources with a hedge for initial revenue estimates. As additional information becomes known, the university will adjust the revenue budgets and update operating assumptions.

For 2020-21, the recommended internal budget for all operations is $1.63 billion. This is a decrease of $40 million, approximately 2.5 percent, under the adjusted 2019-20 budget.

The capital outlay program for 2020-21 is comprised of 18 Educational and General projects and 10 Auxiliary Enterprise projects for a total of 28 projects. The total capital outlay budget for fiscal year 2020-21 includes total project authorizations of approximately $1.05 billion and a projected unspent balance for these projects of $823 million. The 2020-21 expenditure budget for those projects is approximately $194 million.

The Committee recommended the 2020-21 Operating Budget and Capital Budget to the full Board for approval.


The terms of these agreements end on June 30, 2020. It is recommended that the agreements be renewed at this time to be extended to a term ending June 30, 2024.
The Committee recommended the Revisions to and Renewal of Related Corporations Affiliation Agreements to the full Board for approval.

9. **Approval of Year-to-Date Financial Performance Report (July 1, 2019 – March 31, 2020):** The Committee reviewed for approval the Year-to-Date Financial Performance Report for July 1, 2019 – March 31, 2020. For the third quarter, budget adjustments were made to reflect revisions to projected revenues and expenditures. In the Educational and General Budget, the Tuition and Fee revenue budget was increased by $4.4 million because of program fee revenues and graduate enrollments in the greater Washington, D.C., metro area. In the Auxiliary Enterprises Budget, the Residential & Dining expense budget was increased by $1.3 million for Residential Mail Delivery Program and decreased by $3.1 million for one-time relief of the university’s scholarship cost assignment; the Athletics revenue budget decreased by $5.1 million for lower than anticipated ACC conference distributions and timing of ACC Network revenues, and the expense budget was increased by $0.4 million for NCAA and capital projects.

Due to COVID-19, self-generated revenues in Veterinary Teaching Hospital and Equine Medical Center are anticipated to be lower during the 4th quarter of 2019-20. Additionally, lower than projected revenues in Residential and Dining are anticipated due to residential rebates and lower dining business volume; higher than projected revenue performance through March at the Inn at Virginia Tech are expected to be offset by 4th quarter COVID-19 impacts. The university continues to manage and monitor these expenses, and a 4th quarter budget adjustment for the financial impacts of COVID-19 is still in development.

Through the quarter ending March 31, 2020, $86 million was expended for Educational and General capital projects, and $47 million was expended on Auxiliary Enterprises capital projects. Capital outlay year-to-date expenditures through March 31, 2020 totaled $133 million.

The COVID-19 pandemic has led to market slowdowns due to the deferment of construction jobs. It is also creating potential for the market to lean toward the buyers.

The Committee discussed the need for future Year-to-Date Financial Performance Reports to provide a detailed explanation of the restrictions on state funds designated for specific capital projects.
The Committee recommended the Year-to-Date Financial Performance Report to the full Board for approval.

10. **Closing Remarks:** President Sands stated that the future of the university remains bright even during these uncertain times. He expressed thanks to the Board of Visitors for providing flexibility to ensure that the university comes out of these uncertain times as a stronger Virginia Tech, and he committed to avoiding lay-offs, furloughs, and short-term salary reductions to the extent possible, pledging not to invoke any of these mitigation strategies in a cavalier way.

The Committee expressed their gratitude for the university’s hard work and dedication developing the strategies and programs shared at this Committee meeting.

There being no further business, the meeting adjourned at 3:34 p.m.

* Requires full Board approval.
† Discusses Enterprise Risk Management topic(s).
Report on Higher Education Restructuring Institutional Performance Standards

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

August 5, 2020

Background

In 2005, the Virginia General Assembly passed the Restructured Higher Education Financial and Administrative Operations Act (Restructuring Act). This Act provided restructuring benefits and allowed all Virginia institutions of higher education to have more responsibility for their financial and operational activities.

For Virginia Tech, the Act also provided the opportunity to apply for additional “Level 3” authority and responsibilities. In 2005, Virginia Tech entered into a Management Agreement with the Commonwealth of Virginia under the Restructuring Act, offering increased management autonomy in exchange for high level accountability in several performance areas.

The Management Agreement became effective on July 1, 2006. It provides the university greater autonomy in the areas of capital outlay, leasing, procurement, information technology, finance, and human resources. This autonomy has enabled the institution to implement revised financial and administrative policies and business practices in specified areas to proactively address the needs of the institution. The Management Agreement was initially approved for a period of four years. Subsequently, legislation was approved granting the continuation of the Management Agreement. The 2014 General Assembly renewed the Level 3 restructured institutions’ Management Agreements for an indefinite period. Along with Virginia Tech, the University of Virginia, the College of William and Mary, and Virginia Commonwealth University were also granted Level 3 restructured status.

Accountability is an important part of the Restructuring Act, and all institutions of higher education have a common set of performance measures to achieve. The Institutional Performance Standards (IPS) are the primary performance metrics evaluated under the Restructuring Act. Until fiscal year 2010, the State Council of Higher Education of Virginia (SCHEV) annually assessed the degree to which individual public institutions of higher education met the financial and administrative management and education-related performance benchmarks set forth in the Appropriation Act in effect. The university provided an annual report to the committee on the status of compliance with these measures.
The Higher Education Opportunity Act passed in 2011 suspended the assessment of IPS measures until the Higher Education Advisory Council (HEAC) completed its review of the IPS measures and recommended a new set of reporting measures. In May, 2011 SCHEV certified all institutions as meeting the IPS measures for the 2011-12 to 2013-14 period. The 2013 General Assembly incorporated the recommended changes to the IPS measures proposed by HEAC in the Appropriation Act. The number of measures were reduced, and the assessment period changed from an annual reporting period to a biennial reporting period. The revised IPS measures continue to focus on two primary areas:

- **Academic Measures**: There are six education-related measures with a focus on enrollment. SCHEV monitors institutional compliance with these measures and has broad authority to certify institutions as having met these standards. In addition, SCHEV may develop, adopt, and publish standards for granting exemptions and ongoing modifications to the certification process.

- **Finance and Administrative measures**: There are 17 finance and administrative measures. HEAC retained all the finance and administrative measures from the previous reporting cycle. The Secretary of Finance through the Department of Planning and Budget (DPB) is responsible for monitoring institutional compliance with these measures.

**Current Status of Performance Measures**

- **Academic Measures**: SCHEV has performed the 2020 biennial assessment of the academic related measures. In June 2020, SCHEV reported that Virginia Tech has met all six academic standards. *Attachment A* details the six academic related measures and Virginia Tech’s performance for the 2020 Biennial Assessment Results as reported by SCHEV.

- **Finance and Administrative Measures**: In July 2020, the university provided a report on the performance of the finance and administrative measures to the Secretaries of Finance, Administration, and Education. *Attachment B* provides a summary of the results reported to the state. Of the 17 measures, the university is in full compliance with 16 measures. There was one measure in which the university did not meet the stated goal, and another that required additional explanation. Explanations for both of these were provided as detailed below.

**Capital Outlay Standards**

The Capital Outlay standard, *capital outlay projects completed within budget*, (Item 5.a. on *Attachment B*), requires reporting on completed capital projects with an individual cost of over $1 million. Effective July 2011, Virginia Tech
Board of Visitors approved an increase in the capital project threshold from $1 million to $2 million. This increase was pursuant to the 2011 General Assembly increasing the dollar component on the state capital projects from $1 million to $2 million. Hence, the performance for the capital project standard included in the attachment includes results for capital projects over $2 million – all of which were approved before the General Assembly increased the capital project threshold to $3 million in 2018.

The university had six capital projects that reached substantial completion in fiscal year 2019. Of the six projects, one project exceeded the budget established at the completion of the preliminary design stage, the Renovate and Renew Academic Buildings project. The project delivery method was design-bid-build, and the university received pricing for the project four times during 2016. During the pricing process, the university worked extensively with the Department of General Services and the Department of Planning and Budget on strategies to control costs including extensive value engineering while preserving the legislative intent of the project, shifting the delivery method to hard bids from Construction Manager at Risk, multiple hard bid pricing efforts, repacking the bids to attract smaller contractors with less overhead, and extensive outreach efforts. Despite these efforts, the lowest bid for the authorized project scope was $4.46 million over the authorized budget.

To ensure the project would proceed with its legislative intent, the university submitted an appeal through the state’s Six-Year Capital Outlay Plan Advisory Committee (6-PAC) to fully fund the project. The 6-PAC approved this appeal, the university requested a General Fund supplement in the 2017 budget session to fully fund the project, and the General Assembly approved the full supplement amount to ensure the project would complete its legislative intent.

Financial Standards

The Financial standard, audit deficiencies, (Item 1.b. on Attachment B) requires no significant audit deficiencies attested to by the Auditor of Public Accounts. No such deficiencies were identified for FY19, resulting in Virginia Tech’s full compliance with the standard. However, Virginia Tech did receive a written comment for improperly identifying employees required to complete a statement of economic interest and complete conflict of interest training from the APA. This comment resulted in a corrective action plan being fully implemented and completed during FY20.
The university anticipates that SCHEV will perform an institutional assessment of the IPS measures by October 2020, in accordance with past assessment timelines. The university believes it will be considered in compliance for these measures when the State Council makes its final determination of compliance by spring 2021.
<table>
<thead>
<tr>
<th>Measure</th>
<th>Metric Definition</th>
<th>Performance Goal</th>
<th>FY 2019 Performance</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Financial</td>
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<tr>
<td>a. Audit of Financial Statements</td>
<td>An unqualified opinion from the Auditor of Public Accounts upon the audit of the public institution’s financial statements.</td>
<td>Full Compliance</td>
<td>Full Compliance</td>
<td>✔</td>
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<td>b. Audit Deficiencies</td>
<td>No significant audit deficiencies attested to by the Auditor of Public Accounts.</td>
<td>Full Compliance</td>
<td>Full Compliance (1)</td>
<td>✔</td>
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<td>c. Financial Reporting Standards</td>
<td>Substantial compliance with all financial reporting standards approved by the State Comptroller.</td>
<td>Full Compliance</td>
<td>Full Compliance</td>
<td>✔</td>
</tr>
<tr>
<td>d. Accounts Receivable Standards</td>
<td>Substantial attainment of accounts receivable standards approved by the State Comptroller, including but not limited to, any standards for outstanding receivables and bad debts.</td>
<td>Full Compliance</td>
<td>Full Compliance</td>
<td>✔</td>
</tr>
<tr>
<td>e. Accounts Payable Standards</td>
<td>Substantial attainment of accounts payable standards approved by the State Comptroller including, but not limited to, any standards for accounts payable past due.</td>
<td>Full Compliance</td>
<td>Full Compliance</td>
<td>✔</td>
</tr>
<tr>
<td>2. Debt Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Bond Rating</td>
<td>The institution shall maintain a bond rating of AA- or better</td>
<td>Aa3/AA-</td>
<td>Aa1 Rating - Moody’s</td>
<td>✔</td>
</tr>
<tr>
<td>b. Investment Returns earned on operating cash balances over rolling three-year period</td>
<td>The institution achieves a three-year average rate of return at least equal to the imoney.net money market index fund</td>
<td>1.21%</td>
<td>2.24%</td>
<td>✔</td>
</tr>
<tr>
<td>c. Debt burden ratio</td>
<td>The institution maintains a debt burden ratio equal to or less than the level approved by the Board of Visitors in its debt management policy.</td>
<td>≤7%</td>
<td>3.46%</td>
<td>✔</td>
</tr>
<tr>
<td>3. Human Resources</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Turnover percent as an indicator of classified staff stability and satisfaction</td>
<td>The institution's voluntary turnover rate for classified plus university/college employees will meet the voluntary turnover rate for state classified employees within a variance of 15 percent</td>
<td>8.32%</td>
<td>7.79%</td>
<td>✔</td>
</tr>
<tr>
<td>b. Number of internal employee transfers and promotions as a percentage of total number of newly-hired, transferred and promoted</td>
<td>The institution achieves a rate of internal progression within a range of 40 to 60 percent of the total salaried staff hires for the fiscal year</td>
<td>40%-60%</td>
<td>56.11%</td>
<td>✔</td>
</tr>
<tr>
<td>4. Procurement</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. SWAM Participation</td>
<td>The institution will substantially comply with its annual approved Small, Women and Minority (SWAM) procurement plan as submitted to the Department of Minority Business and Supplier Diversity; however, a variance of 15 percent from its SWAM purchase goal, as stated in the plan, will be acceptable</td>
<td>≥85%</td>
<td>99.1%</td>
<td>✔</td>
</tr>
<tr>
<td>b. Procurement orders processed through the Commonwealth's enterprise wide internet procurement system (eVA)</td>
<td>The institution will make no less than 80 percent of purchase transactions through the Commonwealth's enterprise wide internet procurement system (eVA) with no less than 75 percent of dollars to vendor locations in eVA</td>
<td>80% - Transactions 75% - Dollars</td>
<td>83.5% - Transactions 79.1% - Dollars</td>
<td>✔</td>
</tr>
<tr>
<td>5. Capital Outlay</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Capital projects within budget (2)</td>
<td>The institution will complete capital projects (with an individual cost of over $1,000,000) within the budget originally approved by the institution’s governing board at the preliminary design state for projects initiated under delegated authority, or the budget set out in the Appropriation Act or other Acts of Assembly which provides construction funding for the project at the preliminary design state. If the institution exceeds the budget for any such project, the Secretaries of Administration and Finance shall review the circumstances causing the cost overrun and the manner in which the institution responded and determine whether the institution shall be considered in compliance with the measure despite the cost overrun.</td>
<td>100%</td>
<td>83% (3)</td>
<td>✔</td>
</tr>
<tr>
<td>b. Owner requested change orders</td>
<td>The institution shall complete capital projects with the dollar amount of owner requested change orders not more than 2 percent of the guaranteed maximum price (GMP) or construction price</td>
<td>≤2%</td>
<td>≤2%</td>
<td>✔</td>
</tr>
<tr>
<td>c. Competitive rates for leased office space</td>
<td>The institution shall pay competitive rates for leased office space - the average cost per square foot for office space leased by the institution is within 5 percent of the average commercial business district lease rate for similar quality space within reasonable proximity to the institution's campus</td>
<td>5%</td>
<td>18.49% below market</td>
<td>✔</td>
</tr>
<tr>
<td>6. Information Technology</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Project Management</td>
<td>The institution will complete major information technology projects (with an individual cost of over $1,000,000) on time and on budget against their managed project baseline.</td>
<td>100%</td>
<td>N/A (4)</td>
<td>✔</td>
</tr>
<tr>
<td>b. Information Security</td>
<td>The institution will maintain compliance with institutional security standards as evaluated in internal and external audits. The institution will have no significant audit deficiencies unresolved beyond one year.</td>
<td>Full Compliance</td>
<td>Full Compliance</td>
<td>✔</td>
</tr>
</tbody>
</table>

**NOTE**

(1) The university received no significant audit deficiencies from the APA but received one written comment. Additional information is provided in the Letter to the Secretary of Finance.

(2) The university capital project threshold was revised from $1 million to $2 million in 2011 and to $3 million in 2018. This change was pursuant to the State increasing its capital project threshold.

(3) One of six capital projects was not completed within budget. Additional information is provided in the Letter to the Secretary of Finance.

(4) There are no major information technology projects for the reporting period.
Academic Performance Standards  
2020 Biennial Assessment Results*  
(Using 2017 Projections for PMs 1 - 4)

<table>
<thead>
<tr>
<th>Institution</th>
<th>PM 1</th>
<th>PM 2</th>
<th>PM 3</th>
<th>PM 4</th>
<th>PM 5</th>
<th>PM 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>VT</td>
<td>17-18</td>
<td>18-19</td>
<td>17-18</td>
<td>18-19</td>
<td>17-18</td>
<td>18-19</td>
</tr>
<tr>
<td>VT</td>
<td>100.6</td>
<td>100.6</td>
<td>99.3</td>
<td>100.9</td>
<td>105.3</td>
<td>120.7</td>
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<tr>
<td>VT</td>
<td></td>
<td></td>
<td>104.8</td>
<td>106.9</td>
<td></td>
<td>214**</td>
</tr>
<tr>
<td>VT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>214**</td>
<td>151**</td>
</tr>
</tbody>
</table>

*As reported to Virginia Tech by SCHEV in June, 2020

**Performance Measures:**

**PM 1** - Institution meets at least 95 percent of its State Council-approved biennial projections for in-state undergraduate headcount enrollment.

*Projections compared to Fall Headcount file*

**PM 2** - Institution meets at least 95 percent of its State Council-approved biennial projections for the number of in-state associate and bachelor degree awards.

*Projections compared to Degrees Conferred file*

**PM 3** - Institution meets at least 95 percent of its State Council-approved biennial projections for the number of in-state STEM-H associate and bachelor degree awards.

*Projections compared to Degrees Conferred file*

**PM 4** - Institution meets at least 95 percent of its State Council-approved biennial projections for the number of in-state, upper level - sophomore level for two-year institutions and junior and senior level for four-year institutions - program-placed, full-time equivalent students.

*Projections compared to Course Enrollment file*

**PM 5** - Maintain or increase the number of in-state associate and bachelor degrees awarded to students from under-represented populations.

*Actuals derived from the 2017-18 and 2018-19 Degrees Conferred Files and the last five years of financial aid data files prior to degree award.  
Averages for the biennial period (2017-18 and 2018-19) under review were compared to averages of prior three-years (14-15, 15-16, and 16-17).*

*The score of 214 indicates that during this review period, VT increased the number of conferred degrees to students from under-represented populations by an average of 214 more than the threshold target of the prior three-year period’s averages.*

**PM 6** - Maintain or increase the number of in-state two-year transfers to four-year institutions.

*Actuals derived from the 2017-18 and 2018-19 Course Enrollment files (CE) and CE files from 5 yrs prior, Degree Conferred Files up to 10 yrs prior.  
Averages for the biennial period (2017-18 and 2018-19) under review were compared with base year (2010-11) figures.*

**The score of 151 indicates that during this review period, VT increased the number of transfer students by an average of 151 more than the threshold target of the 2010-11 academic year.**
The Creativity and Innovation District Living Learning Community (Capital Outlay Project Number 18457) has been authorized by the state to be financed pursuant to Article X, Section 9(c) of the Constitution of Virginia for up to $89,620,000 plus amounts needed to fund issuance costs, reserve funds and other financing expenses.

The project will construct an approximately 203,000 gross square foot living learning community between Kent Street and Otey Street on the former site of the University Club which was demolished as part of the project. The interconnected three building residential community will include 596 beds and an academic, social, research, and collaboration space to support the Creativity and Innovation District. Members of the living/learning residence hall will include students with an interest in interdisciplinary creation and entrepreneurship as well as 176 student athletes. The total $105,500,000 project will be funded by $89,620,000 of debt and $15,880,000 of auxiliary revenue. The resolution presented to the Board of Visitors will allow for the debt financing of the full $89,620,000 for the project through the state’s 9(c) pooled bond program. The university has used commercial paper as short-term financing to date and will reimburse itself from the 9(c) bond proceeds.

The proposed resolution requests the issuance of 9(c) bonds through the Treasury Board of the Commonwealth of Virginia on behalf of the university and pledges residential system fees to pay the debt service. The resolution identifies both (1) the Vice President for Finance and (2) the University Treasurer as being authorized to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the sale and issuance of the bonds.
RESOLUTION ON CREATIVITY AND INNOVATION DISTRICT LIVING LEARNING COMMUNITY 9(c) FINANCING

FINANCE AND RESOURCE MANAGEMENT COMMITTEE


WHEREAS, pursuant to the Acts, the Treasury Board of the Commonwealth of Virginia (the “Treasury Board”) is authorized, by and with the consent of the Governor, to sell and issue bonds or bond anticipation notes of the Commonwealth of Virginia (the “Commonwealth”) for the purpose of providing funds, together with other available funds, for paying the cost of acquiring, constructing, renovating, enlarging, improving and equipping certain revenue-producing capital projects at certain institutions of higher learning of the Commonwealth and for paying issuance costs, reserve funds and other financing expenses (the “Financing Expenses”), all in accordance with the provisions of Section 9(c) of Article X of the Constitution of Virginia; and

WHEREAS, for Virginia Polytechnic Institute and State University (the “Institution”), such revenue-producing capital projects include the Creativity and Innovation District Living Learning Community Project (Capital Outlay Project Number 18457) (each individually, a “Project” and, collectively, the “Projects”); and

WHEREAS, the Treasury Board is proposing to sell and issue bonds or bond anticipation notes pursuant to the Acts for such revenue-producing capital projects, in one or more series.
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF VISITORS OF VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY:

Section 1. The Board of Visitors of the Institution (the “Board”) requests the Treasury Board to sell and issue bonds (the “Bonds”) or bond anticipation notes (“BANs”) in an aggregate principal amount not to exceed $89,620,000 to finance all or a portion of the costs of each Project plus Financing Expenses (for each individual Project, the “Individual Project Bonds” or “Individual Project Notes” and, collectively, the “Individual Project Borrowing” and for all Projects, the “Project Bonds” or “Project Notes” and, collectively, the “Project Borrowings”). The Individual Project Borrowings will be identified by amount by the State Treasurer upon issuance of any Bonds or BANs.

Section 2. With respect to each Project, the Board (a) covenants to fix, revise, charge and collect residential system fees and other rates, fees and charges, for or in connection with the use, occupation and services of such Project and (b) pledges such rates, fees and charges remaining after payment of (i) the expenses of operating such Project and (ii) the expenses related to all other activities funded by the residential fees (“Individual Project Net Revenues”) to the payment of the principal of, premium, if any, and interest on the Individual Project Borrowing relating thereto. The Board further covenants that it will fix, revise, charge and collect such rates, fees and charges in such amounts so that Individual Project Net Revenues will at all times be sufficient to pay, when due, the principal of, premium, if any, and interest on the related Individual Project Borrowing and on any other obligations secured by such Individual Project Net Revenues (such payments collectively the “Required Payments”). Each Individual Project Borrowing shall be secured on a parity with other obligations secured by the Individual Project Net Revenues relating to such Individual Project Borrowing (other than any obligations secured by a prior right in Individual Project Net Revenues). Any Individual Project Net Revenues pledged herein in excess of the Required Payments for an Individual Project Borrowing may be used by the Institution for any other lawful purpose.

Section 3. It is hereby found, determined and declared that, based upon responsible engineering and economic estimates and advice of appropriate officials of the Institution, as shown on the Financial Feasibility Study provided to the Department of the Treasury, with respect to each Project, the anticipated Individual Project Net Revenues pledged herein will be sufficient to pay the Required Payments for such Project so long as the aggregate amount of net debt service on the Individual Project Borrowing for such Project actually payable in any bond year does not exceed the amounts assumed in the Financial Feasibility Study relating thereto.

Section 4. The Board covenants that the Institution will furnish the Treasury Board its general purpose financial statements, within 30 days of their issuance and receipt, audited by a firm of certified public accountants or the Auditor of Public Accounts which shall include a schedule of revenues and expenditures for auxiliary enterprise systems. If Individual Project Net Revenues for any Project are insufficient to pay Required Payments for such Project during such period, the Institution shall provide evidence of a plan to
generate Individual Project Net Revenues for such Project sufficient to make such Required Payments in the future.

**Section 5.** The Board covenants that so long as any of the Project Notes are outstanding, the Institution will pay to the State Treasurer, not less than 30 days before each interest payment date, an amount estimated by the State Treasurer to be due and payable on such date as interest on the Project Notes. The Board covenants that so long as any of the Project Bonds are outstanding, the Institution will pay to the State Treasurer, not less than 30 days before each interest or principal payment date, the amount certified by the State Treasurer to be due and payable on such date as principal of, premium, if any, and interest on the Project Bonds.

**Section 6.** The Board covenants that the Institution will pay from time to time its proportionate share of all expenses incurred in connection with the sale and issuance of any series of Bonds that includes Project Bonds or Project Notes and all expenses thereafter incurred in connection with the Bonds, including without limitation the expense of calculating any rebate to the United States of the earnings derived from the investment of gross proceeds of the Bonds, all as certified by the State Treasurer to the Institution.

**Section 7.** The Board covenants that the Institution will not take or omit to take any action the taking or omission of which will cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, including regulations issued pursuant thereto (the “Code”), or otherwise cause interest on the Bonds to be includable in the gross income of the owners thereof for federal income tax purposes under existing laws. Without limiting the generality of the foregoing, the Institution will pay from time to time its proportional share of any rebate to the United States of the earnings derived from the investment of the gross proceeds of the Bonds.

**Section 8.** The Board covenants that the Institution will proceed with due diligence to undertake and complete the Projects and that the Institution will spend all of the available proceeds derived from the sale of the Project Borrowings for costs associated with the Projects and appropriated for the Projects by the General Assembly.

**Section 9.** The Board covenants that the Institution will not permit the proceeds of each Individual Project Borrowing to be used in any manner that would result in (a) 5% or more of such proceeds being used in a trade or business carried on by any person other than a governmental unit, as provided in Section 141(b) of the Code, (b) 5% or more of such proceeds being used with respect to any output facility within the meaning of Section 141(b)(4) of the Code, or (c) 5% or more of such proceeds being used directly or indirectly to make or finance loans to any persons other than a governmental unit, as provided in Section 141(c) of the Code. The Institution need not comply with such covenants if the Institution obtains the written approval of the State Treasurer and an opinion of nationally recognized bond counsel acceptable to the Treasury Board that such covenants need not be complied with to prevent the interest on the Bonds from being includable in the gross income of the owners thereof for federal income tax purposes.
Section 10. The Board covenants that for so long as any of the Bonds are outstanding the 
Institution will not enter into any operating lease, management contract or similar 
agreement with any person or entity, other than a state or local governmental unit, for all or 
any portion of any of the Projects without first obtaining the written approval of the State 
Treasurer and an opinion of nationally recognized bond counsel acceptable to the Treasury 
Board that entering into such agreement will not cause the interest on the Bonds to be 
included in the gross income of the owners thereof for federal income tax purposes.

Section 11. The Board covenants that for so long as any of the Bonds are outstanding, 
the Institution will not sell or dispose of all or any part of any of the Projects without first 
obtaining the written approval of the State Treasurer and an opinion of nationally 
recognized bond counsel acceptable to the Treasury Board that such sale or disposition 
will not cause interest on the Bonds to be included in the gross income of the owners 
thereof for federal income tax purposes.

Section 12. The officers of the Institution, defined as the Vice President for Finance and 
the University Treasurer, are authorized and directed to execute and deliver all certificates 
and instruments and to take all such further action as may be considered necessary or 
desirable in connection with the sale and issuance of the Bonds.

Section 13. The Board acknowledges that the Treasury Board will rely on the 
representations and covenants set forth herein in issuing the Bonds, that such covenants 
are critical to the security for the Bonds and the exclusion of the interest on the Bonds from 
the gross income of the owners thereof for federal income tax purposes, that the Board will 
not repeal, revoke, rescind or amend any of such covenants without first obtaining the 
written approval of the Treasury Board, and that such covenants will be binding upon the 
Board so long as any of the Bonds are outstanding.

Section 14. This resolution shall take effect immediately upon its adoption.

RECOMMENDATION:

That the above resolution authorizing the issuance of 9(c) bonds for the Creativity and 
Innovation District Living Learning Community Capital Outlay Project Number 18457 be 
approved.

August 25, 2020
Approval to Adjust the Virginia Tech Applied Research Corporation, Inc Affiliation Agreement

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

August 6, 2020

As approved by the Board of Visitors, the university has entered into affiliation agreements with university-related corporations for the purpose of defining the relationship and requirements of university-related corporations. At the June 2, 2020 Board of Visitors meeting the Affiliation Agreements for the following university-related corporations were approved for a term ending June 30, 2024.

• Virginia Tech Alumni Association, Inc.
• Virginia Tech Athletic Fund, Inc.
• Virginia Tech Corps of Cadets Alumni, Inc.
• Virginia Tech Foundation, Inc.
• Virginia Tech Intellectual Properties, Inc.
• Virginia Tech Services, Inc.
• Virginia Tech Applied Research Corporation, Inc.
• Virginia Tech Innovations Corporation, Inc.
• Virginia Tech India Research & Education Forum

For business related reasons, at the request of the Corporation, the affiliation agreement for the Virginia Tech Applied Research Corporation, Inc has been adjusted to reflect the agreed upon exception that may be granted by the Senior Vice President and Chief Business Officer to the provision outlined in 1(d) of the attached red-line version of the agreement.

RECOMMENDATION: That the attached adjusted affiliation agreement for the Virginia Tech Applied Research Corporation, Inc. be approved.

August 25, 2020
AFFILIATION AGREEMENT BETWEEN
VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY AND
VIRGINIA TECH APPLIED RESEARCH CORPORATION

THIS AFFILIATION AGREEMENT ("Agreement"), dated as of July 1, 2020, is by and
between VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY, a Virginia
public corporation (the "University"), and VIRGINIA TECH APPLIED RESEARCH
CORPORATION, a Virginia nonstock corporation, including each of its subsidiaries (the
"Corporation"). The University and the Corporation are collectively referred to herein as
the "Parties."

RECITALS

a. The University is an agency of the Commonwealth of Virginia that was
   established in 1872 for the purpose of providing higher education.

b. The Corporation is a Virginia nonstock corporation that was established in 2009
to support and benefit the University and exists and operates as a separate,
independent entity with its own officers and governing board.

c. The Corporation was created for the purpose of promoting the welfare of the
   University by delivering superior analytic and technology solutions to government
   and non-government customers, extending the brand and impact of the Virginia
   Tech research and innovation enterprise.

d. The Corporation is a tax-exempt charitable organization under Section 501(c)(3)
of the United States Internal Revenue Code.

e. The University acknowledges the contributions that the Corporation makes to
   advance the University's mission and goals, and desires to be affiliated with the
   Corporation to make available certain facilities, resources, and services to the
   Corporation for its use.

f. The University and the Corporation desire to set forth the basic terms of their
   relationship.

NOW, THEREFORE, in consideration of the mutual commitments herein
contained, and other good and valuable consideration, the receipt and sufficiency of
which is hereby acknowledged, the Parties agree as follows:

1. Relationship between the Parties

   (a) Pursuant to Section 23.1-2601 of the Code of Virginia, the University is a state
       agency and is a Virginia public corporation.

   (b) The Corporation is a separately incorporated Virginia nonstock corporation and is
       an organization described in Internal Revenue Code section 501(c)(3).
(c) The Corporation shall convey to the University upon written request of the Board of Visitors any interest in real property owned by the Corporation, which real property is and shall be indirectly owned by the University.

(d) The University is responsible for the compensation and evaluation of all University personnel. The Corporation is responsible for the compensation and evaluation of all its personnel. The Corporation agrees that it shall endeavor to provide a benefits and compensation plan for its employees that as nearly as practical matches that of the University. For business related reasons, at the request of the Corporation, the Senior Vice President and Chief Business Officer of the university may authorize exceptions to this provision.

(e) The Corporation agrees that it will provide the University with (i) a copy of its articles of incorporation and bylaws, as well as any amendments to such organizational documents; and (ii) a list of all directors, officers, and staff members and their relevant contact information including e-mail addresses and telephone numbers. The Corporation also agrees that it will review its annual operating budget, capital budget, and long-term program plans with the University before presenting any such budgets or plans to its Board. The University acknowledges, however, that the Corporation's Board has full power and authority with respect to such budgets and plans.

(f) The Corporation agrees that it shall remain in good standing with the Virginia State Corporation Commission.

(g) The President of the University, or his or her designee, shall be responsible for communicating to the Corporation the University's priorities and strategic and long-term plans, as approved by the University's Board of Visitors.

2. Corporation Board

(a) The Corporation is an independent Virginia corporation with authority to appoint directors to serve on its Board in accordance with its articles of incorporation and bylaws. The Parties agree, however, that the President of the University, or the President's designee, shall serve as a Corporation director and member of the Corporation's Executive Committee.

(b) The Corporation represents that the officers and board members of the Corporation were provided a copy of this Agreement and they authorized the person executing this Agreement on behalf of the Corporation to execute this Agreement.

3. Fundraising Activities

The Parties acknowledge that the University is responsible for any fundraising activities of the University. The Corporation will continue to support the University's fundraising efforts. Notwithstanding the foregoing, the solicitation of governmental grants and research contracts by the Corporation shall not be considered fundraising activities.
4. **Dealings with Third Parties**

(a) The University and the Corporation acknowledge that each is an independent entity, separate from the other, and neither shall hold itself out as being part of, controlled by, or acting on behalf of the other. Both Parties agree to take reasonable measures to ensure that third parties understand that the University and the Corporation are separate and independent entities. With respect to marketing, advertising, publicity, correspondence, contracts, and other formal means of communication, the Corporation will use its full corporate name to avoid confusion on the part of the third parties. All correspondence, solicitations, activities, and advertisements concerning the Corporation shall reflect the Corporation, the University, and the relationship between them appropriately.

(b) The Corporation shall prepare and timely file all of its tax returns and reports including information returns required under federal, state, and local laws. The Corporation shall use its taxpayer identification number and its tax-exempt status in connection with purchases and sales by the Corporation, gifts to the Corporation, interest, and other income of the Corporation, and any other activity of the Corporation.

5. **Liability Insurance and Defense**

The Parties acknowledge that the University, the Commonwealth of Virginia, and the employees and agents of either will not be liable for any of the Corporation's contracts, torts, or other acts or omissions, or those by the Corporation's directors, officers, employees, or other staff, provided, however, that the limitations of liability stated herein shall not apply to faculty and staff of the University acting within the scope of their employment with the University. Further, the Parties acknowledge that neither the Corporation nor its directors, officers, employees, or staff are protected by the University's or the Commonwealth of Virginia's insurance policies or self-insurance plans in connection with the Corporation's activities, and the University and the Commonwealth will not provide any legal defense for the Corporation or any such person in the event of any claim against any of them.

6. **Non-Discrimination**

The Corporation agrees that it shall maintain a non-discrimination policy that is consistent with the University's Equal Opportunity/Affirmative Action Statement.

7. **Charges for Services**

The Parties agree to reimburse each other for the cost of services provided. To the extent that a rate schedule exists for these services, the appropriate rate will be charged. To the extent there is no rate schedule charge set for a service, the charged rate will be mutually agreed upon by the University and the Corporation. All business transactions shall be entered into by each side freely and independently.
8. **Use of Facilities, Resources, Services, and Marks**

   (a) The University agrees that the Corporation is eligible to use the University’s facilities, resources, and services (other than legal counsel), subject to availability and the policies and procedures of the University applicable to such facilities, resources and services.

   (b) The University may accord the Corporation’s personnel certain privileges related to the use of services and facilities generally available to University employees, subject to a separate written agreement between the Parties.

   (c) Each Party grants, and the other accepts, a non-exclusive, non-transferrable royalty-free right and license to use the other’s names and marks in connection with their operations, including as part of their names.

   (d) The Corporation agrees that the use of such names and marks will comply with University brand standards. The Corporation agrees that, in any creative work produced directly or indication for the Corporation, as it relates to any University marks, the creative work’s end application will fit the visual look and feel of the overall brand aesthetic and brand concept and will correctly use all University marks including logos and identity components. Creative work will include, but is not limited to: websites, applications, electronic communications, newsletters, advertisements, mailings, magazines, and other communication materials (digital and print).

   (e) Nothing in this Agreement gives the other party any other right, title, or interest in the licensed marks, which remain the sole property of the other.

9. **Audit**

   The Corporation at its expense shall have an annual audit performed by an independent auditor, and shall provide copies of its financial statements, and related documents, produced in connection with the audit to the Senior Vice President and Chief Business Officer of the University. The Corporation agrees to participate in the University-related corporation internal audit program. All costs of both the annual audit and the internal audit work performed for the Corporation shall be paid by the Corporation.

10. **No Partnership or Joint Venture**

    No provision of this Agreement shall be deemed to create a partnership or joint venture between the University and the Corporation.

11. **Dissolution**
Should the Corporation cease to exist or cease to be an organization described in Section 501(c)(3) of the Internal Revenue Code, the Corporation will transfer its assets to the University, or if it is no longer in existence to the Commonwealth of Virginia, any one or more affiliated entities with the University that are organized and operated exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) and 170(c)(2)(B) of the Internal Revenue Code. If none of the University or its affiliated entities are then so described, the Corporation will distribute its assets and property to one or more organizations that are organized and operated exclusively for charitable and educational purposes within the meaning of Sections 501(c)(3) and 170(c)(2)(B) of the Internal Revenue Code. The Corporation agrees to transfer such assets and property in a manner that furthers the best interests of the University, as determined by its Board in consultation with the University.

12. Term and Termination of Agreement

This Agreement shall become effective upon execution by both Parties and shall expire on June 30, 2024, but it will remain in effect past the expiration date unless (i) terminated by either Party, with or without cause, upon 90 days' prior written notice to the other, (ii) terminated by mutual written agreement of the Parties, or (iii) replaced by a new agreement.

13. Waiver

Failure of either Party to enforce any of the provisions of this Agreement shall not be construed as a waiver of that, or any other, provision or any later breach thereof.

14. Notices

Any notice under this Agreement shall be deemed given when deposited in the mail, postage prepaid, and addressed as follows:

If to the Corporation:

President
Virginia Tech Applied Research Corporation
900 N. Glebe Road, 7th Floor
Arlington, Virginia 22203

If to the University:

President
Virginia Tech 210 Burruss Hall
Blacksburg, Virginia 24061

Senior Vice President and Chief Business Officer
Virginia Tech
210 Burruss Hall
Blacksburg, Virginia 24061
With a copy to:
University Legal Counsel
Virginia Tech
236 Burruss Hall
Blacksburg, Virginia 24061

or to such other person, at such addresses, as either party may designate for itself and so notify the other party in writing.

15. **Entire Agreement; Amendments**

This Agreement constitutes the entire agreement between the Corporation and the University concerning the subject matter, and it supersedes all prior written or oral agreements concerning this subject matter. This Agreement may not be amended except by written document executed by both Parties.

16. **Governing Law**

This Agreement shall be governed by the laws of the Commonwealth of Virginia, regardless of its choice of law doctrine.

[Signatures Follow on Next Page]
IN WITNESS THEREOF, the Parties have executed this Agreement as of the date written above.

VIRGINIA TECH APPLIED RESEARCH CORPORATION

By: ____________________________
   (Authorized Officer)

Title: Chief Executive Officer

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

By: ____________________________
   (Authorized Officer)

Title: President
COMPREHENSIVE UPDATE ON ADVANCEMENT

Finance & Resource Management Committee - Board of Visitors

AUGUST 25, 2020

CHARLES D. PHLEGAR
VICE PRESIDENT FOR ADVANCEMENT
Overview

• FY20 Giving Results
• Update on Participation and Participation Rate
• COVID-19 Impact on Fundraising and Advancement
• The work of University Relations in Response to COVID-19
• University/College/Unit Priorities and Focus
• Athletics
• 22% x 2022 - Traditional and Non-Traditional Techniques
YEAR-END GIVING RESULTS
For the period July 1, 2019 - June 30, 2020

• New Gifts and Commitments
  • $185.4 million
• Cash
  • $172.7 million
• Beyond Boundaries Scholarship Initiative
  • Over $1 million raised that will be matched to support underrepresented and high-achieving students
• Boundless Impact Campaign
  • More than $657.2 million raised toward $1.5 billion goal
PARTICIPATION UPDATE

• Achieved 100% Philanthropic Participation among leading volunteer boards and University Leadership
  • Board of Visitors
  • Virginia Tech Foundation Board of Directors
  • Virginia Tech Alumni Association Board of Directors
  • Campaign Steering Committee
  • President’s Council
  • Many other Advisory Boards within Colleges and Units

• Overall Alumni Participation Rate was 15.3%, a new record

• Continued emphasis will propel us toward achieving our goal of 22% participation rate by 2022
ALUMNI PARTICIPATION RATE COMPARISON
FISCAL YEAR 2016 THROUGH FISCAL YEAR 2020

Class of 2020 Statistics:

- 1,001 Donors
- 19.34% participation rate
- Total Gifts - $21,765
- Average Class Gift Size: $19.73
- One graduating senior made gift of $2,000
- Strong demonstration of culture of philanthropy
COVID-19 IMPACT
COVID-19 Impact on Fundraising and Advancement

- Campaign
- Annual Fund/Giving Day
- Travel
- Solicitations
- Advancement Work Plan

- Commencement
- Events
- Volunteer Engagement/Advisory Boards
- Alumni Interaction
- Communications

* VIRTUAL STRATEGIES *
NEAR TERM FOCUS AREAS

• Fundraising Priorities
  • University
  • College
  • Unit

• Athletics

• 22% x 2022
  • Traditional and Non-Traditional Techniques
SUMMARY

• Celebrating Record Year for Fundraising and Engagement
• Preparing safe/secure environment for staff to continue the good work of Advancement
• Acknowledge effort of Advancement in support of university priorities
• Keep alumni, faculty, staff, students and friends engaged and informed through relevant communications and key virtual strategies

• QUESTIONS:
  ➢ Charlie Phlegar; cphlegar@vt.edu; 540-231-7676
UPDATE: RESEARCH AND INNOVATION

G. DON TAYLOR
INTERIM VICE PRESIDENT FOR RESEARCH AND INNOVATION

VIRGINIA TECH BOARD OF VISITORS
AUGUST 25, 2020
OUTLINE

SECTION 01  FY20 GOALS
SECTION 02  NOTABLE ACHIEVEMENTS AND RESULTS
SECTION 03  IMPACT OF COVID = PIVOT, RESILIENCE, SUCCESS
SECTION 04  LEADERSHIP TESTIMONIALS
01

FY20 GOALS
INTERIM YEAR GOALS: MAINTAIN MOMENTUM, IMPROVE CULTURE, PREPARE FOR FUTURE SUCCESS

- Make major hires to fulfill critical need for support
- Manage large projects to grow and strengthen
  large, interdisciplinary research programs
- Strengthen relationships with colleges and institutes
- Advance the Innovation part of the portfolio
- Improve communications strategy
- Plan for efficiently supporting major growth in sponsored research
02

NOTABLE ACHIEVEMENTS AND RESULTS
NEW HIRES FULFILL CRITICAL NEED FOR SUPPORT

MATT HULVER
EXECUTIVE DIRECTOR
FRALIN LIFE SCIENCES INSTITUTE

LUIZ DASILVA
EXECUTIVE DIRECTOR
COMMONWEALTH CYBER INITIATIVE

LINDSEY HAUGH
DIRECTOR OF MARKETING AND COMMUNICATIONS
OFFICE OF RESEARCH AND INNOVATION

JOHN DELANEY
MANAGING DIRECTOR
COMMONWEALTH CYBER INITIATIVE
MAJOR PROJECTS

- National Security Institute
- Merger of Biocomplexity Institute and Fralin Life Sciences Institute
- Shared research facilities
- Innovation and entrepreneurship
FY2019 RESEARCH EXPENDITURES: $542M
SPONSORED RESEARCH MOMENTUM >>> AWARDS

MAJOR UNITS HAD RECORD YEARS FOR AWARDS

FY19: $291,980,000

FY20: $337,283,267*

*preliminary, subject to change

MANY MULTI-MILLION-DOLLAR AWARDS WON
IMPACT OF COVID = PIVOT, RESILIENCE, SUCCESS
MOBILIZED VIRGINIA TECH RESOURCES TO MEET THE PANDEMIC HEAD-ON

- Testing

  The Virginia Tech COVID-19 Lab helped to expand public health lab testing capacity in Southwest Virginia.

- PPE

  Mass effort by faculty and students to develop and test new mask designs, develop new materials, and fabricate reusable respirators, and more.
EXPANDED RESEARCH TO ADDRESS COVID-19 AND INFLUX OF RESEARCH FUNDING

- Rapid Response Seed Fund
- COVID-19 research opportunities and wins
- Numerous COVID-19 projects
- TECH Together Student Campaign
OPERATIONS

- Mobilized quickly to ensure full operations of OVPRI and transparent guidance for campus.
- OVPRI groups responded with agility and strategy.
LEADERSHIP TESTIMONIALS
In collaboration with investigators and research leadership across colleges, facilitated campus-wide pivot to online research activities where possible, and ensured state and federal compliance where in-person activities could not be paused.

- Stood up a new rapid response IRB for COVID-19 research involving humans and to assist with reinstatement of paused research.
- Maintained or improved review times for all three regulatory review boards and the research conflict of interest program during COVID-19 shutdown.
- Led a university-wide effort to streamline and improve conflict of interest (COI) processes, yielding more than 15 immediate process improvements to remove confusing and extra-regulatory requirements.
Continued to care for animals and prepare for accreditation.

- Maintained uninterrupted vivarium operations and provision of animal husbandry and veterinary care.
- Avoided disruption to critical supply chain through strategic sourcing efforts.
- Collaborated with the research community to ensure contingency plans for animal research continuity.
- Maintained planned enhancements to AAALAC accreditation and on target for successful onsite program review scheduled for late August.
Moved to 100% telework with no drop in workload.

- Sponsored Programs continued to be a consistent/steady revenue stream with no reductions in proposal submissions or awards made to Virginia Tech.
- Assisted in standing up a Rapid Response Team to facilitate and expedite COVID-19 proposals and awards.
- Worked to maintain compliance regarding federal regulations impacted by COVID-19 including dissemination to campus the Office of Management and Budget flexibility memos and impact to Virginia Tech.
Ensured seamless transition to virtual, yet full-service industry and faculty support across LINK LICENSE LAUNCH.

- LINK facilitated full suite of partnership discussions, while closing multiple million-dollar-plus investments/gifts-in-kind to support research and educational mission.
- LICENSE closed out 2020 with 20+ licenses (30% increase over 2018; 15% increase over 2019), including to numerous start-ups and filed 120+ patent applications.
- LAUNCH initiated proof-of-concept fund with 30+ applications and a significant uptick in invention disclosures to seed the next generation of new ventures.
Financial Update on COVID-19

TIM HODGE, ASSOCIATE VICE PRESIDENT FOR BUDGET AND FINANCIAL PLANNING

AUGUST 25, 2020
<table>
<thead>
<tr>
<th>Revenue Loss ($ in millions)</th>
<th>Gross</th>
<th>CARES Act Relief</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential &amp; Dining Hall System*</td>
<td>$(23)</td>
<td>9.7</td>
<td>(13)</td>
</tr>
<tr>
<td>Athletics ($5 million is timing)</td>
<td>(6)</td>
<td></td>
<td>(6)</td>
</tr>
<tr>
<td>Veterinary Teaching Hospital &amp; Equine Center</td>
<td>(2)</td>
<td></td>
<td>(2)</td>
</tr>
<tr>
<td>Hotel &amp; Conference Center</td>
<td>(2)</td>
<td></td>
<td>(2)</td>
</tr>
<tr>
<td>Comprehensive Fee Summer</td>
<td>(1)</td>
<td></td>
<td>(1)</td>
</tr>
<tr>
<td>Parking &amp; Fleet Services</td>
<td>(1)</td>
<td></td>
<td>(1)</td>
</tr>
<tr>
<td>Other Services</td>
<td>(1)</td>
<td></td>
<td>(1)</td>
</tr>
<tr>
<td>Continuing Education</td>
<td>(1)</td>
<td></td>
<td>(1)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(37)</td>
<td>9.7</td>
<td>(27)</td>
</tr>
</tbody>
</table>

* Cares Act replaced 41% of the lost dorm and dining revenue.
University Financial Response to Pandemic

COVID-19 Pandemic

- Tuition Freeze
- Board Authorized Potential Furlough and Pay Reductions
- Initial Budget Reductions with ongoing Reduction Planning
- Limited Expenditures to Essential Needs
- Travel Freeze
- Proposal to Expand Line of Credit
- Hiring & Compensation Freeze
Federal CARES Act for VT

- VT Direct allocation
  - $9.7 million for Student Emergency Grants
  - $9.7 million for Institutional Support

- State allocation
  - $3.2 billion allocated to the Commonwealth of Virginia for costs associated with COVID-19 pandemic. Agencies (including VT) request support.
VT Direct Allocation of CARES Act

**Student Emergency Grants (in millions)**

- Financial Need $6.4
- Impacted by Pandemic 0.9
- Emergency Assistance 2.4

Total $9.7 ($9.2 awarded to 12,081 students so far)

**Institutional Disruption**

- $9.7 million offset 41% revenue lost (primary due to refunds) in dining and housing during the interrupted Spring & Summer
- Commonwealth of Virginia received $3.2 billion
- VT requested $33 million ($16.5 million FY20 and $16.6 million FY21)
- VT has received $3.5 million for FY20
- FY21 will be considered at later date

<table>
<thead>
<tr>
<th></th>
<th>FY20 Request</th>
<th>FY20 Received</th>
<th>FY21 Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expand <em>Testing</em></td>
<td>1.3</td>
<td>-</td>
<td>8.6</td>
</tr>
<tr>
<td>Health Clinic Medical Expenses</td>
<td>0.4</td>
<td>0.4</td>
<td>0.2</td>
</tr>
<tr>
<td>Personal Protective Equipment</td>
<td>1.2</td>
<td>1.2</td>
<td>0.5</td>
</tr>
<tr>
<td>Disinfectant and Sanitization Supplies</td>
<td>0.5</td>
<td>0.5</td>
<td>-</td>
</tr>
<tr>
<td>Public Safety Enhancements</td>
<td>0.5</td>
<td>-</td>
<td>1.9</td>
</tr>
<tr>
<td>Distance Learning and Telework Capabilities</td>
<td>0.8</td>
<td>0.9</td>
<td>-</td>
</tr>
<tr>
<td>Contact Tracing to Slow Spread of COVID-19</td>
<td>0.2</td>
<td>-</td>
<td>0.9</td>
</tr>
<tr>
<td>Business Interruption Support</td>
<td>10.9</td>
<td>-</td>
<td>4.5</td>
</tr>
<tr>
<td>Public Health Employee Payroll Support</td>
<td>0.7</td>
<td>0.5</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$16.5</strong></td>
<td><strong>$3.5</strong></td>
<td><strong>$16.6</strong></td>
</tr>
</tbody>
</table>
Fall 2020

Amounts are not known yet

• Revenue
  • State budget - Special Session begins August 18
  • Enrollment - Fall census in late September
  • Auxiliary & Ancillary operations
    • Dining
    • Residential
    • Athletics
    • Other: parking, Steger Center, hotel & conference, veterinary hospital, fleet

• Additional costs
  • Personal protective equipment, physical distancing, testing
Timeline

- **August**
  - Commonwealth of Virginia reforecasts revenues
  - General Assembly update state budget allocations

- **September 22**
  - Enrollment census

- **October**
  - Update university budget

- **TBD**
  - Additional federal actions
Discussion
Resolution on Additional Lines of Credit

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

July 24, 2020

The university currently maintains three bank operating lines of credit representing 45 days of external liquidity in adherence to its liquidity management procedures. Given the FY21 BOV-approved budget of $1.62 billion, the amount of external liquidity maintained for FY21 will be ~$200 million. In addition to the availability of this ~$200 million of external liquidity the university also has operating cash reserves, which at its low point in July totaled ~$335 million.

While the university expects to operate throughout the year within its cash reserves and external lines of credit, it recognizes the possibility that a major demand on cash could occur due to the rapidly changing nature of the COVID-19 pandemic. Accordingly, management is seeking approval to obtain additional lines of credit. These lines of credit will be additive to our existing ongoing lines of credit; will be temporary and not maintained past the current crisis; and will ensure enough time and flexibility for the university to access its longer-term investments at the Virginia Tech Foundation, if needed.

Five financial institutions have expressed an interest in providing additional short-term operating lines of credit to the university. As a result, the university has been negotiating for additional lines of credit up to $210 million with the financial institutions. This additional up to $210 million will give the university access to a total of $410 million of external liquidity as it manages through the COVID-19 pandemic. Negotiations are ongoing and the final terms will be at least as favorable as the proposed terms provided to the Board.

Board approval is needed to establish and access the up to $210 million of additional lines of credit. The lines will be (a) revolving lines of credit, the principal amount of which may be borrowed, repaid, and re-borrowed, and (b) secured by the university’s general revenue pledge and not considered debt of the Commonwealth of Virginia, either legal, moral, or otherwise. McGuireWoods serves as university bond counsel.

Under the terms of the resolution the university will enter into one or more additional credit agreements that set forth the terms and conditions of the applicable line of credit, in substantially the form provided to the Board. The Board’s approval will (a) authorize the lines of credit for an aggregate amount of up to $210 million, (b) approve the terms of the bank proposals and the form of the credit agreement and promissory note, and (c) identify the Vice President for Finance and University Treasurer, in consultation with the Chief Business Officer, to negotiate, execute and deliver all necessary documents related to the additional operating lines of credit.
Resolution on Additional Lines of Credit

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

WHEREAS, Chapter 26, Title 23.1 of the Code of Virginia of 1950, as amended (the "Virginia Code"), establishes a public corporation under the name and style of Virginia Polytechnic Institute and State University (the "University") which is governed by a Board of Visitors (the "Board"); and

WHEREAS, by Chapter 10, Title 23.1 of the Virginia Code (the "Act"), the University entered into a management agreement with the Commonwealth of Virginia (the "Commonwealth"), which was enacted as Chapter 1 of Chapter 933 of the 2006 Virginia Acts of Assembly, as amended, pursuant to which the University is (a) classified as a public institution of higher education and (b) granted the authority, pursuant to the Act, to issue bonds, notes, or other obligations that are consistent with debt capacity and management policies and guidelines established by the Board; and

WHEREAS, the Act further authorizes the University to provide for the payment of the principal of and the interest on such bonds, notes, or other obligations from any one or more of the following sources: (a) its revenues generally; (b) 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; (c) funds realized from the enforcement of security interests or other liens or obligations securing such bonds, notes, or other obligations; (d) proceeds from the sale of bonds, notes, or other obligations; (e) payments under letters of credit, policies of municipal bond insurance, guarantees, or other credit enhancements; (f) any reserve or sinking funds created to secure such payment; (g) accounts receivable of the University; or (h) other available funds of the University; and

WHEREAS, under a resolution adopted on June 4, 2018, the University currently maintains three ongoing operating lines of credit for the purpose of maintaining approximately 45 days of external liquidity in conjunction with its liquidity management procedures (the "Existing Lines of Credit"); and

WHEREAS, the Board has determined that it would be in the best interest of the University to enter into one or more additional lines of credit (the "2020 Lines of Credit"), which would be in addition to the Existing Lines of Credit and which would serve as a supplemental source of liquidity to support the general operations of the University as it addresses the COVID-19 pandemic; and

WHEREAS, it is anticipated that the 2020 Lines of Credit will (a) be revolving lines of credit, the principal amount of which may be borrowed, repaid, and re-borrowed and (b) be secured by the University's general revenue pledge and not be in any way a debt of the Commonwealth and shall not create or constitute any indebtedness or obligation of the Commonwealth, either legal, moral, or otherwise; and
WHEREAS, the University has solicited proposals from various financial institutions to provide the 2020 Lines of Credit, including proposals from U.S. Bank National Association, J.P. Morgan Chase Bank, N.A., Atlantic Union Bank, Wells Fargo Bank, N.A., and Truist Bank (collectively, the "Proposals"), the terms of which Proposals were presented to the Board; and

WHEREAS, under the terms of the Proposals, the University intends to enter into one or more credit agreements or similar agreements that set forth the terms and conditions of the applicable Line of Credit, in substantially the form presented to the Board (each a "Credit Agreement"); and

WHEREAS, to evidence its obligations under a Credit Agreement, the University will execute a promissory note in favor of the applicable financial institution, in substantially the form attached as an exhibit to the applicable Credit Agreement (each a "Note"); and

WHEREAS, the Board intends (a) to authorize the 2020 Lines of Credit, (b) approve the terms of the Proposals and the form of the Credit Agreement, which includes a form of the Note, and (c) take such other actions as are authorized in this Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF VISITORS OF VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY:

1. Authorization of Credit. For the purpose of providing a source of back-up liquidity to support the general operations of the University as it addresses the COVID-19 pandemic, the Board authorizes the 2020 Lines of Credit in an aggregate principal amount of up to $210,000,000. The 2020 Lines of Credit shall bear interest on a taxable basis, and the payment of principal of and interest on the 2020 Lines of Credit shall be from one or more of the sources authorized by the Act, all as more particularly described in the applicable Proposal and Credit Agreement. The Board hereby approves the terms of the Proposals, the form of the Credit Agreement and the form of the Note.

2. Delegation and Execution. The Board authorizes the Vice President for Finance and the University Treasurer, collectively known as the Authorized Officers, in consultation with the Chief Business Officer, to negotiate, execute, and deliver all certificates, documents, and instruments related to the 2020 Lines of Credit with one or more financial institutions on terms at least as favorable as the Proposals. The final approval of the terms and conditions of the 2020 Lines of Credit and the final selection of the financial institutions shall be evidenced by the execution and delivery of the Credit Agreements by one or more Authorized Officers. The Board authorizes other University officers and staff to take such other actions as may be necessary or desirable in connection with entering into the 2020 Lines of Credit.

3. Other Acts. All other acts of the Authorized Officers and other officers and staff of the University that are in conformity with the purpose and intent of this Resolution are hereby approved, ratified and confirmed.
4. **Not a Debt of the Commonwealth.** The 2020 Lines of Credit shall not be in any way a debt of the Commonwealth and shall not create or constitute any indebtedness or obligation of the Commonwealth, either legal, moral, or otherwise.

5. **Effective Date.** This Resolution shall take effect immediately upon adoption.

**RECOMMENDATION:**

That the resolution identifying the authorized officers; approving the terms of the proposals and the form of the credit agreement and note; and authorizing the authorized officers to negotiate, execute and deliver all necessary documents to obtain up to $210 million of additional lines of credit be approved.

August 25, 2020
## Virginia Tech Operating Lines of Credit
### Indicative Proposals

<table>
<thead>
<tr>
<th>Bank Name:</th>
<th>US Bank*</th>
<th>Truist*</th>
<th>Atlantic Union*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Term:</strong></td>
<td>One Year</td>
<td>One Year</td>
<td>One Year</td>
</tr>
<tr>
<td><strong>Facility Amount:</strong></td>
<td>up to $125M</td>
<td>up to $100M</td>
<td>up to $20M</td>
</tr>
<tr>
<td><strong>Undrawn Fee:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 year term</td>
<td>20 basis points</td>
<td>25 basis points</td>
<td>30 basis points</td>
</tr>
<tr>
<td>2 year term</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 year term</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Interest Rate (spread in basis points to 1-month LIBOR):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 year term</td>
<td>115 basis points</td>
<td>80 basis points</td>
<td>85 basis points</td>
</tr>
<tr>
<td>2 year term</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 year term</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Term-Out Period</strong>:</td>
<td>Three Years</td>
<td>Three Years</td>
<td>Three Years</td>
</tr>
<tr>
<td><strong>Terms:</strong></td>
<td>Twelve equal quarterly installments over a three year period</td>
<td>Six equal principal payments with interest rates per below:</td>
<td>Twelve equal quarterly installments over a three year period</td>
</tr>
<tr>
<td><strong>Rates:</strong></td>
<td>1-month LIBOR plus 2.50%</td>
<td>Rates:</td>
<td>Rates:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1. Base Rate for the first 6 months is the greater</td>
<td>1. 1-month LIBOR plus 2.00%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- The bank's prime rate plus 1.00%,</td>
<td>2. Default Rate:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- The Federal Funds rate plus 2.00%, or</td>
<td>- The rate shall increase by 250 basis points per annum and the unused fee shall increase by 20 basis points per annum</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- 7.00%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Interest rate for the remaining 30 months:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Base Rate plus 1.00%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Default Rate:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Base Rate plus 3.00%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>NOTE: See below on the mechanics of the term-out.</td>
<td></td>
</tr>
</tbody>
</table>

*The university must maintain a rating above A3/A- for the length of the term-out.

*Would require a depository relationship of $35M.

**Term-Out Period:** Principal is paid in six equal payments every six months with 1st payment due 6 months following the Expiration Date. Each principal payment will include an interest payment for the preceding 6 months. The interest rate for the first 6 months is the Base Rate, and interest rate for the remaining 30 months is the Base Rate +1.00%.

*The university must maintain a rating above A3/A- for the length of the term.
Virginia Tech Operating Lines of Credit
Indicative Proposals

<table>
<thead>
<tr>
<th>Bank Name:</th>
<th>Wells Fargo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term:</td>
<td>Three Years</td>
</tr>
<tr>
<td>Facility Amount:</td>
<td>up to $75M</td>
</tr>
<tr>
<td>Undrawn Fee:</td>
<td></td>
</tr>
<tr>
<td>1 year term</td>
<td>33 basis points</td>
</tr>
<tr>
<td>2 year term</td>
<td>33 basis points</td>
</tr>
<tr>
<td>3 year term</td>
<td>33 basis points</td>
</tr>
</tbody>
</table>

Interest Rate (spread in basis points to 1-month LIBOR):

<table>
<thead>
<tr>
<th>Term</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year term</td>
<td>85 basis points*</td>
</tr>
<tr>
<td>2 year term</td>
<td>100 basis points*</td>
</tr>
<tr>
<td>3 year term</td>
<td>100 basis points*</td>
</tr>
</tbody>
</table>

Term-Out Period: Three Years

Terms: Six equal principal payments with interest rates per below:

Rates:

1. Base Rate for the first 6 months is the greater of:
   - The bank's prime rate plus 1.00%,
   - The Federal Funds rate plus 2.00%, or
   - 7.00%

2. Interest rate for the remaining 30 months:
   - Base Rate plus 1.00%

3. Default Rate:
   - Base Rate plus 3.00%

NOTE: See below on the mechanics of the term-out.

<table>
<thead>
<tr>
<th>Bank Name:</th>
<th>JP Morgan*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term:</td>
<td>One Year</td>
</tr>
<tr>
<td>Facility Amount:</td>
<td>up to $100M</td>
</tr>
<tr>
<td>Undrawn Fee:</td>
<td></td>
</tr>
<tr>
<td>1 year term</td>
<td>30 basis points</td>
</tr>
<tr>
<td>2 year term</td>
<td></td>
</tr>
<tr>
<td>3 year term</td>
<td></td>
</tr>
</tbody>
</table>

Interest Rate (spread in basis points to 1-month LIBOR):

<table>
<thead>
<tr>
<th>Term</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year term</td>
<td>120 basis points</td>
</tr>
<tr>
<td>2 year term</td>
<td>120 basis points</td>
</tr>
<tr>
<td>3 year term</td>
<td>120 basis points</td>
</tr>
</tbody>
</table>

Term-Out Period: Six Months

Terms: Six months interest only with principal repaid at the end

Rates:

1. Base Rate for 6-month interest only is the greater of:
   - The bank's prime rate,
   - 1-month LIBOR plus 2.50%, or
   - 7.50%

2. Pricing in term-out: Base Rate plus 2.00%

3. Pricing in Default: Base Rate plus 4.00%

*Would require $35M-$40M depository relationship and best efforts to have a business process review.

Term-Out Period: Principal is paid in six equal payments every six months with 1st payment due 6 months following the Expiration Date. Each principal payment will include an interest payment for the preceding 6 months. The interest rate for the first 6 months is the Base Rate, and interest rate for the remaining 30 months is the Base Rate +1.00%.
### Additional Line of Credit Costs

#### 1. CY2021 Facilities for 45-Day External Liquidity:

<table>
<thead>
<tr>
<th>Bank</th>
<th>Date</th>
<th>Amount</th>
<th>Unused Fee</th>
<th>1st Year Cost</th>
<th>1 Year Draw Fee</th>
<th>LIBOR</th>
<th>Floor</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wells Fargo</td>
<td>September-23</td>
<td>20,000,000</td>
<td>0.33%</td>
<td>$66,000</td>
<td>LIBOR + 1.00%</td>
<td>0.18%</td>
<td>1.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td>Truist</td>
<td>December-21</td>
<td>85,000,000</td>
<td>0.07%</td>
<td>63,750</td>
<td>LIBOR + .45%</td>
<td>0.18%</td>
<td>-</td>
<td>0.63%</td>
</tr>
<tr>
<td>US Bank</td>
<td>September-21</td>
<td>65,000,000</td>
<td>0.20%</td>
<td>130,000</td>
<td>LIBOR + 1.15%</td>
<td>0.18%</td>
<td>-</td>
<td>1.33%</td>
</tr>
<tr>
<td>FB&amp;T</td>
<td>December-22</td>
<td>30,000,000</td>
<td>0.00%</td>
<td>-</td>
<td>LIBOR + 2.25%</td>
<td>0.18%</td>
<td>-</td>
<td>2.43%</td>
</tr>
<tr>
<td><strong>2021 Total</strong></td>
<td><strong>$200,000,000</strong></td>
<td></td>
<td><strong>0.151%</strong></td>
<td><strong>$259,750</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>Average 1.60%</strong></td>
</tr>
</tbody>
</table>

WACC: 0.13%

#### 2. Additional $120M Liquidity for COVID-19:

<table>
<thead>
<tr>
<th>Bank</th>
<th>Date</th>
<th>Amount</th>
<th>Unused Fee</th>
<th>1st Year Cost</th>
<th>1 Year Draw Fee</th>
<th>LIBOR</th>
<th>Floor</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Bank</td>
<td>September-21</td>
<td>60,000,000</td>
<td>0.20%</td>
<td>$120,000</td>
<td>LIBOR + 1.15%</td>
<td>0.18%</td>
<td>-</td>
<td>1.33%</td>
</tr>
<tr>
<td>Truist</td>
<td>September-21</td>
<td>100,000,000</td>
<td>0.25%</td>
<td>250,000</td>
<td>LIBOR + .80%</td>
<td>0.18%</td>
<td>-</td>
<td>0.98%</td>
</tr>
<tr>
<td>Atlantic Union</td>
<td>September-21</td>
<td>20,000,000</td>
<td>0.30%</td>
<td>60,000</td>
<td>LIBOR + .85%</td>
<td>0.18%</td>
<td>-</td>
<td>1.03%</td>
</tr>
<tr>
<td>Wells Fargo</td>
<td>September-21</td>
<td>30,000,000</td>
<td>0.33%</td>
<td>99,000</td>
<td>LIBOR + .85%</td>
<td>0.18%</td>
<td>1.00%</td>
<td>1.85%</td>
</tr>
<tr>
<td><strong>2021 Total</strong></td>
<td><strong>$210,000,000</strong></td>
<td></td>
<td><strong>0.27%</strong></td>
<td><strong>$529,000</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>Average 1.30%</strong></td>
</tr>
</tbody>
</table>

WACC: 0.25%

#### 3. Additional Higher Cost Options:

<table>
<thead>
<tr>
<th>Bank</th>
<th>Date</th>
<th>Amount</th>
<th>Unused Fee</th>
<th>1st Year Cost</th>
<th>1 Year Draw Fee</th>
<th>LIBOR</th>
<th>Floor</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>JP Morgan</td>
<td>September-21</td>
<td>100,000,000</td>
<td>0.30%</td>
<td>$300,000</td>
<td>LIBOR + 1.20%</td>
<td>0.18%</td>
<td>-</td>
<td>1.38%</td>
</tr>
<tr>
<td>Wells Fargo</td>
<td>September-23</td>
<td>25,000,000</td>
<td>0.33%</td>
<td>82,500</td>
<td>LIBOR + 1.00%</td>
<td>0.18%</td>
<td>1.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td><strong>2021 Target</strong></td>
<td><strong>$125,000,000</strong></td>
<td></td>
<td><strong>0.32%</strong></td>
<td><strong>$382,500</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>Average 2.00%</strong></td>
</tr>
</tbody>
</table>

WACC: 0.31%

**Total Lines of Credit and Costs:**  
$410,000,000  $788,750

NOTE: Line of credit facilities can be reduced or terminated with 30 days notice prior to the proposed effective date.
REVOLVING CREDIT AGREEMENT

Dated as of __________, 2020

By and Between

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

and

[LENDER NAME]
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>ARTICLE I</th>
<th>DEFINITIONS ........................................................................................................</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Section 1.1. Definitions .................................................................</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Section 1.2. Accounting Terms and Determinations .........................</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Section 1.3. Rules of Construction .....................................................</td>
<td>5</td>
</tr>
<tr>
<td>ARTICLE II</td>
<td>THE FACILITY ..............................................................................................</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Section 2.1. General ..........................................................</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Section 2.2. Advances by the Bank ..................................................</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Section 2.3. Procedure for Requesting Advances ...............................</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Section 2.4. Interest on Advances .....................................................</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Section 2.5. Optional Prepayments ....................................................</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Section 2.6. The Note .................................................................</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Section 2.7. Obligations Absolute .....................................................</td>
<td>8</td>
</tr>
<tr>
<td>ARTICLE III</td>
<td>TERMS .........................................................................................................</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Section 3.1. Fees ..............................................................</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Section 3.2. Payment of Interest after Event of Default .....................</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Section 3.3. Taxes .................................................................</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Section 3.4. Reduction of Available Commitment; Termination of Agreement</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Section 3.5. Extension of Scheduled Expiration Date .........................</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Section 3.6. Payments and Computations ...........................................</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Section 3.7. Source of Payment; Pledge of General Revenues ...............</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>Section 3.8. Purpose of Advances .....................................................</td>
<td>11</td>
</tr>
<tr>
<td>ARTICLE IV</td>
<td>CONDITIONS PRECEDENT ........................................................................</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>Section 4.1. Conditions Precedent to Effectiveness ............................</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>Section 4.2. Conditions Precedent to Each Advance ............................</td>
<td>12</td>
</tr>
<tr>
<td>ARTICLE V</td>
<td>REPRESENTATIONS AND WARRANTIES .......................................................</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>Section 5.1. Representations and Warranties of the University ............</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>Section 5.2. Representations and Warranties of the Bank ....................</td>
<td>14</td>
</tr>
<tr>
<td>ARTICLE VI</td>
<td>COVENANTS ...............................................................................................</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>Section 6.1. Affirmative Covenants ....................................................</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>Section 6.2. Negative Covenants .......................................................</td>
<td>16</td>
</tr>
</tbody>
</table>
ARTICLE VII   EVENTS OF DEFAULT AND REMEDIES.......................................................... 17
   Section 7.1.   Events of Default ............................................................................. 17
   Section 7.2.   Remedies.......................................................................................... 18

ARTICLE VIII   MISCELLANEOUS..................................................................................... 18
   Section 8.1.   Notices............................................................................................... 18
   Section 8.2.   Liability of the Bank ........................................................................ 19
   Section 8.3.   Costs and Expenses ........................................................................ 19
   Section 8.4.   Participants........................................................................................ 20
   Section 8.5.   Successors and Assigns................................................................. 20
   Section 8.6.   Final Agreement; Modification or Waiver of this Agreement........... 20
   Section 8.7.   No Waiver of Rights by the Bank; Cumulative Rights ................. 21
   Section 8.8.   Governing Law.................................................................................. 21
   Section 8.9.   Severability....................................................................................... 21
   Section 8.10.  Counterparts...................................................................................... 21
   Section 8.11.  Captions........................................................................................... 21
   Section 8.12.  Patriot Act......................................................................................... 21

Exhibit A – Form of Promissory Note
Exhibit B – Form of Request for Advances
Exhibit C – Form of Request for Termination or Reduction
Exhibit D – Form of Request for Extension of Scheduled Expiration Date
Exhibit E – Form of Notice of Extension of Scheduled Expiration Date
REVOLVING CREDIT AGREEMENT

THIS REVOLVING CREDIT AGREEMENT (this "Agreement") is dated as of __________, 2020, by and between VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY, an educational institution established by the Commonwealth of Virginia as a public body and governmental instrumentality for the dissemination of education (the "University"), and [LENDER NAME], a national banking association (together with its successors or assigns the "Bank").

WHEREAS, the University has applied to the Bank for a revolving line of credit in the maximum principal amount of $__________ (as more particularly described herein, the "Facility"), advances under which will be used by the University for working capital, for general corporate and operating purposes, and for any other lawful purpose; and

WHEREAS, the University and the Bank intend that the Facility will be governed by the terms and subject to the conditions contained herein.

NOW, THEREFORE, in consideration of the covenants herein, the University and the Bank hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1. Definitions.

In addition to terms defined above or elsewhere in this Agreement, the following terms shall have the following meanings unless otherwise expressly indicated, or unless the context clearly requires otherwise:

"Act" means Chapter 10, Title 23.1 of the Code of Virginia of 1950, as amended.

"Advance" means an advance under the Facility made pursuant to the terms of Section 2.2, and shall include the Liquidity Draw made pursuant to the terms of Section 2.5(b).

"Advance Date" means any date on which the Bank makes an Advance as described in Section 2.3.

"Applicable Interest Rate" means (a) with respect to each Advance (other than the Liquidity Draw), a per annum rate equal to LIBOR plus the Applicable Margin, with such rate to change (i) on the first day of each LIBOR Period with each change in LIBOR, and (ii) with each change in the Applicable Margin, and (b) with respect to the Liquidity Draw, the Liquidity Rate.

"Applicable Margin" means, initially, _____ basis points per annum.
"Authorized Officer" means the University Treasurer, the Assistant Treasurer, the Assistant Vice President for Finance and University Controller, or any functionally equivalent successor position to any of the aforementioned University positions but which bears a different title, or any other person authorized by resolution of the University to act as an Authorized Officer hereunder and for which a written certificate has been furnished to the Bank containing the specimen signature of such person.

"Available Commitment" means initially $__________, and thereafter shall mean such amount adjusted from time to time as follows: (i) downward by the amount of any reduction of the Available Commitment pursuant to Section 3.4; (ii) downward by the principal amount of any Advance made by the Bank pursuant to Section 2.2; and (iii) upward by the principal amount of any Advance repaid to the Bank pursuant to Section 2.5; provided, that in no event shall the Available Commitment exceed $__________. Any adjustment pursuant to clause (i), (ii) or (iii) above shall occur simultaneously with the event requiring such adjustment.

"Bond Ratings" means the long-term credit ratings assigned from time to time to the University's unenhanced General Revenue Obligations by each of the Rating Agencies. The Bond Ratings will change as of the date of any change in such long-term credit ratings.

"Business Day" means any day other than a Saturday, Sunday or a day on which banking institutions in the Commonwealth or the State of New York are closed.

"Claw Back Amount" means, for any period during which a payment obligation hereunder or under the Note bears interest at a rate in excess of the Maximum Rate, an amount equal to the difference between the amount of interest the Bank would have received hereunder or under the Note during such period, without regard to the limitations imposed by the Maximum Rate, and the amount of interest actually payable to the Bank at the Maximum Rate during such period.

"Commitment Period" means the period from and including the Effective Date to and including the Expiration Date.

"Commonwealth" means the Commonwealth of Virginia.

"Debt" means, with respect to any Person, without duplication, (i) all general obligations of such Person for borrowed money and reimbursement general obligations which are not contingent, (ii) all general obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services which purchase price is due twelve months or more from the date of incurrence of the obligation in respect thereof, (iv) all obligations of such Person as lessee under capital leases, (v) all payment obligations of such Person, in addition to any obligations set forth in clauses (i) through (iv) above, arising under any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate futures contract, interest rate option contract or other similar arrangement and under any foreign exchange contract, currency swap agreement,
foreign exchange futures contract, foreign exchange option contract, synthetic cap or other similar agreement, and (vi) all payment obligations set forth in clauses (i) through (v) above of any third party which are Guaranteed by such Person; provided, however, that the term "Debt" shall not include contingent obligations of any Person to reimburse the provider of any surety bonds or letters of credit to the extent that such surety bonds or letters of credit support obligations of such Person that would otherwise be included in the term "Debt" under clauses (i) through (v) above.

"Debt Instrument" and "Debt Instruments" have the meanings assigned to such terms in Section 5.1(d).

"Default" means any event or condition which constitutes an Event of Default or which with the giving of notice or the lapse of time, or both, would, unless cured or waived, become an Event of Default.

"Default Rate" means a per annum rate equal to the rate of interest otherwise applicable to Advances hereunder plus _____ basis points.

"Dollars" or the sign "$" means dollars in the lawful currency of the United States of America.

"Effective Date" has the meaning set forth in Section 4.1.

"Event of Default" has the meaning set forth in Section 7.1.

"Expiration Date" means the earliest to occur of (i) the Scheduled Expiration Date, (ii) the date on which the University terminates this Agreement pursuant to Section 3.4(b), and (iii) the date on which the Bank terminates its obligation to make Advances under the Facility pursuant to Section 7.2(a).

"Facility" means the obligation of the Bank to make Advances which in the aggregate at any one time will not exceed the Available Commitment.

"Fee Letter" means the Fee Letter dated of even date herewith between the Bank and the University regarding the payment of certain fees in connection with the Facility, as the same may be amended, restated, replaced or otherwise modified from time to time.

"Fitch" means Fitch, Inc. and its successors.

"GAAP" means generally accepted accounting principles applicable to governmental colleges and universities, as promulgated by the Governmental Accounting Standards Board from time to time.

"General Revenue Obligations" means Debt of the University to which the General Revenues of the University are pledged.

"General Revenues" has the meaning set forth in Section 3.6.
"Guarantee" means, with respect to any Person, any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise), (ii) entered into for the purpose of assuring in any other manner the obligee of such Debt of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part) or (iii) with respect to any letter of credit issued for the account of such other Person or as to which such other Person is otherwise liable for reimbursement of drawings; provided, that the term "Guarantee" shall not include (1) endorsements for collection or deposit in the ordinary course of business, or (2) performance or completion guarantees. The term "Guarantee" used as a verb has a corresponding meaning.

"LIBOR" means [Lender specific definition to be included].

"LIBOR Period" [Lender specific definition to be included].

"Lien" means, with respect to any asset, (i) any lien, charge, claim, mortgage, security interest, pledge or assignment of revenues of any kind in respect of such asset or (ii) the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

"Liquidity Draw" has the meaning given to it in Section 2.5(b).

"Liquidity Rate" means [Lender specific definition to be included].

"London Business Day" means any day that is a day for trading by and between banks in Dollar deposits in the London interbank market.

"Material Adverse Effect" means any material adverse effect on (i) the properties, assets, condition (financial or otherwise), results of operations or prospects of the University taken as a whole, or (ii) the ability of the University to perform its obligations under this Agreement or the Note.

"Maximum Rate" means the maximum rate of interest payable by the University on any repayment obligation pursuant to the laws of the Commonwealth.


"Note" means the promissory note of the University issued pursuant to this Agreement, substantially in the form of Exhibit A hereto, which evidences the obligation of the University to repay Advances made under the Facility, as the same may be amended, restated, replaced or otherwise modified from time to time.
"Participant" means any bank or other financial institution to which the Bank has granted a participation in the Bank's commitment to make Advances, pursuant to a Participation Agreement; provided, however, any such Participant shall take such participation subject to the terms of this Agreement.

"Participation Agreement" means any Participation Agreement between the Bank and a Participant, as described in accordance with Section 8.5 of this Agreement.

"Patriot Act" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Title III of Pub. L. 107 56 (signed into law October 26, 2001), as amended, or any successor statute.

"Person" means an individual, a corporation, a partnership, a limited liability company, an association, a trust, a government, a political subdivision, a governmental agency or instrumentality or any other entity or organization.

"Rating Agencies" means, collectively, Moody's, S&P and Fitch.

"Request for Advance" means a written request for an Advance in substantially the form of Exhibit B.

"Sanctions" has the meaning set forth in Section 5.1(m).

"Scheduled Expiration Date" means __________, 20__, as such date may be extended pursuant to Section 3.5.


"Taxes" has the meaning set forth in Section 3.3.

Section 1.2. Accounting Terms and Determinations.

Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP as in effect from time to time, applied on a basis consistent (except for changes approved by the Auditor of Public Accounts of the Commonwealth) with the most recent financial statements of the University delivered to the Bank.

Section 1.3. Rules of Construction.

When used in this Agreement:

(i) the singular includes the plural and the plural includes the singular;

(ii) the use of the word "or" is not exclusive;

(iii) a reference to a law includes any amendment or modification of such law;
ARTICLE II
THE FACILITY

Section 2.1. General.

Upon the terms and subject to the conditions of this Agreement, the Bank agrees to make the Facility available to the University during the Commitment Period.

Section 2.2. Advances by the Bank.

The Bank agrees to make one or more advances (each an "Advance") to the University on any Business Day during the Commitment Period; provided, however, that the principal amount to be advanced at any time does not exceed the Available Commitment at such time. Within the limits specified above, the University may request Advances, repay Advances and request further Advances under the Facility. Subject to Section 2.5(b), each Advance shall be due and payable in full on the Expiration Date.

Section 2.3. Procedure for Requesting Advances.

The University shall give written notice (in the form of a Request for Advance), which may be delivered by facsimile, and telephonic notice to the Bank not later than 11:00 a.m. (New York, New York time) on the proposed date an Advance is to be made (each such date, an "Advance Date"), specifying the principal amount of the proposed Advance and the proposed Advance Date. Upon receipt of a timely Request for Advance by the Bank from the University, the Bank, subject to the terms and conditions of Section 4.2, shall advance to the University or its designee by 3:00 p.m. (New York, New York time) on the Advance Date the amount requested in such Request for Advance, which amount shall not exceed the Available Commitment on such date, after taking into consideration (a) any reduction in the Available Commitment, including any other Advances by the Bank on such Advance Date and (b) any increase in the Available Commitment as a result of any payments of principal made by the University on such Advance Date. Advances may be in any amount. With respect to any Request for Advance received by the Bank after the time required by this Section 2.3, the Bank shall be required to make such Advance by 2:00 p.m. (New York, New York time) on the
Business Day following the Business Day on which the Bank would otherwise be required to make such Advance had such Request for Advance been timely presented. An Authorized Officer of the University shall sign each Request for Advance. Each Advance shall be made by the Bank by wire transfer of immediately available funds to the University or its designee in accordance with written instructions provided by the University.

Section 2.4. Interest on Advances.

(a) Except following the occurrence of an Event of Default hereunder, each Advance shall bear interest at the Applicable Interest Rate. Interest on each Advance shall be due and payable [monthly / quarterly] in arrears on the first (1st) Business Day of each [month / ______ 1, _____ 1, _____ 1, and _____ 1], and upon the maturity of such Advance in accordance with Section 2.2 above, in each case calculated on the basis of the actual number of days elapsed over a year of [360 / 365 or 366] days[, as applicable].

(b) After the occurrence of an Event of Default, all Advances shall bear interest at the Default Rate unless the Bank shall agree otherwise in writing.

(c) In addition to the foregoing, for any period during which any obligation hereunder or under the Note bears interest at a rate in excess of the Maximum Rate, and if, for any subsequent period, the Applicable Interest Rate or the Default Rate, as applicable, is less than the Maximum Rate, the interest payable for such subsequent period on said obligation remaining unpaid shall be increased by the Claw Back Amount, but only to the extent that the interest payable on said obligation remaining unpaid, taking into consideration the Claw Back Amount, would not for such subsequent period exceed the Maximum Rate. The Claw Back Amount which accrues to the extent the Applicable Interest Rate or the Default Rate, as applicable, exceeds the Maximum Rate shall bear interest at the Applicable Interest Rate plus _____ basis points per annum. Any Claw Back Amount not paid in full to the Bank on or prior to the Expiration Date shall, on said Expiration Date but subject to applicable law, become due and payable on such Expiration Date as an additional fee.

Section 2.5. Optional Prepayments.

(a) The University may prepay any Advance in whole or in part, without premium or penalty except as provided below, provided that on the date of each such prepayment, the University shall pay to the Bank the principal amount of the Advance or portion thereof to be prepaid, plus accrued interest thereon to the date of prepayment. In consideration of the Bank providing this prepayment option to the Borrower, or if any Advance shall become due and payable at any time prior to the last day of the LIBOR Period applicable thereto by acceleration or otherwise, the Borrower shall pay to the Bank immediately upon demand a fee which is the sum of the discounted monthly differences for each month from the month of prepayment through the month in which such LIBOR Period matures, calculated as follows for each such month:
(i) Determine the amount of interest which would have accrued on the amount prepaid at the interest rate applicable to such amount had it remained outstanding until the last day of the LIBOR Period applicable thereto.

(ii) Subtract from the amount determined in paragraph (i) above the amount of interest which would have accrued for the same month on the amount prepaid for the remaining term of such LIBOR Period at LIBOR in effect on the date of prepayment for new loans made for such term and in a principal amount equal to the amount prepaid.

(iii) If the result obtained in paragraph (ii) above for any month is greater than zero, discount that difference by LIBOR used in paragraph (ii) above.

The University acknowledges that prepayment of such amount may result in the Bank incurring additional costs, expenses and/or liabilities, and that it is difficult to ascertain the full extent of such costs, expenses and/or liabilities. The University, therefore, agrees to pay the above-described prepayment fee and agrees that said amount represents a reasonable estimate of the prepayment costs, expenses and/or liabilities of the Bank.

(b) On the Expiration Date, if no Event of Default has occurred and is continuing, and if all representations and warranties of the University hereunder are true and correct, the aggregate principal balance of all Advances outstanding under this Agreement shall be repaid with a final Advance referred to as the "Liquidity Draw." Interest on the Liquidity Draw shall continue as provided in Section 2.4. The principal portion of the Liquidity Draw shall be payable on or before the 180th day following the Expiration Date, except as provided in the following sentence. On the 180th day following the Expiration Date, if no Event of Default has occurred and is continuing, and all representations and warranties of the University hereunder are true and correct, any outstanding principal portion of the Liquidity Draw will be repaid semi-annually, in six equal payments, commencing 180 days after the Expiration Date, in an amount sufficient to fully-amortize such outstanding amount over a period of 36 months from the Expiration Date. The unpaid balance of any Liquidity Draw shall be due and payable in full on the third anniversary of the Expiration Date.

Section 2.6. The Note.

The University's obligation to repay outstanding Advances hereunder (and interest in connection therewith) shall be evidenced by the Note. The Note shall (i) be duly completed and payable to the Bank or its assigns, (ii) be dated the Effective Date (or such other date as may be agreed upon between the Bank and the University), (iii) be in a stated principal amount equal to the amount of the initial Available Commitment, and (iv) mature on the Expiration Date. The Bank is hereby authorized by the University to endorse on the Note (or on any schedule attached thereto, or on a continuation of such schedule attached thereto) or otherwise make in the Bank's records an appropriate notation of the date and amount of each Advance and each payment of principal made by the University. Such endorsements or other notations shall, in the absence of manifest
error, be conclusive as to the outstanding principal balance of the Note; provided, however, that any error in making or failure to make any such endorsement or notation shall not limit or otherwise affect the obligations of the University hereunder or under the Note.

Section 2.7. Obligations Absolute.

(a) The obligations of the University under this Agreement and the Note shall be absolute, unconditional and irrevocable and shall be paid and performed strictly in accordance with the terms hereof and thereof, under all circumstances whatsoever, including, without limitation, the following circumstances:

(i) any lack of validity or enforceability of this Agreement or the Note;

(ii) any amendment or waiver of or any consent to departure from the terms of this Agreement or the Note, if not effected in accordance with Section 8.7 hereof;

(iii) the existence of any claim, setoff, defense or other right which the University may have at any time against the Bank or any other Person, whether in connection with this Agreement, the Note or any unrelated transaction;

(iv) any voluntary or involuntary liquidation, dissolution, receivership, insolvency, bankruptcy, proceeding for relief, assignment for benefit of creditors, reorganization, composition or readjustment of, or sale or other disposition of all or substantially all of the assets of, or the marshalling of the assets and liabilities of, or any proceeding for accounting of, the University;

(v) any statement or any other document presented pursuant hereto that proves to be forged, fraudulent, invalid or insufficient in any respect or untrue or inaccurate in any respect whatsoever;

(vi) payment by the Bank hereunder against presentation of a Request for Advance which does not comply with the terms of this Agreement; provided, that such payment shall not constitute gross negligence of the Bank; and

(vii) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing; provided, that such other circumstance or happening shall not have been the result of gross negligence or willful misconduct of the Bank.

(b) Notwithstanding the foregoing, the Bank acknowledges the sovereign status of the University as a public body and governmental instrumentality of the Commonwealth.
ARTICLE III
TERMS

Section 3.1. Fees.

In consideration of the Bank's agreement to make the Facility available to the University hereunder, the University agrees to pay to the Bank the [undrawn / unused] fees (if any), and other fees as set forth in the Fee Letter. Any amounts due and payable under the Fee Letter shall be considered due and payable hereunder for all purposes of this Agreement as if the Fee Letter were set forth herein in full.

Section 3.2. Payment of Interest after Event of Default.

Upon the occurrence and during the continuance of any Event of Default, the Bank may from time to time demand from the University, and the University hereby agrees to pay upon such demand, accrued interest on any or all Advances outstanding at the time of the occurrence or continuance of such Event of Default.

Section 3.3. Taxes.

To the extent permitted by law, any and all payments by the University hereunder shall be made free and clear of and without deduction for any and all taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding taxes imposed on the overall net income of the Bank (and franchise taxes imposed in lieu of net income taxes) by the jurisdiction of the Bank's applicable lending office or any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). If the University shall be required by law to withhold or deduct any Taxes from or in respect of any sum payable hereunder then, to the extent permitted by law, (i) the sum payable shall be increased as may be necessary so that after making all required withholdings or deductions (including those Taxes payable solely by reason of additional sums payable under this Section 3.4), the Bank receives an amount equal to the sum it would have received had no such withholdings or deductions been made, (ii) the University shall make such withholdings or deductions, and (iii) the University shall pay the full amount withheld or deducted to the relevant taxation authority or other authority in accordance with applicable law.

Section 3.4. Reduction of Available Commitment; Termination of Agreement.

(a) The University may permanently reduce the amount of the Available Commitment, at any time and from time to time, in any integral multiple of $1,000,000, by delivering to the Bank a certificate in substantially the form of Exhibit C at least thirty (30) days' prior to the proposed effective date of such reduction. In connection with any such reduction, the University shall prepay any Advances outstanding under the Facility in excess of the proposed reduced Available Commitment, together with all interest accrued or to accrue through the date of prepayment.
(b) Subject to the payment to the Bank of all amounts due hereunder, including amounts due under Section 3.1 and Section 3.2, the University may terminate this Agreement at any time by delivering to the Bank a certificate in substantially the form of Exhibit C at least thirty (30) days prior to the proposed effective date of such termination.

Section 3.5. Extension of Scheduled Expiration Date.

The Scheduled Expiration Date may be extended by the Bank, in its sole and absolute discretion, upon the written request of the University in the form of Exhibit D given to the Bank at least ninety (90) days prior to the Scheduled Expiration Date. Within thirty (30) days of receipt of a request for extension, the Bank shall either notify the University that the Scheduled Expiration Date will be extended to the new Scheduled Expiration Date set forth in a notice in the form of Exhibit E to the University or notify the University that the Scheduled Expiration Date will not be so extended. Failure of the Bank to so respond to any such request shall constitute a denial of such request. Upon any extension of the Scheduled Expiration Date pursuant to this Section, the Bank and the University reserve the right to renegotiate any provision hereof.

Section 3.6. Payments and Computations.

(a) All payments by the University under this Agreement and the Note shall be made to the Bank in Dollars and in immediately available funds to the account designated by the Bank.

(b) All payments by the University under this Agreement and the Note shall be made to the Bank not later than 1:00 p.m., New York, New York time on the payment date. If any payment hereunder becomes due and payable on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

(c) All interest and fees payable hereunder and under the Note shall be calculated on the basis of the actual number of days elapsed or to elapse over a year of 360 days. Any change in the Applicable Interest Rate or the Default Rate shall become effective as of the opening of business on the day on which such change shall become effective.

(d) Whenever a payment is due to the Bank under this Agreement, the University shall be deemed to have made such payment at the time such payment is made available to the Bank.
Section 3.7. **Source of Payment; Pledge of General Revenues.**

The obligations of the University hereunder and under the Note are payable from any or all of the revenues now or hereafter available to the University, including, but not limited to, and subject to guidelines promulgated by the Secretary of Finance of the Commonwealth, moneys appropriated to the University from the general fund of the Commonwealth or from nongeneral funds, without regard to the source of such moneys, and which are not required by law or by binding contract entered into prior to the date of this Agreement to be devoted to some other purpose ("General Revenues"), which General Revenues are hereby pledged to the payment of all obligations of the University hereunder and under the Note on a parity basis with all other General Revenue Obligations.

Section 3.8. **Purpose of Advances.**

The proceeds of each Advance made under the Facility shall be used by the University for working capital, for general corporate and operating purposes, and for any other lawful purpose.

**ARTICLE IV**

**CONDITIONS PRECEDENT**

Section 4.1. **Conditions Precedent to Effectiveness.**

The Commitment Period shall commence on the date (the "Effective Date") on which each of the following conditions precedent shall have been fulfilled to the satisfaction of the Bank; provided, however, that the Effective Date shall occur no later than __________, 2020:

(a) The Bank shall have received an original counterpart of this Agreement and the original Note, each duly completed and executed by an Authorized Officer on behalf of the University.

(b) The Bank shall have received certified copies of all resolutions and other required approvals authorizing this Agreement and the transactions contemplated hereby (the "Authorizing Resolution").

(c) The Bank shall have received a certificate setting forth the names, titles and specimen signatures of all Authorized Officers expected to effect transactions hereunder, upon which certification the Bank may conclusively rely.

(d) If the Effective Date is later than the date of this Agreement, the Bank shall have received a certificate of the University to the effect that each of the representations and warranties contained in Article V shall, except to the extent that they relate specifically to an earlier date, be true with the same effect as though such representations and warranties had been made on the Effective Date.
(e) The Bank shall have received an opinion of the University’s general counsel, dated the Effective Date, in form and substance satisfactory to the Bank and covering such matters as the Bank may reasonably request including, without limitation, the matters described in paragraphs (a) through (e) (other than clause (ii) thereof) and paragraph (h) of Section 5.1.

(f) The Bank shall have received an opinion of McGuireWoods LLP, as bond counsel to the University, dated the Effective Date, in form and substance satisfactory to the Bank and covering such matters as the Bank may reasonably request including, without limitation, the matters described in paragraphs (f) and (g) of Section 5.1.

(g) All fees and expenses due and payable in accordance with the Fee Letter and the provisions of Section 8.3 shall have been paid.

(h) All other legal matters pertaining to the execution and delivery of this Agreement and the Note shall be satisfactory to the Bank, and the Bank shall have received such other statements, certificates, agreements, documents and information with respect to the University and matters contemplated by this Agreement as the Bank shall have requested.

Section 4.2. Conditions Precedent to Each Advance.

The obligation of the Bank to make an Advance on any Advance Date is subject to the conditions precedent that: (a) the Bank shall have received a timely, complete and duly executed Request for Advance, (b) no Event of Default has occurred and is continuing, and (c) the Expiration Date shall not have occurred. Unless the University shall have otherwise previously advised the Bank in writing, delivery to the Bank of a Request for Advance shall be deemed to constitute a representation and warranty by the University that on the Advance Date all of such conditions have been satisfied.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

Section 5.1. Representations and Warranties of the University.

The University hereby represents and warrants to the Bank, which representations and warranties shall survive the execution and delivery of this Agreement and the Note and the making of each Advance, as follows:

(a) Organization and Authorization. The University is an educational institution established by the Commonwealth as a public body and governmental instrumentality for the dissemination of education, duly organized and validly existing under laws of the Commonwealth.

(b) Authorization to Execute Documents. The University has full power and authority to execute and deliver this Agreement and the Note, and to perform its obligations under each of the foregoing.
(c) **Obligations Legal, Valid and Binding.** This Agreement has been, and the Note once executed and delivered will have been, duly and validly authorized, executed and delivered by the University, and each of this Agreement and the Note constitutes or will constitute the legal, valid and binding obligation of the University enforceable against the University in accordance with its terms, except insofar as the enforceability thereof may be limited by sovereign immunity, by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors’ rights and remedies generally, and by general principles of equity, whether applied by a court of law or equity.

(d) **University Not in Default.** (i) No Default or Event of Default has occurred and is continuing hereunder, and (ii) the University is not in default under any other mortgage, indenture, contract, agreement, bond resolution, instrument or other undertaking evidencing Debt of the University or which purports to be binding on the University or on any of its assets (each such mortgage, indenture, contract, agreement, bond resolution, instrument or other undertaking being referred to individually as a "Debt Instrument" and, collectively, as "Debt Instruments"), which default could reasonably be expected to have a Material Adverse Effect.

(e) **No Violation.** The execution, delivery and performance by the University of this Agreement and the Note do not (i) violate any provision of the Act, any other laws of the Commonwealth or the United States of America or any other applicable law, regulation, order, writ, judgment or decree of any court, arbitrator or governmental authority, or (ii) violate any provision of, constitute a default under, or result in the creation or imposition of any Lien on any of the assets of the University pursuant to the provisions of, any Debt Instrument. The University is not a party to, or otherwise subject to, any provision contained in any Debt Instrument, or any other contract or agreement which limits the amount of, or otherwise imposes restrictions on the incurring of, obligations of the University that could reasonably be expected to result in a Material Adverse Effect.

(f) **Consents.** The University has obtained all consents and approvals of, and has made all filings, registrations and declarations with, all governmental authorities required under the Act or other applicable law for the execution, delivery and performance by the University of this Agreement and the Note and the pledge of General Revenues hereunder, and all such consents, approvals, filings, registrations and declarations remain in full force and effect.

(g) **Obligations of the University.** The obligations of the University hereunder and under the Note are payable from General Revenues of the University, and the pledge of such General Revenues hereunder is a valid and legally binding pledge thereof on a parity basis with all other General Revenue Obligations.

(h) **Litigation.** There is no action, suit, investigation or proceeding pending or, to the best of the University's knowledge after due inquiry, threatened against or affecting the University, in which an adverse determination could reasonably be expected to have a Material Adverse Effect.
(i) Disclosure. The representations and statements made by the University herein, in the Note, and in any other document furnished to the Bank by the University in connection herewith or therewith, are accurate in all material respects. No information, exhibit or report, including, without limitation, the financial statements furnished by or on behalf of the University to the Bank, contains any untrue statement of a material fact or omits any statement of a material fact necessary to make the statements contained herein, in light of the circumstances under which they were made, not misleading, and there are no facts that the University has not disclosed to the Bank that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(j) Financial Condition. The balance sheet of the University for the fiscal year of the University ended June 30, 2019 (or any subsequent fiscal year if annual financial statements for such fiscal year have been delivered to the Bank as required by Section 6.1(a)), and the related statements of revenues, expenses and changes in fund balances, present fairly the University’s financial position as of the end of such fiscal year and the results of its operations and its income, fund balances and changes in financial position for the end of such fiscal year, in conformity with GAAP. No change has occurred relating to such balance sheet and related statements of revenues, expenses and changes (other than as are disclosed by the University to the Bank) that could reasonably be expected to have a Material Adverse Effect.

(k) Incorporation of Representations and Warranties by Reference. The representations and warranties of the University set forth in the Debt Instruments are true and accurate in all material respects.

(l) No Proposed Legal Changes. There is (i) no amendment or, to the knowledge of the University, proposed amendment to the Constitution of the Commonwealth, (ii) no published administrative interpretation of the Constitution or any other law of the Commonwealth, (iii) no legislation that has passed either house of the General Assembly of the Commonwealth, and (iv) no published judicial decision interpreting any of the foregoing, in any case which could reasonably be expected to have a Material Adverse Effect.

(m) Patriot Act Compliance. The University is not the target of any trade or economic sanctions promulgated by the United Nations or the governments of the United States, the United Kingdom, the European Union, or any other jurisdiction in which the University is located or operates (collectively, "Sanctions").

Section 5.2. Representations and Warranties of the Bank.

The Bank hereby represents and warrants to the University that this Agreement has been duly authorized by the Bank and, upon its execution and delivery by the Bank, will constitute the legal, valid and binding obligation of the Bank enforceable against the Bank in accordance with its terms except insofar as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights and remedies generally, and by general principles of equity, whether applied by a court of law or equity.
ARTICLE VI
COVENANTS

Section 6.1. Affirmative Covenants.

As long as this Agreement is in effect, and until all Advances and other amounts payable hereunder and under the Note are indefeasibly paid in full, the University will perform and observe the covenants set forth below:

(a) Financial Records; Other Reports. (i) The University shall at all times maintain financial records and furnish to the Bank, as soon as available but no later than 270 days after the end of each fiscal year of the University, financial statements prepared in accordance with GAAP including (i) a balance sheet as of the end of such fiscal year, (ii) the related statements of revenues, expenses and changes in fund balances for such fiscal year, and (iii) statements of cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year of the University, audited by the Auditor of Public Accounts of the Commonwealth and accompanied by a certificate of an Authorized Officer of the University to the effect that no Default or Event of Default has occurred and is continuing. The University shall also provide the Bank promptly upon their becoming available, copies of any non-routine periodic or special reports filed by the University with any governmental authority, if such reports indicate that any event has occurred or condition exists which could reasonably be expected to have a Material Adverse Effect.

(ii) If the University delivers any of the information described in Section 6.1(a)(i) to the Electronic Municipal Market Access established by the Municipal Securities Rulemaking Board (“EMMA”) within the timeframe required under Section 6.1(a)(i), the University shall not be obligated to furnish such information to the Bank.

(b) Notice of Certain Events. The University shall notify the Bank in writing as soon as possible after the University acquires knowledge of (i) the occurrence of any Default, (ii) any change in any Bond Rating, (iii) the occurrence of any default or other event under any Debt Instrument which could reasonably be expected to have a Material Adverse Effect, and (iv) the filing of any action or the occurrence of any activity which could lead to an initiative or referendum or any other similar event which could reasonably be expected to have a Material Adverse Effect.

(c) Other Information. The University shall furnish to the Bank, as the Bank may reasonably request, such additional financial information concerning the University in order to enable the Bank to determine whether the covenants, terms and provisions of this Agreement and the Note have been complied with by the University, and for that purpose, all pertinent books, documents and vouchers relating to the University’s business, affairs and properties shall at all reasonable times during regular business hours and upon reasonable prior notice be open to the inspection of such accountants or other agents (who may make copies of all or any part thereof at their own cost and expense) as shall from time to time be designated by the Bank.
foregoing, upon reasonable prior notice, the University will permit the Bank to visit and inspect any of the properties of the University during regular business hours and to discuss the affairs, finances and accounts of the University with its officials and any accounting firm performing services for the University, as often as the Bank may reasonably request.

(d) Compliance with Obligations and Laws. The University shall observe and comply with all of its obligations arising in connection with this Agreement, the Note and the Debt Instruments and all laws of the Commonwealth and the United States of America, including any rules and regulations thereunder, applicable to the University.

(e) Litigation. The University shall forthwith notify the Bank in writing with respect to any pending or threatened litigation with respect to the University the existence of which causes the representation set forth in Section 5.1(h) to be untrue or inaccurate in any material respect.

(f) Licenses, Permits, Etc. The University will take all necessary and appropriate action to ensure the continuance in force of all material consents, licenses, permits, orders, decrees, approvals, authorizations, registrations and filings obtained or made in connection with this Agreement and the Note or necessary to maintain the enforceability against the University of this Agreement or the Note.

(g) Books and Records. The University shall keep or cause to be kept adequate and proper records and books of account with respect to its revenues, expenses and assets in which complete and correct entries shall be made.

(h) Maintenance of Existence. The University shall use its best efforts to preserve and maintain (i) its existence as an educational institution and a public body and governmental instrumentality of the Commonwealth, and (ii) its rights, franchises and privileges material to its ability to repay the obligations hereunder and under the Note.

(i) Other Matters. The University shall execute and deliver to the Bank all such documents and instruments, and do all such acts and things, as may be necessary or reasonably required by the Bank to enable the Bank to exercise and enforce its rights under this Agreement and the Note and to realize thereon, and record and file and re-record and re-file all such documents and instruments, at such time or times, in such manner and at such place or places, all as may be necessary or reasonably required by the Bank to validate, preserve and protect its rights under this Agreement and the Note.

(j) Patriot Act Compliance. The University shall observe and comply with (a) all Sanctions, (b) all laws and regulations that relate to money laundering, any predicate crime to money laundering, or any financial record keeping and reporting requirements related thereto, (c) the U.S. Foreign Corrupt Practices Act of 1977, as amended, (d) the U.K. Bribery Act of 2010, as amended, and (e) any other applicable anti-bribery or anti-corruption laws and regulations.
Section 6.2. Negative Covenants.

As long as this Agreement is in effect, and until all Advances and other amounts payable hereunder and under the Note are indefeasibly paid in full, the University shall not, unless the Bank shall otherwise consent in writing:

(a) amend, supplement, extend, modify, waive, revise or otherwise alter or terminate any Debt Instrument if such amendment, supplement, extension, modification, waiver, revision, alteration or termination could reasonably be expected to result in a Material Adverse Effect;

(b) violate any law, rule, regulation, or governmental order to which it is subject, which violation could reasonably be expected to result in a Material Adverse Effect; or

(c) merge, consolidate, sell, transfer, lease or otherwise dispose of all or any substantial part of its property, other than a merger with or consolidation into any other governmental entity that assumes all obligations of the University under this Agreement and the Note.

ARTICLE VII
EVENTS OF DEFAULT AND REMEDIES

Section 7.1. Events of Default.

Each of the following events shall constitute an event of default (an "Event of Default") hereunder:

(a) Certain Payments. The University shall fail to pay the principal of or interest on any Advance (other than accelerated Advances) when the same shall become due and payable, whether at maturity or as otherwise scheduled, and such failure shall continue unremedied for a period of five (5) calendar days or more.

(b) Default under General Revenue Obligations. The University shall default in the payment of principal or interest on any General Revenue Obligations; provided that, for purposes of this Section 7.1(b) only, "General Revenue Obligations" shall only include Debt of the University described in clauses (ii) and (iv) of the definition of "Debt" in Section 1.1.

(c) Invalidity. The University challenges the validity or enforceability of any material provision of this Agreement or the Note concerning the payment of principal or interest, or any court or governmental authority having jurisdiction over this Agreement or the Note finds or rules that any material provision of this Agreement or Note concerning the payment of principal or interest is not valid and binding on the University.

(d) Appointment of Receiver, Etc. (i) An order or decree is entered, with the consent or acquiescence of the University, appointing a receiver or receivers of the University or of the revenues thereof, or if such order or decree, having been entered without the consent or acquiescence of the University, is not vacated or discharged or
stayed on appeal within sixty (60) days after the entry thereof; or (ii) any proceeding is
instituted, with the consent or acquiescence of the University, for the purpose of effecting
a composition between the University and its creditors or for the purpose of adjusting the
claims of such creditors pursuant to any federal or state statute now or hereafter enacted.

(e) Certain Other Payments. The University shall fail to pay accelerated
principal of or interest on any Advance, or shall fail to pay any fee or other amount payable
hereunder, when the same shall become due and payable.

(f) Representations Untrue. Any representation, warranty, certification or
statement made by the University in or pursuant to this Agreement or in any certificate,
financial statement or other document delivered pursuant to this Agreement or
incorporated herein, shall (in any such case) have been incorrect or untrue in any material
respect when made or deemed to have been made.

(g) Covenant Defaults. The University shall default in the due performance or
observance of any term, covenant or agreement contained herein (other than those
covered by paragraph (a) or (e) above).

(h) Invalidity. Any material provision of this Agreement or the Note concerning
the payment of principal or interest shall, for any reason, cease to be valid and binding
on the University.

Section 7.2. Remedies.

(a) Upon the occurrence and during the continuance of an Event of Default, the
Bank may:

(i) immediately terminate its obligation to make Advances under the
Facility; and

(ii) immediately, without presentment, demand, protest, notice of
dishonor or any other notice of any kind, all of which are hereby expressly waived,
anything contained herein or in the Note to the contrary notwithstanding, declare
all outstanding Advances, all interest thereon and all other amounts payable under
this Agreement and the Note to be immediately due and payable (and in the case
of an Event of Default under Section 7.1(d), such amounts shall automatically
become due and payable).

(b) In addition to the rights and remedies set forth in paragraph (a) above, in
the case of any Event of Default, the Bank may exercise any or all other rights and
remedies existing at law or in equity (including, without limitation, the right to proceed by
appropriate court action, either at law or in equity, to enforce performance by the
University of the applicable representations and warranties and covenants of this
Agreement and the Note or to recover damages for the breach thereof).

(c) The Bank acknowledges that, if at any time there are insufficient funds to
pay debt service on the University’s General Revenue Obligations, as described in
Section 7.3 of the University's bond resolution adopted August 31, 2015 (the "Bond Resolution"), a trustee may be appointed to represent the holders of Parity Credit Obligations (as defined in the Bond Resolution) and to provide for a pro-rata distribution of available funds among all Parity Credit Obligations, including the obligations of the University to the Bank under this Agreement. The provisions of such Section 7.3 (which are referred to herein as the "Bond Provisions") are included in substantially similar form in the University's prior bond resolutions, are required to be included in its future bond resolutions, and are hereby incorporated into this Agreement by reference. The Bank, as the holder of a Parity Credit Obligation, agrees to the appointment of such trustee and covenants to cooperate with such trustee in the pro-rata distribution of funds among Parity Credit Obligations as provided in the Bond Provisions.

ARTICLE VIII
MISCELLANEOUS

Section 8.1. Notices.

Unless otherwise specifically provided herein, all notices and other communications hereunder shall be in writing and shall be given by courier, United States certified or registered mail, or facsimile transmission. Notices and communications hereunder shall be effective when received and shall be sent to the following addresses (or to such other address(es) of which either party hereto shall notify the other party in accordance herewith):

If to the Bank, to:

[Lender Name]
[Lender Address]
Attention: Telephone:

If to the University, to:

Virginia Polytechnic Institute and State University
210 Burrus Hall
800 Drillfield Drive
Blacksburg, Virginia 24061
Attention: John J. Cusimano, University Treasurer
Telephone: (540) 231-7094

Section 8.2. Liability of the Bank.

The University assumes all risks with respect to the use of the proceeds of each Advance. Neither the Bank nor any of its officers, directors, employees or agents shall be liable or responsible for (i) the use which may be made of the proceeds of any Advance, (ii) the form, validity, sufficiency or genuineness of documents, or of any endorsement(s) thereon (other than the validity as against the Bank of any agreement to
which the Bank is a party), even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged, (iii) the lack of validity or enforceability of this Agreement (other than the validity or enforceability as against the Bank), or (iv) any other circumstances whatsoever in making or failing to make payment under this Agreement or the Note; provided, however, that the University shall have a claim against the Bank, and the Bank shall be liable to the University, to the extent of any direct, as opposed to consequential, damages suffered by the University which the University proves were caused by (a) the Bank's willful misconduct or negligence in determining whether a Request for Advance presented hereunder complied with the terms hereof, or (b) the Bank's willful failure to make an Advance required to be made by it hereunder after receipt by it of a Request for Advance. In furtherance and not in limitation of the foregoing, the Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

Section 8.3. Costs and Expenses.

The University agrees to pay (a) on or prior to the Effective Date, all reasonable costs and expenses paid or incurred by the Bank, including the reasonable fees and out-of-pocket expenses of counsel for the Bank, in connection with the preparation, review, execution and delivery of this Agreement and the Note, and (b) upon demand and to the extent allowable by law, all other reasonable costs and expenses paid or incurred by the Bank, including the reasonable fees and out-of-pocket expenses of counsel for the Bank, or otherwise arising in connection with this Agreement or the Note, including without limitation, in connection with any transfer, amendment, supplement, modification or waiver with respect to this Agreement or the Note, the enforcement hereof or thereof or the protection of the rights of the Bank hereunder or thereunder.

Section 8.4. Participants.

The Bank shall have the right to grant participations from time to time (to be evidenced by one or more participation agreements or certificates of participation (each a "Participation Agreement")) in this Agreement and the Facility to one or more other persons or entities (each a "Participant"); provided, that the grant of any such participation shall not terminate or otherwise affect any obligation of the Bank hereunder. Each Participant purchasing such a participation shall, in the discretion of the Bank, have all rights of the Bank hereunder to the extent of the participation purchased; provided that the grant of any such participation (1) shall not require the University to deal with any Participant for matters related to this Agreement and the Facility, and (2) shall require the University to deal only with the Bank for matters related to this Agreement and the Facility. In connection with the granting of participations, the Bank may disclose to any proposed Participant any information that the University delivers or discloses, or causes to be delivered or disclosed, pursuant to this Agreement. The Bank shall give notice to the University of each Participant that is granted a participation pursuant to this Section 8.4; provided that the failure to give such notice shall not affect the validity of such participation.
Section 8.5. **Successors and Assigns.**

This Agreement shall be binding upon and inure to the benefit of the University and the Bank and their respective successors and assigns, except that (a) the University shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Bank, and (b) the Bank shall not have the right to assign its rights hereunder or any interest herein except (i) in connection with a participation as provided in Section 8.4, (ii) after the occurrence and during the continuance of an Event of Default, and (iii) otherwise with the prior written consent of the University (such consent not to be unreasonably withheld, conditioned or delayed). If the Bank requests the University's consent to such an assignment under clause (b)(iii) above and (1) the University fails to respond within 120 days of the University's receipt of the request, or (2) the University unreasonably withholds, conditions or delays its consent to such assignment for 120 days after its receipt of the request, then the University shall be deemed to have consented to such assignment.

Section 8.6. **Final Agreement; Modification or Waiver of this Agreement.**

This Agreement and the Note are intended by the parties hereto as final expressions of their agreement with respect to the subject matter hereof and thereof, are intended as complete and exclusive statements of the terms and conditions of that agreement, and may not be contradicted, modified or supplemented in any way by evidence of any prior or contemporaneous written or oral agreements of the University and the Bank. No modification or waiver of any provision of this Agreement (including this Section 8.6) shall be effective unless the same shall be in writing and signed by the Bank and the University. Any modification or waiver referred to in this Section 8.6 shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on the University in any case shall entitle the University to any other or further notice or demand in the same, similar or other circumstances.

Section 8.7. **No Waiver of Rights by the Bank; Cumulative Rights.**

No course of dealing or failure or delay on the part of the Bank or the University in exercising any right, power or privilege hereunder shall preclude any other or further exercise of any right, power or privilege. The rights of the Bank and the University under this Agreement and the Note are cumulative and not exclusive of any rights or remedies which the Bank or the University would otherwise have.

Section 8.8. **Governing Law.**

The obligations of the Bank and the University hereunder and under the Note shall be construed in accordance with and governed by the laws of the Commonwealth. Any suits and actions arising out of this Agreement or the Note shall be instituted in a court of competent jurisdiction in the Commonwealth.
Section 8.9. **Severability.**

In case any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The parties shall negotiate in good faith to replace any invalid, illegal or unenforceable provision with a valid provision, which, to the extent possible, will preserve the economic effect of the invalid, illegal or unenforceable provisions.

Section 8.10. **Counterparts.**

This Agreement may be executed in two counterparts, each of which shall constitute an original but both of which, when taken together, shall constitute but one document, and shall become effective when copies hereof, when taken together, bear the signatures of each of the parties hereto.

Section 8.11. **Captions.**

The captions in this Agreement are for convenience only and do not define or limit the scope or intent of any provisions of this Agreement.

Section 8.12. **Patriot Act.**

The Bank hereby notifies the University that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies the Issuer, which information includes the name and address of the Issuer and other information that will allow the Bank to identify the University in accordance with the Patriot Act. The University shall promptly provide such information upon request by the Bank.

[Signatures begin on following page]
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective representatives thereunto authorized as of the date first above written.

UNIVERSITY:

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

By: ____________________________
Name: __________________________
Title: __________________________

[Signatures continue on following page]
BANK:

[LENDER NAME]

By: ________________________________
Name: ________________________________
Title: ________________________________
EXHIBIT A

FORM OF PROMISSORY NOTE

$__________.00 ____ ______, 2020
Blacksburg, Virginia

FOR VALUE RECEIVED, VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY, an educational institution established by the Commonwealth of Virginia as a public body and governmental instrumentality for the dissemination of education (the "University"), promises to pay to the order of [LENDER NAME], a national banking association, or its registered assigns (the "Bank"), the lesser of the unpaid principal amounts advanced by the Bank to the University hereunder (the "Advances") and the principal sum of _____ MILLION AND NO/100 DOLLARS ($__________.00) on the Expiration Date (as defined in the Credit Agreement, as hereinafter defined) or in the case of a Liquidity Draw (as defined in the Credit Agreement) in accordance with the terms of the Credit Agreement. The University promises to pay the unpaid principal amount of the Advances and interest thereon on the dates and at the rate or rates provided for in the Credit Agreement. All such payments of principal and interest shall be made in lawful money of the United States of America, in immediately available funds, to such account which the Bank may designate in accordance with the Credit Agreement.

This note is the "Note" referred to in the Revolving Credit Agreement dated as of even date herewith by and between the University and the Bank (as the same may be amended from time to time, the "Credit Agreement"). Terms defined in the Credit Agreement are used herein with the same meanings.

All Advances and repayments of the principal of the Advances may be recorded by the Bank and appropriate notations to evidence the foregoing information with respect to the Advances may be endorsed by the Bank on the schedule attached hereto, or on a continuation of such schedule attached to and made a part hereof; provided, that the failure of the Bank to make any such recordation or endorsement shall not affect the obligations of the University hereunder or under the Credit Agreement.

As provided in the Credit Agreement, this note is payable from General Revenues of the University, which General Revenues have been pledged to the Bank by the University on a parity basis with all other General Revenue Obligations. This note and the interest hereon shall not be deemed to constitute a debt or liability of the Commonwealth of Virginia, legal, moral or otherwise. Neither the Commonwealth of Virginia nor the University shall be obligated to pay the principal of or interest on this note or other costs incident hereto except from the sources noted above, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia are pledged to the payment of the principal of or interest on this note or other costs incident hereto.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all conditions, acts and things required by the Constitution and laws of the Commonwealth of Virginia to exist, to have
happened and to have been performed precedent to and in the issuance of this note do exist, have happened and have been performed in due time, form and manner as required by law and that the issuance of this note does not violate any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the University has caused this note to be executed in the name of and for the University, and has caused this note to be dated as of the date set forth above.

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

By:________________________
Name:_______________________
Title:_______________________
<table>
<thead>
<tr>
<th>Date</th>
<th>Amount of Advance</th>
<th>Amount of Principal Repaid</th>
<th>Notation Made By</th>
</tr>
</thead>
</table>
EXHIBIT B

FORM OF REQUEST FOR ADVANCE

[Date]

[Lender Name]
[Lender Address]
Attention:

Ladies and Gentlemen:

Reference is made to the Revolving Credit Agreement dated as of __________, 2020 (the "Credit Agreement"), by and between Virginia Polytechnic Institute and State University (the "University") and [Lender Name] (the terms defined therein being used herein as therein defined). The University hereby requests, pursuant to Section 2.3 of the Credit Agreement, that you make an Advance under the Credit Agreement, and in that connection sets forth below the following information relating to such Advance:

(a) The amount of the Advance requested is $____________________.

(b) The Advance Date requested is ____________________.

The University hereby certifies that the proceeds of the Advance will be used by the University for working capital, for general corporate and operating purposes or for another lawful purpose.

This Advance should be made by wire transfer of immediately available funds to the undersigned in accordance with the instructions set forth below:

[Insert wire instructions]

Very truly yours,

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

By: ____________________________
Authorized Officer
[Date]

[Lender Name]
[Lender Address]
Attention:

Ladies and Gentlemen:

Reference is made to the Revolving Credit Agreement dated as of __________, 2020 (the "Credit Agreement"), by and between Virginia Polytechnic Institute and State University (the "University") and [Lender Name] (the terms defined therein being used herein as therein defined).

[The University hereby requests that the Credit Agreement be terminated in accordance with, and subject to, the terms thereof.]

OR

[The University hereby requests that the Available Commitment be permanently reduced from [insert amount as of the date of Certificate] to [insert new amount], such reduction to be effective on ________.] The reduction in the Available Commitment is an integral multiple of $1,000,000.

Very truly yours,

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

By: ________________________________
Authorized Officer
EXHIBIT D

FORM OF REQUEST FOR EXTENSION OF SCHEDULED EXPIRATION DATE

[Date]

[Lender Name]
[Lender Address]
Attention:

Ladies and Gentlemen:

Reference is made to the Revolving Credit Agreement dated as of __________, 2020 (the "Credit Agreement"), by and between Virginia Polytechnic Institute and State University (the "University") and [Lender Name] (the terms defined therein being used herein as therein defined). Pursuant to Section 3.5 of the Credit Agreement, the University hereby requests an extension of the Scheduled Expiration Date to __________, 20__.

The University hereby represents and warrants that, except as noted below, no Default or Event of Default has occurred and is continuing and all representations and warranties of the University in the Credit Agreement are true and correct on the date hereof.

[IDENTIFY PENDING DEFAULT OR EVENT OF DEFAULT]

IN WITNESS WHEREOF, the undersigned has executed and delivered this Request for Extension of Scheduled Expiration Date as of the ____ day of __________, 20__.

Very truly yours,

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

By: ____________________________
Authorized Officer
FORM OF NOTICE OF EXTENSION OF SCHEDULED EXPIRATION DATE

[Date]

Virginia Polytechnic Institute and State University
220 Burrus Hall
800 Drillfield Drive
Blacksburg, Virginia 24061
Attention: University Treasurer

Ladies and Gentlemen:

Reference is made to the Revolving Credit Agreement dated as of __________, 2020 (the "Credit Agreement"), by and between Virginia Polytechnic Institute and State University (the "University") and [Lender Name] (the terms defined therein being used herein as therein defined). Pursuant to Section 3.5 of the Credit Agreement, the University has requested an extension of the Scheduled Expiration Date to __________, 20___.

Please be advised that:

[COMPLETE AS APPROPRIATE.]

1. At the request and for the account of the University, the Bank hereby extends the Scheduled Expiration Date to __________, 20___ [INCLUDE ADDITIONAL TERMS IF APPLICABLE].

2. Except as specifically provided in the paragraph 1 above, all of the terms and conditions of the Credit Agreement remain unchanged and in full force and effect.

3. This Notice of Extension of Scheduled Expiration Date is an integral part of the Credit Agreement.

[OR]

The Bank hereby elects not to extend the Scheduled Expiration Date.
IN WITNESS WHEREOF, the undersigned has executed and delivered this Notice of Extension of Scheduled Expiration Date as of the ____ day of __________, 20___.

Very truly yours,

[LENDER NAME]

By: ______________________
Name: ______________________
Title: ______________________
Approval of Additional Operating Lines of Credit
August 25, 2020

KEN MILLER, VICE PRESIDENT FOR FINANCE
JOHN CUSIMANO, UNIVERSITY TREASURER
Additional Lines of Credit to Manage Increased Financial Risks

- The unprecedented and unpredictable consequences of the COVID-19 pandemic have greatly increased financial risks related to:
  - Market volatility related to Commercial Paper program used to temporarily finance capital outlay projects
  - Market volatility related to the university investments held in the Virginia Tech Foundation endowment pool
  - Increased probability of significant reductions in revenues from multiple sources with potential simultaneous increases in required expenditures
Current University Liquidity

The University Maintains Both Internal and External Sources of Liquidity

- The university targets 45 days of internal liquidity for its operating cash reserves
  - The university’s operating cash reserves totaled ~$335 million at its low point in July

- The university also maintains several operating lines of credit representing 45 days of external liquidity
  - The FY21 target for external liquidity is ~$200 million

- The combined 90 days of internal and external liquidity totals ~$535 million
The Need for Additional External Liquidity

Although management expects to operate throughout the year within its cash reserves and lines of credit, it recognizes the possibility of a major demand on cash due to the rapidly changing nature of the COVID-19 pandemic.

Accordingly, management is seeking approval to obtain up to $210 million of additional operating lines of credit:

- The additional lines are additive to our current lines of credit
- The additional lines are temporary to get past COVID and can be terminated with 30 days notice
- With the additional lines, management believes the university will be well positioned to withstand this current crisis

The additional lines of credit:

- Will be revolving lines of credit, the principal of which may be borrowed, repaid, and re-borrowed
- Will be secured by the university’s general revenue pledge
- Will have an initial term of one to three-years depending on provider
- Will include term-out provisions following the initial term that range from six months to three years
Terms of the Proposals

- Three price points for the lines of credit include:
  - An undrawn facility fee
  - The loan rate if the facility is drawn upon
  - Term-out rates

- Undrawn facility fees range from .20% - .33%

- Loan rates range from LIBOR + .80% to LIBOR + 1.20% with one provider requesting a LIBOR floor of 1.00%

- Term-out provisions range from six months to three years and rates vary by provider
  - Interest rates include LIBOR +2%, LIBOR + 2.5%, or the greater of Prime, Prime+1%, Fed Funds +2%, LIBOR +2.5%, 7% and 7.5%
Resolution to Approve Lines of Credit

Board Approval is Needed to Establish and Access the Lines of Credit

- The Board authorizes the Vice President for Finance and the University Treasurer, collectively known as the Authorized Officers, in consultation with the Chief Business Officer, to negotiate, execute, and deliver all certificates, documents, and instruments related to the 2020 additional lines of credit.

- Passing the resolution:
  - Approves one or more lines of credit for up to $210 million
  - Approves the terms of the lines to be as favorable or better than those proposed
  - Approves the form credit agreement and promissory note
  - Identifies the authorized officers to negotiate, execute, and deliver all necessary documents
Resolution on Additional Lines of Credit

RECOMMENDATION:

That the resolution identifying the authorized officers; approving the terms of the proposals and the form of the credit agreement and promissory note; and authorizing the authorized officers to negotiate, execute and deliver all necessary documents to obtain up to $210 million of additional lines of credit be approved.

August 25, 2020
The Financial Performance Report of income and expenditures is prepared from two sources: actual accounting data as recorded at Virginia Tech and the annual budgets which are also recorded in the university accounting system. The actual accounting data reflect the modified accrual basis of accounting, which recognizes revenues when received rather than when earned and commitments to buy goods and services as encumbrances when obligated and as an expenditure when paid. The Original Budget was approved by the Board of Visitors at the June meeting. The Adjusted Budget reflects adjustments to incorporate actual experience or changes made during the fiscal year. These changes are presented for review and approval by the Finance and Resource Management Committee and the Board of Visitors through this report. Where adjustments impact appropriations at the state level, the university coordinates with the Department of Planning and Budget to ensure appropriations are reflected accurately.

The July to June 2019-20 budget (year-to-date) is prepared from historical data which reflects trends in expenditures from previous years as well as known changes in timing. Differences between the actual income and expenditures and the year-to-date budget may occur for a variety of reasons, such as an accelerated or delayed flow of documents through the accounting system, a change in spending patterns at the college level, or increases in revenues for a particular area.

Quarterly budget estimates are prepared to provide an intermediate measure of income and expenditures. Actual revenues and expenditures may vary from the budget estimates. The projected year-end budgets are, however, the final measure of budgetary performance.

**RECOMMENDATION:**

That the report of income and expenditures for the University Division and the Cooperative Extension/Agricultural Experiment Station Division for the period of July 1, 2019 through June 30, 2020 and the Capital Outlay report be approved.

August 25, 2020
## Educational and General Programs

### University Division

#### Revenues

<table>
<thead>
<tr>
<th>Source</th>
<th>Actual</th>
<th>Budget</th>
<th>Change</th>
<th>Original</th>
<th>Adjusted</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$186,881</td>
<td>$186,881</td>
<td>$0</td>
<td>$184,353</td>
<td>$186,881</td>
<td>$2,528</td>
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<tr>
<td>Tuition and Fees</td>
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<td>577,858</td>
<td>587,867</td>
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<tr>
<td>All Other Income</td>
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<td>44,047</td>
<td>-4,559</td>
<td>47,309</td>
<td>44,047</td>
<td>-3,262</td>
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<td>E&amp;G CARES Support</td>
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<td>3,163</td>
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<td>3,163</td>
<td>3,163</td>
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<tr>
<td><strong>Total Revenues</strong></td>
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<td>$821,958</td>
<td>$-7,683</td>
<td>$809,520</td>
<td>$821,958</td>
<td>$12,438</td>
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</table>

#### Expenses

<table>
<thead>
<tr>
<th>Source</th>
<th>Actual</th>
<th>Budget</th>
<th>Change</th>
<th>Original</th>
<th>Adjusted</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Programs</td>
<td>-508,950</td>
<td>-518,623</td>
<td>-9,673</td>
<td>-511,690</td>
<td>-519,357</td>
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<tr>
<td>Support Programs</td>
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<td>-297,830</td>
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<tr>
<td><strong>Total Expenses</strong></td>
<td>$-812,148</td>
<td>$-821,958</td>
<td>$9,810</td>
<td>$-809,520</td>
<td>$-821,958</td>
<td>$-12,438</td>
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</tbody>
</table>

**NET** $2,127 $0 $2,127

### CE/AES Division

#### Revenues

<table>
<thead>
<tr>
<th>Source</th>
<th>Actual</th>
<th>Budget</th>
<th>Change</th>
<th>Original</th>
<th>Adjusted</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
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<td>$74,461</td>
<td>$74,146</td>
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<td>Federal Appropriation</td>
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<td>5,217</td>
<td>15,640</td>
<td>15,647</td>
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<tr>
<td>All Other Income</td>
<td>1,203</td>
<td>1,110</td>
<td>93</td>
<td>950</td>
<td>1,110</td>
<td>160</td>
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<td><strong>Total Revenues</strong></td>
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<td>$5,310</td>
<td>$91,051</td>
<td>$90,903</td>
<td>$-148</td>
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</tbody>
</table>

#### Expenses

<table>
<thead>
<tr>
<th>Source</th>
<th>Actual</th>
<th>Budget</th>
<th>Change</th>
<th>Original</th>
<th>Adjusted</th>
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<td>Support Programs</td>
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<td>-1,342</td>
<td>-6,510</td>
<td>-6,510</td>
<td>0</td>
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<tr>
<td><strong>Total Expenses</strong></td>
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<td>$-90,903</td>
<td>$1,062</td>
<td>$-91,051</td>
<td>$-90,903</td>
<td>$148</td>
</tr>
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</table>

**NET** $6,372 $0 $6,372

### Auxiliary Enterprises

#### Revenues

<table>
<thead>
<tr>
<th>Source</th>
<th>Actual</th>
<th>Budget</th>
<th>Change</th>
<th>Original</th>
<th>Adjusted</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$345,920</td>
<td>$341,953</td>
<td>$3,967</td>
<td>$360,813</td>
<td>$341,953</td>
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<td>Reserve Drawdown (Deposit)</td>
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</tr>
<tr>
<td><strong>NET</strong></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

### Sponsored Programs

#### Revenues

<table>
<thead>
<tr>
<th>Source</th>
<th>Actual</th>
<th>Budget</th>
<th>Change</th>
<th>Original</th>
<th>Adjusted</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>CARES Higher Ed Relief Revenue</td>
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<td>8,912</td>
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<td>0</td>
<td>0</td>
<td>0</td>
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<td>Expenses</td>
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<td>-353,398</td>
<td>1,460</td>
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<td>Reserve Drawdown (Deposit)</td>
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<td>-36,579</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>NET</strong></td>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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</tbody>
</table>

### Student Financial Assistance

#### Revenues

<table>
<thead>
<tr>
<th>Source</th>
<th>Actual</th>
<th>Budget</th>
<th>Change</th>
<th>Original</th>
<th>Adjusted</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$31,094</td>
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<td>-804</td>
<td>$33,153</td>
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<td>Expenses</td>
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<td>-33,153</td>
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<td>1,255</td>
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<td>Reserve Drawdown (Deposit)</td>
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<td>0</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>NET</strong></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

### All Other Programs *

#### Revenue

<table>
<thead>
<tr>
<th>Source</th>
<th>Actual</th>
<th>Budget</th>
<th>Change</th>
<th>Original</th>
<th>Adjusted</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$14,556</td>
<td>$10,680</td>
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<td>-3,494</td>
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<td>$0</td>
<td>$0</td>
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<td>$0</td>
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### Total University

<table>
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<th>Source</th>
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<th>Budget</th>
<th>Change</th>
<th>Original</th>
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<th>Change</th>
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<tbody>
<tr>
<td></td>
<td>$1,654,784</td>
<td>$1,650,790</td>
<td>$3,994</td>
<td>$1,658,579</td>
<td>$1,650,790</td>
<td>$-7,789</td>
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<td>72,757</td>
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<td>-1,668,072</td>
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<td>Reserve Drawdown (Deposit)</td>
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<td>$8,499</td>
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<td>$0</td>
<td>$0</td>
</tr>
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</table>

* All Other Programs include federal work study, surplus property, local funds, and unique military activities.

Presentation Date: August 25, 2020
OPERATING BUDGET

1. While the net tuition and fee revenues were increased $10.0 million from the original budget, net tuition and fee revenue is $3.1 million lower than projected due to the timing of deferred revenues between university programs.

2. Lower than projected activity in Continuing Education programs and the timing of deferred revenues between university programs to support partnership initiatives.

3. Academic program expenditures are lower than projected due to programs holding back expenditures as well as timing of academic program expenditures.

4. While the Commonwealth requires that revenues and expenditures be balanced for Educational and General Programs, year-end balances are possible for continuing education programs.

5. The budget for federal revenue is established to match projected allotments from the federal government that are expected to be drawn down during the state fiscal year. All expenses in federal programs are covered by drawdowns of federal revenue up to allotted amounts. Federal revenue in the Cooperative Extension/Agriculture Experiment Station Division exceeded the projected budget due to the timing of federal drawdowns.

6. Academic expenditures are lower than projections due to holding back expenditures as well as timing of expenses in the Cooperative Extension/Agriculture Experiment Station Division.

7. While the Commonwealth requires that revenues and expenditures be balanced for Educational and General Programs, year-end balances are possible for federally funded programs.

8. Quarterly and projected annual variances are explained in the Auxiliary Enterprises section of this report.

9. Historical patterns have been used to develop a measure of the revenue and expenditure activity for Sponsored Programs. Actual revenues and expenses may vary from the budget estimates because projects are initiated and concluded on an individual basis without regard to fiscal year. Total sponsored research revenues and expenditures are lower than projected. The sponsored research expenditures are 5.7% greater than June 30, 2019.

10. The federal government provided funding to institutions through the CARES Higher Education Emergency Relief fund to provide emergency financial grants to students whose lives were disrupted, many of whom are facing financial challenges. Virginia Tech’s allocation of the HEERF was $9.7 million; of which $8.9 million was received to reimburse the cost of grants made to students in 2019-20. The remaining $0.8 million will be expended in 2020-21.

11. Revenues for All Other Programs were higher than projected due to increased investment activity and technical realignment of University commitments. Expenses for All Other Programs were less than projected due to timing of initiatives and lower than projected Surplus Property activity.

12. The annual budget for the University Division General Fund was increased $0.4 million for the state share of salary and fringe benefit changes and $2.16 million for the Tech Talent Investment Program.

13. The budget for Tuition and Fees has been increased $7.9 million for higher than projected enrollments, primarily attributable to Fall 2019 undergraduate enrollments and off-campus graduate enrollments. The tuition and fee budget was increased $2.1 million for higher than projected program fee revenues. The corresponding expenditure budgets have been adjusted accordingly.

14. The All Other Income revenue budget for the university division was increased $0.15 million for VTCSOM earmarked sales and services revenues, $0.16 million for higher than projected milk sales and decreased $2.02 million for lower Veterinary Teaching Hospital and Equine Medical Center activity as a result of curtailing services in response to the COVID pandemic. The budget was decreased $1.54 million for the alignment of the VTCSOM Partnership contributions based on programmatic activity and expected actual expenditures in 2019-20. The corresponding expenditure budgets have been adjusted accordingly.
15. The university division revenue budget was increased $3.16 million to recognize the Commonwealth of Virginia's allocation of federal Coronavirus Relief Funds in support of personal protective equipment, disinfectant, distance learning and telework, and public health costs. The corresponding expenditure budgets have been adjusted accordingly.

16. The Cooperative Extension/Agriculture Experiment State Division General Fund revenue budget was decreased $0.3 million for the state share of salary and fringe benefit changes. The corresponding expenditure budgets have been adjusted accordingly.

17. The Cooperative Extension Federal Funds revenue budget was increased $0.01 million to align with federal appropriations. The corresponding expenditure budgets have been adjusted accordingly.

18. The budget for All Other Income was increased $0.16 million for higher than projected milk sales in Agriculture Experiment Station. The corresponding expenditure budgets have been adjusted accordingly.

19. The annual budget for the Sponsored Programs has been decreased $1.5 million to reflect the transfer of a portion of the Commonwealth Cyber Initiative (CCI) Hub and Node funds from Virginia Tech to other Virginia Public Institutions in support of collaborative efforts.

20. The Student Financial Assistance revenue and expenditure budgets were decreased $1.0 million for a technical accounting change and $0.3 million to revise the estimate of general fund support for the Two Year Transfer grant and Virginia Military Survivors Dependents Program to the actual distribution of funds.

21. The projected annual budgets for All Other Programs were increased $1.5 million to finalize budgets. The projected annual expense budgets were decreased $3.9 million for technical alignment of university initiatives and increased $0.4 million for outstanding 2018-19 commitments that were initiated but not completed before June 30, 2019.
### UNIVERSITY DIVISION
**AUXILIARY ENTERPRISES**

Dollars in Thousands

<table>
<thead>
<tr>
<th>Residence and Dining Halls *</th>
<th><strong>Actual</strong></th>
<th><strong>Budget</strong></th>
<th><strong>Change</strong></th>
<th><strong>Original</strong></th>
<th><strong>Adjusted</strong></th>
<th><strong>Change</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$129,640</td>
<td>$129,178</td>
<td>$462</td>
<td>$133,823</td>
<td>$129,178</td>
<td>$-4,645 (7)</td>
</tr>
<tr>
<td>Expenses</td>
<td>-127,010</td>
<td>-133,604</td>
<td>6,594 (1)</td>
<td>-127,577</td>
<td>-133,604</td>
<td>-6,027 (7,8,9)</td>
</tr>
<tr>
<td>Reserve Drawdown (Deposit)</td>
<td>-2,630</td>
<td>4,426</td>
<td>-7,056 (1)</td>
<td>-6,246</td>
<td>4,426</td>
<td>10,672 (7,8,9)</td>
</tr>
<tr>
<td>Net</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Parking and Transportation</th>
<th><strong>Actual</strong></th>
<th><strong>Budget</strong></th>
<th><strong>Change</strong></th>
<th><strong>Original</strong></th>
<th><strong>Adjusted</strong></th>
<th><strong>Change</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$15,268</td>
<td>$15,039</td>
<td>$229</td>
<td>$15,832</td>
<td>$15,039</td>
<td>$-793 (10)</td>
</tr>
<tr>
<td>Expenses</td>
<td>-13,609</td>
<td>-15,104</td>
<td>1,495 (2)</td>
<td>-15,357</td>
<td>-15,104</td>
<td>253 (8,9,10)</td>
</tr>
<tr>
<td>Reserve Drawdown (Deposit)</td>
<td>-1,659</td>
<td>65</td>
<td>-1,724 (2)</td>
<td>-475</td>
<td>65</td>
<td>540 (8,9,10)</td>
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<tr>
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<td>$0</td>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
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<table>
<thead>
<tr>
<th>Telecommunications Services</th>
<th><strong>Actual</strong></th>
<th><strong>Budget</strong></th>
<th><strong>Change</strong></th>
<th><strong>Original</strong></th>
<th><strong>Adjusted</strong></th>
<th><strong>Change</strong></th>
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</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$22,036</td>
<td>$21,500</td>
<td>$536</td>
<td>$20,600</td>
<td>$21,500</td>
<td>$-793 (11)</td>
</tr>
<tr>
<td>Expenses</td>
<td>-20,721</td>
<td>-22,616</td>
<td>1,895 (3)</td>
<td>-20,861</td>
<td>-22,616</td>
<td>-1,755 (8,11)</td>
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<tr>
<td>Reserve Drawdown (Deposit)</td>
<td>-1,315</td>
<td>1,116</td>
<td>-2,431 (3)</td>
<td>-3,414</td>
<td>1,116</td>
<td>855 (8,11)</td>
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<tr>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>University Services * **</th>
<th><strong>Actual</strong></th>
<th><strong>Budget</strong></th>
<th><strong>Change</strong></th>
<th><strong>Original</strong></th>
<th><strong>Adjusted</strong></th>
<th><strong>Change</strong></th>
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</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$54,378</td>
<td>$54,690</td>
<td>$-312 (4)</td>
<td>$54,303</td>
<td>$54,690</td>
<td>$387 (12)</td>
</tr>
<tr>
<td>Expenses</td>
<td>-52,260</td>
<td>-58,729</td>
<td>6,469 (4)</td>
<td>-53,258</td>
<td>-58,729</td>
<td>-5,471 (8,9,12)</td>
</tr>
<tr>
<td>Reserve Drawdown (Deposit)</td>
<td>-2,118</td>
<td>4,039</td>
<td>-6,157 (4)</td>
<td>-1,045</td>
<td>4,039</td>
<td>5,084 (8,9,12)</td>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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</table>

<table>
<thead>
<tr>
<th>Intercollegiate Athletics *</th>
<th><strong>Actual</strong></th>
<th><strong>Budget</strong></th>
<th><strong>Change</strong></th>
<th><strong>Original</strong></th>
<th><strong>Adjusted</strong></th>
<th><strong>Change</strong></th>
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</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$66,905</td>
<td>$66,933</td>
<td>$-28</td>
<td>$77,500</td>
<td>$66,933</td>
<td>$-10,567 (13)</td>
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<tr>
<td>Expenses</td>
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<td>246</td>
<td>-74,086</td>
<td>-76,162</td>
<td>-2,076 (8,9,13)</td>
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<tr>
<td>Reserve Drawdown (Deposit)</td>
<td>9,011</td>
<td>9,229</td>
<td>-218</td>
<td>-3,414</td>
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<td>12,643 (8,9,13)</td>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
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<table>
<thead>
<tr>
<th>Electric Service *</th>
<th><strong>Actual</strong></th>
<th><strong>Budget</strong></th>
<th><strong>Change</strong></th>
<th><strong>Original</strong></th>
<th><strong>Adjusted</strong></th>
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<tbody>
<tr>
<td>Revenues</td>
<td>$32,483</td>
<td>$31,419</td>
<td>$1,064</td>
<td>$35,217</td>
<td>$31,419</td>
<td>$-3,798 (14)</td>
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<tr>
<td>Expenses</td>
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<td>1,193</td>
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<td>-31,212</td>
<td>3,384 (8,14)</td>
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<tr>
<td>Reserve Drawdown (Deposit)</td>
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<td>-207</td>
<td>-2,257</td>
<td>-621</td>
<td>-207</td>
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<td>$0</td>
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<td>$0</td>
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<table>
<thead>
<tr>
<th>Inn at Virginia Tech/Skelton Conf. Center</th>
<th><strong>Actual</strong></th>
<th><strong>Budget</strong></th>
<th><strong>Change</strong></th>
<th><strong>Original</strong></th>
<th><strong>Adjusted</strong></th>
<th><strong>Change</strong></th>
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<tbody>
<tr>
<td>Revenues</td>
<td>$11,765</td>
<td>$11,724</td>
<td>$41</td>
<td>$11,711</td>
<td>$11,724</td>
<td>$13 (15)</td>
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<tr>
<td>Expenses</td>
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<td>1,088 (5)</td>
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<td>142 (8,9,15)</td>
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<tr>
<td>Reserve Drawdown (Deposit)</td>
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<td>421</td>
<td>-1,129 (5)</td>
<td>576</td>
<td>421</td>
<td>-155 (8,9,15)</td>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<table>
<thead>
<tr>
<th>Other Enterprise Functions ***</th>
<th><strong>Actual</strong></th>
<th><strong>Budget</strong></th>
<th><strong>Change</strong></th>
<th><strong>Original</strong></th>
<th><strong>Adjusted</strong></th>
<th><strong>Change</strong></th>
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</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$13,445</td>
<td>$11,470</td>
<td>$1,975 (6)</td>
<td>$11,827</td>
<td>$11,470</td>
<td>$-357 (16)</td>
</tr>
<tr>
<td>Expenses</td>
<td>-10,252</td>
<td>-13,157</td>
<td>2,905 (6)</td>
<td>-9,055</td>
<td>-13,157</td>
<td>-4,102 (8,9,16)</td>
</tr>
<tr>
<td>Reserve Drawdown (Deposit)</td>
<td>-3,193</td>
<td>1,687</td>
<td>-4,880 (6)</td>
<td>-2,772</td>
<td>1,687</td>
<td>4,459 (8,9,16)</td>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
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### TOTAL AUXILIARIES

<table>
<thead>
<tr>
<th><strong>Actual</strong></th>
<th><strong>Budget</strong></th>
<th><strong>Change</strong></th>
<th><strong>Original</strong></th>
<th><strong>Adjusted</strong></th>
<th><strong>Change</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
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<td>$341,953</td>
<td>$3,967</td>
<td>$360,813</td>
<td>$341,953</td>
</tr>
<tr>
<td>Reserve Drawdown (Deposit)</td>
<td>-5,076</td>
<td>20,776</td>
<td>-25,852</td>
<td>-13,736</td>
<td>20,776</td>
</tr>
<tr>
<td>Net</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

---

* University Systems include Dormitory and Dining Hall System, University Services System, Intercollegiate Athletics System, and Electric Service System. The Systems were created to provide assurance to bond holders that system revenues are pledged for the payment of debt service and to allow for dedicated repair and replacement that are not subject to liens of any creditor of the university.

** University Services System includes Career & Professional Development, Center for the Arts, Health Services, Recreational Sports, Student Engagement & Campus Life, Cultural and Community Centers, Student Organizations, and the VT Rescue Squad.

*** Other Enterprise Functions include Golf Course, Hokie Passport, Library Café, Library Photocopy, Licensing & Trademark, Little Hokie Hangout, New Student and Family Programs, Pouring Rights, Printing Services, Software Sales, Tailor Shop and Clearing Accounts.

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Presentation Date: August 25, 2020
AUXILIARY ENTERPRISE BUDGET

1. Expenses in Residence and Dining Halls are lower than projected due to holding back expenditures and decreased business volume and timing of operating expenses.

2. Expenses for Parking and Transportation are lower due to holding back expenditures and timing of operating expenses and transit equipment purchases.

3. Expenses for Telecommunications Services are lower than projected due to holding back expenditures and timing of network telecommunication projects.

4. Revenues and expenses for the University Services System are lower than projected due to decreased business volume as well as holding back expenditures and the timing of operating and recreational sports facility project expenses.

5. Expenses for Inn at Virginia Tech are lower than projected due to holding back expenditures and timing of operating and hotel software system projects.

6. Revenues for Other Enterprise Functions are higher than projected due to higher than forecasted business volume in New Student Programs, Licensing and Trademark, Software Sales, and Hokie Passport. Expenses are lower than projected due to holding back expenditures and timing of expenses and lower than projected expenses for the board approved Athletics facilities improvements project.

7. The annual revenue budgets for Residence and Dining Halls were increased $9.3 million for residential operations in two additional facilities and increased dining meal plan sales due to increased enrollment. Annual expense budgets were increased $5.1 million for the Inn at Virginia Tech lease, $3.7 million for Holiday Inn lease, $2.4 million for enrollment staffing and operations, $2.9 million for residence hall furniture which will be repurposed in future residence halls, $0.1 million for additional student conduct coordinator, $0.3 million dining facility projects, $2.7 million for expanded dining facility hours, food costs, and wage support, and $1.3 million for residential mail delivery program. Annual revenue and expense budgets were decreased $4.9 million due to lower than anticipated off-campus dining meal plan sales, partially attributable to increased graduation rate, decreased marketing to help accommodate the additional freshman, and demand. Expense budgets were decreased $3.1 million for technical realignment of university expenses. As a result of the COVID-19 pandemic, the annual revenue budgets decreased $18.8 million and expense budget decreased $6.2 million due to housing and dining student rebates/refunds, and decreased business volume during the Spring semester. The university allocated $9.7 million of Federal CARES Act funding to assist with the Residence and Dining Halls refunds, which resulted in a net revenue decrease of $9.1 million.

8. The annual expense budget for Auxiliary Enterprises was increased $7.4 million for outstanding 2018-19 commitments and projects that were initiated but not completed before June 30, 2019. This amount includes $1.2 million in Dining Hall commitments and projects, $1.2 million for Telecommunications and $1.3 million for Electric Service. The remainder is spread across the other auxiliary programs.

9. The annual expense and reserve budgets for Auxiliary Enterprises were decreased $0.7 million to replace placeholder budgets with the university’s approved compensation plan.

10. The annual expense and reserve budgets for Parking and Transportation Services were decreased $0.2 million for Parking Services lease alignment. As a result of the COVID-19 pandemic, the annual revenue and expense budgets were decreased $0.8 million for lower Fleet Services business volume.

11. The annual revenue, expense, and reserve budgets for Telecommunications Services were increased for additional business volume.

12. The annual revenue budget for University Services System were increased $0.4 million to recognize additional enrollment. Annual expense budgets were increased $3.6 million for additional counseling staff, counseling space, nurse practitioner, personnel support, student affairs
operating support, Career and Professional Development one-time projects, Recreational Sports wage support, $1.5 million field storage and venture out facility project, and $1.7 million swing space temporary structure project to assist with space needs during War Memorial closure during the capital project.

13. The annual revenue, expense, and reserve budgets for Intercollegiate Athletics were increased to accommodate additional revenue of $1.0 million for the football team’s participation in the Belk Bowl, $0.3 million in private fundraising for the indoor practice facility, $0.7 million bowl expenses (total bowl expense is $1.7 million), $0.3 million for indoor practice facility capital project, $0.2 million for NCAA academic enhancement, and $0.8 million for football expenses. Annual revenue and reserve budgets were decreased $5.1 million for lower than anticipated ACC conference distributions and timing of ACC Network revenues, and $0.3 million for lower football ticket sales. As a result of the COVID-19 pandemic, the revenue budget was decreased $1.6 million for lower ACC/NCAA revenue and $4.9 million for timing of the IMG Learfield guarantee payment, and the expense budget was increased $0.1 million for COVID-19.

14. The annual revenue and expense budgets for the Electric Services auxiliary were decreased $1.3 million due to lower than projected cost of wholesale electricity from favorable variance in demand and energy components learned after the original budget was developed. The annual expense budget was decreased $2.0 million for the lane substation capital project savings and increased $0.4 million due to higher than projected cost of wholesale electricity. As a result of the COVID-19 pandemic, the annual revenue budget was decreased by $2.5 million and expense budget decreased $1.7 million due to lower demand for electricity.

15. The annual revenue, expense, and reserve budgets for the Inn at Virginia Tech and Skelton Conference Center were increased for technical accounting alignment for tipped employees, personnel support, and student housing at the Inn. As a result of the COVID-19 pandemic, the annual revenue budgets decreased $1.7 million and expense budget decreased $1.0 million due to lower business volume.

16. The annual revenue, expense, and reserve budgets for Other Enterprise Functions were increased for printing services operating expenses, Tailor Shop uniform purchases, $1.4 million internal financing of board approved Athletics facilities improvements project, $3.4 million internal financing of board approved Corp Leadership and Military Sciences project, technical accounting alignments, scholarship expenses in Licensing and Trademark, and Library Photocopy increased business volume and equipment replacement. As a result of the COVID-19 pandemic, the annual revenue budget for Printing Services was decreased by $0.4 million for decreased business volume.
## Capital Outlay Projects

**Authorized as of June 30, 2020**

<table>
<thead>
<tr>
<th>Dollars in Thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Year Activity</td>
</tr>
</tbody>
</table>

### Educational and General Projects

#### Design Phase

- **Agriculture Production Facilities**
  - Oct 2016: $1,300 @ $359 = $25,274
  - Initiated: $1,300
  - Budget: $6,000
  - Expenditures: $6,000
  - Cumulative Budget: $25,274
  - Cumulative Expenditures: -

- **Planning: Hitt Hall**
  - Apr 2017: $4,641 @ $2,193 = $6,000
  - Initiated: $2,193
  - Budget: $5,141
  - Expenditures: 5,141
  - Cumulative Budget: -
  - Cumulative Expenditures: -

- **Planning: Undergraduate Science Laboratory Building**
  - Jul 2017: $1,163 @ $2,397 = $5,141
  - Initiated: $2,397
  - Budget: $5,141
  - Expenditures: 5,141
  - Cumulative Budget: -
  - Cumulative Expenditures: -

- **Construct Virginia Seafood AREC**
  - Jul 2018: $2,500 @ $1,500 = $2,500
  - Initiated: $1,500
  - Budget: $2,500
  - Expenditures: 2,500
  - Cumulative Budget: -
  - Cumulative Expenditures: -

- **Commonwealth Cyber Initiative**
  - May 2019: $500 @ $828 = $1,500
  - Initiated: $828
  - Budget: $1,500
  - Expenditures: 1,500
  - Cumulative Budget: -
  - Cumulative Expenditures: -

- **Corps Leadership and Military Science Building**
  - Jun 2019: $2,000 @ $2,392 = $5,141
  - Initiated: $2,392
  - Budget: $5,141
  - Expenditures: 5,141
  - Cumulative Budget: -
  - Cumulative Expenditures: -

- **Data and Decision Science**
  - Jul 2019: $2,800 @ $69,000 = $79,000
  - Initiated: $69,000
  - Budget: $79,000
  - Expenditures: 79,000
  - Cumulative Budget: -
  - Cumulative Expenditures: -

- **Innovation Campus - Academic Building**
  - Jul 2019: $5,500 @ $168,000 = $275,000
  - Initiated: $168,000
  - Budget: $275,000
  - Expenditures: 275,000
  - Cumulative Budget: -
  - Cumulative Expenditures: -

#### Construction Phase

- **Maintenance Reserve**
  - On-going: $14,330 @ $16,122 = $28,859
  - Initiated: $16,122
  - Budget: $28,859
  - Expenditures: 28,859
  - Cumulative Budget: -
  - Cumulative Expenditures: -

- **Improve Kentland Facilities**
  - Sep 2013: $6,500 @ $6,868 = $12,463
  - Initiated: $6,868
  - Budget: $12,463
  - Expenditures: 12,463
  - Cumulative Budget: -
  - Cumulative Expenditures: -

- **Health Sciences & Technology**
  - Oct 2016: $34,000 @ $39,603 = $51,554
  - Initiated: $39,603
  - Budget: $51,554
  - Expenditures: 51,554
  - Cumulative Budget: -
  - Cumulative Expenditures: -

- **Chiller Plant Phase II**
  - Oct 2016: $10,000 @ $21,186 = $32,655
  - Initiated: $21,186
  - Budget: $32,655
  - Expenditures: 32,655
  - Cumulative Budget: -
  - Cumulative Expenditures: -

- **Holden Hall Renovation**
  - Oct 2016: $16,000 @ $7,058 = $57,215
  - Initiated: $7,058
  - Budget: $57,215
  - Expenditures: 57,215
  - Cumulative Budget: -
  - Cumulative Expenditures: -

- **Gas-Fired Boiler at the Central Steam Plant**
  - Apr 2017: $2,600 @ $3,435 = $8,200
  - Initiated: $3,435
  - Budget: $8,200
  - Expenditures: 8,200
  - Cumulative Budget: -
  - Cumulative Expenditures: -

#### Close-Out

- **Academic Buildings Renewal**
  - Sep 2013: $2,205 @ $35,029 = $35,029
  - Initiated: $35,029
  - Budget: $35,029
  - Expenditures: 35,029
  - Cumulative Budget: -
  - Cumulative Expenditures: -

- **Renovate Undergraduate Science Laboratories**
  - Jul 2016: $3,100 @ $10,000 = $10,000
  - Initiated: $10,000
  - Budget: $10,000
  - Expenditures: 10,000
  - Cumulative Budget: -
  - Cumulative Expenditures: -

- **Acquisition - Falls Church UVA Interest**
  - Apr 2019: $8,230 @ $8,221 = $8,230
  - Initiated: $8,221
  - Budget: $8,230
  - Expenditures: 8,230
  - Cumulative Budget: -
  - Cumulative Expenditures: -

- **Acquisition - Falls Church Property**
  - Apr 2019: $2,850 @ $2,850 = $2,850
  - Initiated: $2,850
  - Budget: $2,850
  - Expenditures: 2,850
  - Cumulative Budget: -
  - Cumulative Expenditures: -

### Total Educational and General Projects

<table>
<thead>
<tr>
<th>Total Educational and General Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initiated: $117,369</td>
</tr>
<tr>
<td>Budget: $484,049</td>
</tr>
<tr>
<td>YTD: $117,687</td>
</tr>
<tr>
<td>State: $177,515</td>
</tr>
<tr>
<td>Nongeneral Revenue: $100,072</td>
</tr>
<tr>
<td>Total: $761,637</td>
</tr>
<tr>
<td>Cumulative: $224,999</td>
</tr>
</tbody>
</table>
Education and General Projects

1. **Agriculture Production Facilities**: This project is the first of two phases to renew existing facilities for the livestock and poultry programs. The scope includes 126,000 gross square feet of facilities at the Blacksburg campus and three nearby university production and research farms. Working drawings are complete and pricing is expected August 2020.

2. **Planning – Hitt Hall (formerly Intelligent Infrastructure and Construction Complex)**: This planning project is for Hitt Hall and houses an expansion of Myers-Lawson School of Construction, a new dining center, and other academic spaces. Procurement for A/E services is underway and the project is moving forward under the new delivery method.

3. **Planning – Undergraduate Science Laboratory Building**: This planning project is for an entirely state funded 102,000 gross square foot science laboratory building adjacent to the new classroom building. The university is temporarily funding the project and will be reimbursed by the state once construction funding is appropriated. Working drawings are expected to be complete August 2020. The university requested construction funding for fiscal year 2021; however, the state has not included an appropriation for the project in the budget. The university will request construction funding for fiscal year 2022 as part of the next state budget call.

4. **Construct Virginia Seafood AREC**: Through a collaborative effort between the University, the Foundation, and the City of Hampton, the existing facility will be replaced with this new 15,000 gross square foot facility. Construction pricing expected July 2020.

5. **Commonwealth Cyber Initiative**: This project makes improvements to support the Commonwealth Cyber Initiative Hub renovations, space enhancements, and equipment. Cash outflows shifted from fiscal year 2021 to fiscal year 2020. Resources are available and sufficient to cover the accelerated cash flows, and the project remains within the authorized budget.

6. **Corps Leadership and Military Science Building**: The project consolidates the Corps of Cadets and ROTC programs in the northern portion of the Upper Quad project. Working drawings are underway. The design and construction contracts for this project were consolidated with the New Upper Quad Residence Hall project.

7. **Data and Decision Sciences**: This project will design and construct a new 120,000 gross square foot instruction building. Working drawings is underway with construction anticipated December 2020.

8. **Innovation Campus – Academic Building**: This project is a new 300,000 gross square foot academic building as part of the Innovation Campus in Alexandria Virginia. Schematic design is underway.

9. **Maintenance Reserve**: The total project budget reflects $1.8 million of carryforward from fiscal year 2018 and the State’s fiscal year 2019 appropriation of $13.5 million and fiscal year 2020 appropriation of $13.5 million. The university exceeded the state’s 85 percent spending performance requirement for the biennium. Cash outflows shifted from fiscal year 2021 to fiscal year 2020. Resources are available and sufficient to cover the accelerated cash flows, and the project remains within the authorized budget.

10. **Improve Kentland Facilities**: This project provides a metabolism research laboratory, an applied reproduction facility, and a building for animal demonstration, handling, and holding spaces. The Applied Reproduction Facility is complete. Substantial completion is expected August 2020 for Metabolic Research Lab and October 2020 for the Bovine Extension Teaching & Research Facility. Cash outflows shifted from fiscal year 2021 to fiscal year 2020. Resources are available and sufficient to cover the accelerated cash flows, and the project remains within the authorized budget.

11. **Health Sciences & Technology**: This project is being delivered under a Public Private Partnership with Carilion Clinic and is located adjacent to the existing Virginia Tech-Carilion Research Institute facility in Roanoke, Virginia. Cash outflows shifted from fiscal year 2021 to fiscal year 2020. Resources are available and sufficient to cover the accelerated cash flows, and the project remains within the authorized budget. The project reached substantial completion in May 2020.

12. **Chiller Plant Phase II**: This project upgrades of campus utility systems and addresses several strategic needs for shifting the campus to a lower resource consuming cooling service with improved redundancies. Cash outflows shifted from fiscal year 2021 to fiscal year 2020. Resources are available and sufficient to cover the accelerated cash flows, and the project remains within the authorized budget. Completion expected July 2021.

13. **Holden Hall Renovation**: This project will renovate 20,000 gross square feet, demolish 21,000 gross square feet, and construct an 80,000 gross square foot expansion of Holden Hall to accommodate the instruction and research programs of Materials Science and Engineering, Mining and Minerals Engineering, and Computer Science Engineering. Construction is underway with substantial completion expected December 2021.

14. **Gas-Fired Boiler at the Central Steam Plant**: This project will install a new Gas-Fired Boiler within the Central Steam Plant. Cash outflows shifted from fiscal year 2021 to fiscal year 2020. Resources are available and sufficient to cover the accelerated cash flows, and the project remains within the authorized budget. Completion expected January 2021.

15. **Academic Buildings Renewal**: This project is closed and will be removed at the end of the fiscal year.

16. **Renovate Undergraduate Science Laboratories**: This project is closed and will be removed at the end of the fiscal year.

17. **Acquisition – Falls Church UVA Interest**: This project was established to acquire all of UVA’s right, title, and interest in the universities’ shared fee simple title ownership and shared leasehold interest in the Falls Church Center for a total cost of $8.23 million. The transaction process is complete.

18. **Acquisition – Falls Church Property**: This project was established to acquire the fee simple title to the 5.33 acres currently leased from and owned by the City of Falls Church for a net cost of $2.85 million. The exercise date is fiscal year 2021, and the university is working with the City of Falls Church to accelerate the transaction timing.
**Capital Outlay Projects Authorized as of June 30, 2020 (Continued)**

Dollars in Thousands

<table>
<thead>
<tr>
<th>PROJECT ANNUAL EXPENDITURES</th>
<th>STATE FUND</th>
<th>NONGENERAL REVENUE BOND</th>
<th>TOTAL PROJECT BUDGET</th>
<th>CUMULATIVE EXPENDITURES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PROJECT INITIATED</strong></td>
<td><strong>BUDGET</strong></td>
<td><strong>SUPPORT</strong></td>
<td><strong>BUDGET</strong></td>
<td><strong>EXPENDITURES</strong></td>
</tr>
<tr>
<td>AUXILIARY ENTERPRISE PROJECTS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Design Phase</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student Wellness Improvements</td>
<td>Jun 2016</td>
<td>8,500</td>
<td>1,786</td>
<td>-</td>
</tr>
<tr>
<td>Athletic Facilities Improvements - Tennis</td>
<td>Aug 2016</td>
<td>-</td>
<td>17</td>
<td>-</td>
</tr>
<tr>
<td>Dietrick First Floor and Plaza Renovation</td>
<td>Sept 2017</td>
<td>1,500</td>
<td>621</td>
<td>-</td>
</tr>
<tr>
<td>Planning: Slusher Replacement</td>
<td>Jun 2018</td>
<td>1,500</td>
<td>915</td>
<td>-</td>
</tr>
<tr>
<td>Global Business &amp; Analytics Complex Residence Halls</td>
<td>Jun 2019</td>
<td>1,800</td>
<td>1,269</td>
<td>-</td>
</tr>
<tr>
<td>New Upper Quad Residence Hall</td>
<td>Jun 2019</td>
<td>800</td>
<td>834</td>
<td>-</td>
</tr>
<tr>
<td><strong>Construction Phase</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintenance Reserve</td>
<td>On-going</td>
<td>9,500</td>
<td>10,378</td>
<td>-</td>
</tr>
<tr>
<td>Creativity &amp; Innovation District Residence Hall</td>
<td>Oct 2016</td>
<td>20,000</td>
<td>36,070</td>
<td>-</td>
</tr>
<tr>
<td>Student-Athlete Performance Center</td>
<td>Mar 2018</td>
<td>7,000</td>
<td>9,597</td>
<td>-</td>
</tr>
<tr>
<td>Athletics Weight Room Renovation &amp; Expansion</td>
<td>Aug 2018</td>
<td>625</td>
<td>2,163</td>
<td>-</td>
</tr>
<tr>
<td><strong>Close-Out</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lane Substation Expansion</td>
<td>Sept 2015</td>
<td>2,380</td>
<td>261</td>
<td>-</td>
</tr>
<tr>
<td>O'Shaughnessy Renovation</td>
<td>Apr 2016</td>
<td>445</td>
<td>368</td>
<td>-</td>
</tr>
<tr>
<td>Athletic Facilities Improvements - Rector &amp; Baseball</td>
<td>Aug 2016</td>
<td>1,035</td>
<td>442</td>
<td>-</td>
</tr>
<tr>
<td>Commonwealth Ballroom Improvements</td>
<td>Mar 2018</td>
<td>499</td>
<td>483</td>
<td>-</td>
</tr>
<tr>
<td>ACC Network Studio</td>
<td>Mar 2018</td>
<td>900</td>
<td>1,408</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL AUXILIARY ENTERPRISE PROJECTS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>58,484</td>
<td>66,610</td>
<td>-</td>
<td>123,720</td>
</tr>
</tbody>
</table>

**GRAND TOTAL**

|                             | 173,853    | 184,297    | 484,049     | 301,235     | 381,815    | 1,167,099  | 378,151   |                    |
Auxiliary Enterprise Projects

1. **Student Wellness Improvements:** The project scope and budget includes refurbishments to War Memorial Hall and McComas Hall. Whiting-Turner is the construction manager and the Guaranteed Maximum Price received July 15, 2020 is over budget. The university is reviewing program and design alternatives.

2. **Athletic Facilities Improvements - Tennis:** Athletics is ready to move forward with planning for Tennis Improvements and procurement for A/E services is underway. The university may request full project authorization once planning is complete and Athletics has raised the necessary funds to complete construction.

3. **Dietrick First Floor and Plaza Renovation:** This project refurbishes the first floor of Dietrick Hall, inserting a modern food service venue, enclosing a portion of the overhang, and improvements to the outdoor plaza. The low bid received was over budget and the university is reviewing design alternatives.

4. **Planning – Slusher Replacement:** This planning project includes completing preliminary designs for the replacement of Slusher Hall. To ensure bed capacity sufficient for enrollment growth, the timing for construction is being coordinated with the anticipated completion date for the Global Business & Analytics Complex Residential Halls project, anticipated March 2024.

5. **Global Business & Analytics Complex Residence Halls:** This project provides two residence halls in the northwest corner of campus with a minimum of 700 beds. The acquisition strategy is shifting to Invitation for Bid from Design-Build. Procurement for A/E services will begin in August 2020 to move forward under the new delivery method.

6. **New Upper Quad Residence Hall:** This project will provide the Corps of Cadets an additional 313 beds while replacing Femoyer Hall. Preliminary design is underway. The design and construction contracts for this project were consolidated with the Corps Leadership & Military Science project. Cash outflows shifted from fiscal year 2021 to fiscal year 2020. Resources are available and sufficient to cover the accelerated cash flows, and the project remains within the authorized budget.

7. **Maintenance Reserve:** Projects are scheduled and funded by the auxiliary enterprises during the annual Auxiliary Enterprise budgeting process. The units prepare five-year plans that outline their highest priority deferred maintenance needs. The annual budget and total project budget reflect the spending plans of the auxiliary units on maintenance reserve work scheduled for fiscal year 2020. The auxiliary maintenance reserve program covers 106 assets with a total replacement value of $1.3 billion. Cash outflows shifted from fiscal year 2021 to fiscal year 2020. Resources are available and sufficient to cover the accelerated cash flows, and the project remains within the authorized budget.

8. **Creativity & Innovation District Residence Hall:** This project is a new residential community with approximately 596 beds, including 176 beds for student-athletes, and academic collaborative spaces to support creativity and innovation programs. Cash outflows shifted from fiscal year 2021 to fiscal year 2020. Resources are available and sufficient to cover the accelerated cash flows, and the project remains within the authorized budget. Construction is underway with completion expected June 2021.

9. **Student-Athlete Performance Center:** This project renovates the fourth floor of the Jamerson Center, constructs a balcony cantilevered from the fourth floor, and a new elevator tower. Cash outflows shifted from fiscal year 2021 to fiscal year 2020. Resources are available and sufficient, and the project remains within the authorized budget. Construction is underway with completion expected November 2020.

10. **Athletics Weight Room Renovation & Expansion:** This project renovates and expands the football weight room in the Merryman Center. Year-to-date expenses exceed the annual budget because construction accelerated. Resources are available and sufficient to cover the shifted cash outflows, and the project remains within the authorized budget. Cash outflows shifted from fiscal year 2021 to fiscal year 2020. Resources are available and sufficient to cover the accelerated cash flows, and the project remains within the authorized budget. Construction is underway with substantial completion expected August 2020.

11. **Lane Substation Expansion:** The project is substantially complete. Electric Services received “cost to serve” credits from AEP and the total cost is expected to be $3.8 million. The project may be closed and financial accounts terminated when final invoices are received and paid.

12. **O’Shaughnessy Renovation:** This project is closed and will be removed at the end of the fiscal year.

13. **Athletic Facilities Improvements - Rector and Baseball:** This project is closed and will be removed at the end of the fiscal year.

14. **Commonwealth Ballroom Improvements:** This project is closed and will be removed at the end of the fiscal year.

15. **ACC Network Studio:** This project is closed and will be removed at the end of the fiscal year.
CAPITAL PROGRAM TOTAL BUDGET
Total Budget Level of Active Projects
Fiscal Year 1990 - Fiscal Year 2020

$ in Thousands

FY 90  FY 91  FY 92  FY 93  FY 94  FY 95  FY 96  FY 97  FY 98  FY 99  FY 00  FY 01  FY 02  FY 03  FY 04  FY 05  FY 06  FY 07  FY 08  FY 09  FY 10  FY 11  FY 12  FY 13  FY 14  FY 15  FY 16  FY 17  FY 18  FY 19  FY 20

Total
E&G
Aux
CAPITAL PROGRAM EXPENDITURE TREND
Total Annual Expenditures for Active Capital Projects
Fiscal Year 1990 - Fiscal Year 2020

$ in Thousands

FY 90  FY 91  FY 92  FY 93  FY 94  FY 95  FY 96  FY 97  FY 98  FY 99  FY 00  FY 01  FY 02  FY 03  FY 04  FY 05  FY 06  FY 07  FY 08  FY 09  FY 10  FY 11  FY 12  FY 13  FY 14  FY 15  FY 16  FY 17  FY 18  FY 19  FY 20

Total YTD Expenses
E&G
Aux
## COVID19 Impact Spring & Summer 2020 by Fiscal year
**Understanding as of July 25, 2020 (as of mid-summer)**

<table>
<thead>
<tr>
<th>Revenue Loss (dollars in millions)</th>
<th>FY20 Gross</th>
<th>FY20 CARES Relief</th>
<th>FY20 Net</th>
<th>FY21 Gross</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential &amp; Dining Hall System</td>
<td>$(19)</td>
<td>9.7</td>
<td>(9.3)</td>
<td>(4)</td>
</tr>
<tr>
<td>Athletics ($4 million is timing delay)</td>
<td>(6)</td>
<td></td>
<td>(6)</td>
<td></td>
</tr>
<tr>
<td>Veterinary Hospital &amp; Equine Center</td>
<td>(2)</td>
<td></td>
<td>(2)</td>
<td></td>
</tr>
<tr>
<td>Hotel &amp; Conference Center</td>
<td>(2)</td>
<td></td>
<td>(2)</td>
<td></td>
</tr>
<tr>
<td>Comprehensive Fee Summer</td>
<td></td>
<td></td>
<td></td>
<td>(1)</td>
</tr>
<tr>
<td>Parking &amp; Fleet Services</td>
<td>(1)</td>
<td></td>
<td>(1)</td>
<td></td>
</tr>
<tr>
<td>Other Services</td>
<td>(1)</td>
<td></td>
<td>(1)</td>
<td></td>
</tr>
<tr>
<td>Continuing Education</td>
<td>(0.5)</td>
<td></td>
<td>(0.5)</td>
<td>(0.5)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>(31.5)</strong></td>
<td></td>
<td><strong>(21.8)</strong></td>
<td><strong>(5.5)</strong></td>
</tr>
</tbody>
</table>
Federal CARES Act for VT

- VT Direct allocation
  - $9.7 million for Student Emergency Grants (Sponsored Program)
  - $9.7 million for Institutional Support (Auxiliary Enterprise)

- State allocation
  - $3.5 million for costs associated with COVID-19 pandemic
    ($3.16 million E&G, $0.4 million Auxiliary)

- Total $22.9 million
Educational & General Program
4th Quarter - 2019-20

Annual Budget Changes

- Increased $3.16 million for commonwealth allocation of Federal Coronavirus Relief Fund
- Decreased $2.0 million for lower revenues in Veterinary Teaching Hospital and Equine Medical Center

Financial Performance

- Successfully closed fiscal year in both agencies
- In accordance with state rules, E&G funds were fully utilized without deficit
  - University Division net $2.1 million: Continuing Education and Federal Coronavirus Relief funds
  - Cooperative Extension/ Agricultural Experiment Station net $6.4 million: timing of federal drawdowns
**Auxiliary Enterprises**

**4th Quarter - 2019-20**

### Annual Budget Changes


- **Electric Service:** revenue budget decreased by $2.5 million due to lower electricity sales. Expense budget decreased by $1.4 million for lower electricity purchases and $2 million Lane Substation capital project savings.

### Financial Performance

- **Held back expenditures in response to COVID-19**

- **Auxiliary temporary year-end expense savings due to timing of incomplete projects (carryover):** estimated $6.5 million
### Annual Budget Changes
Revenue budget decreased $6.8 million primarily due to cancellation of the NCAA basketball tournament and timing of IMG guarantee payment as a result of COVID-19. Expense budget increased $0.9 million primarily for football operating.

### Financial Performance

- $3.4 million original reserve contribution/internal financing repayment
- ($4.9 million) timing IMG Learfield revenue *
- ($3.2 million) timing ACC Network revenue (could receive $4 million)
- ($1.9 million) ACC conference share
- ($1.6 million) ACC revenue cancellation NCAA basketball tournament *
- ($0.8 million) increased football operating exp
- ($9 million) reserve draw

IMG & ACC Network revenues are anticipated in the first quarter of FY21 to partially restore FY20 reserve draws. University is closely monitoring.

* COVID
Sponsored Program Expenditures

2018-19 VS. 2019-20

<table>
<thead>
<tr>
<th>Quarter</th>
<th>FY19 Direct Expenditures</th>
<th>FY20 Direct Expenditures</th>
<th>FY19 Indirect Expenditures</th>
<th>FY20 Indirect Expenditures</th>
<th>Other FY19</th>
<th>Other FY20</th>
<th>FY20 CARES Student Aid</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Qtr</td>
<td>$19.3</td>
<td>$22.1</td>
<td>$32.7</td>
<td>$34.7</td>
<td>$2.0</td>
<td>$3.4</td>
<td>$0</td>
</tr>
<tr>
<td>2nd Qtr</td>
<td>$73.8</td>
<td>$79.5</td>
<td>$133.4</td>
<td>$141.0</td>
<td>$3.7</td>
<td>$3.4</td>
<td>$0</td>
</tr>
<tr>
<td>3rd Qtr</td>
<td>$169.5</td>
<td>$197.4</td>
<td>$179.4</td>
<td>$210.5</td>
<td>$2.0</td>
<td>$2.0</td>
<td>$0</td>
</tr>
<tr>
<td>4th Qtr</td>
<td>$252.2</td>
<td>$264.7</td>
<td>$243.4</td>
<td>$260.1</td>
<td>$6.9</td>
<td>$5.6</td>
<td>$8.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$94.8</td>
<td>$103.6</td>
<td>$298.5</td>
<td>$316.1</td>
<td>$15.6</td>
<td>$15.6</td>
<td>$7.0</td>
</tr>
</tbody>
</table>

*Other includes Enterprise Funds, Royalty, and Research Ancillary Activity*
## Capital Outlay Total Program

<table>
<thead>
<tr>
<th>1st Quarter Open</th>
<th>Total Projects = 32</th>
<th>$1,155,026</th>
<th>$193,854</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Action, Nov. 18 2019</td>
<td>Athletic Weight Room full project</td>
<td>3,800</td>
<td></td>
</tr>
<tr>
<td>State Action</td>
<td>Holden Hall supplement</td>
<td>2,578</td>
<td></td>
</tr>
<tr>
<td>State Action</td>
<td>Livestock &amp; Poultry supplement</td>
<td>3,138</td>
<td></td>
</tr>
<tr>
<td>University Actions</td>
<td>Undergraduate Science Laboratory working drawings supplement</td>
<td>2,057</td>
<td></td>
</tr>
<tr>
<td>State Action</td>
<td>Commonwealth Cyber Initiative</td>
<td>500</td>
<td></td>
</tr>
<tr>
<td>University Action</td>
<td>Breakout Tennis Planning from Athletic Facility Improvements</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| 4th Quarter Ended | Total Projects = 33 | $1,167,099 | $378,151 |

14 Design
10 Construction
9 Closeout
Key Updates to Portfolio

Projects Closed June 30
- ACC Network Studio
- Renovate-Renew Academic Buildings
- Undergraduate Science Lab Renovations
- O’Shaughnessy Renovation
- Baseball Improvements
- Rector Field House Improvements

New Projects Effective July 1
- Accessibility and ADA Compliance
- Planning Randolph Replacement
- Fralin Life Sciences Equipment
- Maintenance Reserve appropriation for FY2021
Activity through June 30, 2020

- Budget: $37,564
  - Expenditures: $44,855
- Budget: $40,500
  - Expenditures: $44,023
- Budget: $50,834
  - Expenditures: $51,259

Annual Budget: $173,853
Annual Expenditures: $184,297
Timing for Market Pricing

- Student Wellness*  
  - July 2020
- Agriculture Production Facilities  
  - August 2020
- Dietrick First Floor and Plaza Renovation*  
  - October 2020
- Data and Decision Science  
  - November 2020
- Corps Leadership & Military Science Building  
  - December 2020
- New Upper Quad Residence Hall  
  - December 2020
- Innovation Campus-Academic Building  
  - May 2021
- Undergraduate Science Laboratory Building  
  - July 2021
- Hitt Hall  
  - September 2021
- Global Business & Analytics Complex Residence Halls  
  - June 2022
- Slusher Replacement  
  - March 2024

Total: $195,574,000
## Construction Spending

<table>
<thead>
<tr>
<th>Expected Occupancy</th>
<th>Expenditures ($ = Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Sciences and Technology</td>
<td>May 2020  $39,603</td>
</tr>
<tr>
<td>Creativity and Innovation Residence Hall</td>
<td>June 2021  $36,070</td>
</tr>
<tr>
<td>Maintenance Reserve</td>
<td>On-going  $26,500</td>
</tr>
<tr>
<td>Chiller Plant, Phase II</td>
<td>July 2021  $21,186</td>
</tr>
<tr>
<td>Student Athlete Performance Center</td>
<td>November 2020  $9,597</td>
</tr>
<tr>
<td>Renovate Holden Hall</td>
<td>December 2021  $7,058</td>
</tr>
<tr>
<td>Improve Kentland Facilities: Metabolic Research Lab</td>
<td>August 2020  $4,740</td>
</tr>
<tr>
<td>Gas Fired Boiler</td>
<td>January 2021  $3,435</td>
</tr>
<tr>
<td>Athletics Weight Room Renovation &amp; Expansion</td>
<td>August 2020  $2,163</td>
</tr>
<tr>
<td>Improve Kentland Facilities: Bovine Extension Facility</td>
<td>October 2020  $1,581</td>
</tr>
<tr>
<td>Construction Expenditures through June 30, 2020</td>
<td>$152,481</td>
</tr>
</tbody>
</table>


### Innovation Campus Update

#### Land, Zoning, & Entitlements
- Land conveyed June 29
- City approvals for development district complete January 2021

#### Campus & District Planning
- Environmental Sustainability Master Plan
- Parks and greenspace
- Streetscapes and naming
- Public art
- Signage plan

#### Academic Building
- Expected January 2024
- 300,000 GSF
- Schematic drawings
- $275 million - $168 million GF & $107 million private support

#### Innovation Building Lease
- Expected December 2023
- 75,000 RSF, 15YRS, $45/RSF-NNN
- NPV ~$35 million

#### NIB Lease - temporary
- Administrative units fall 2020 through fall 2024
- 6,000 RSF
- ~$2 million one-time costs
- ~$1.5 million total rent costs

#### Falls Church Facility - temporary
- Instruction activity fall 2020 through fall 2024
RECOMMENDATION:
That the report of income and expenditures for the University Division and the Cooperative Extension/Agricultural Experiment Station Division for the period of July 1, 2019 through June 30, 2020 and the Capital Outlay report be approved.

August 25, 2020
RESOLUTION ESTABLISHING UNIVERSITY POLICY 12111, ACCEPTANCE OF TERMS AND CONDITIONS ASSOCIATED WITH DONATIONS, GIFTS, AND OTHER PRIVATE PHILANTHROPIC SUPPORT

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

August 5, 2020

WHEREAS, the 2020 Virginia General Assembly passed legislation codified in the Code of Virginia §23.1-1304.1 requiring boards of visitors to establish a policy for the acceptance of terms and conditions associated with any donation, gift, or other private philanthropic support; and

WHEREAS, the legislation directs that the policy include an administrative process for reviewing, accepting, and documenting terms and conditions associated with (i) gifts that direct academic decision-making and (ii) gifts of $1,000,000 or more that impose a new obligation on the institution, excluding gifts for scholarships or other financial aid;

NOW, THEREFORE, BE IT RESOLVED that the Board of Visitors of Virginia Polytechnic Institute and State University hereby adopts University Policy 12111, as attached, which incorporates the requirements of Code of Virginia §23.1-1304.1.

RECOMMENDATION:

That the above resolution establishing University Policy 12111 on the acceptance of terms and conditions associated with donations, gifts, and other private philanthropic support be approved.

August 25, 2020
1.0 Purpose

To comply with legislation passed by the 2020 Virginia General Assembly, as stated in the Code of Virginia §23.1-1304.1:

The governing board of each public institution of higher education shall establish a policy for the acceptance of terms and conditions associated with any donation, gift, or other private philanthropic support. Each such policy shall include an administrative process for reviewing, accepting, and documenting terms and conditions associated with (i) gifts that direct academic decision-making and (ii) gifts of $1,000,000 or more that impose a new obligation on the institution of higher education, excluding gifts for scholarships or other financial aid. Each public institution of higher education shall retain documentation of such terms and conditions in compliance with the Virginia Public Records Act (§42.1-76 et seq.) and such documentation shall be subject to the provisions of the Virginia Freedom of Information Act (§2.2-3700 et seq.).

2.0 Policy

This policy applies to any donation, gift or other private philanthropic support:

a. that directs academic decision-making, or
b. is in the amount of $1,000,000 or more and imposes any new obligations on Virginia Tech, excluding scholarships or other financial aid;

Such donation, gift, or other private philanthropic support shall be subject to the administrative process described in section 3.0.

A gift review committee shall be established and composed of the following individuals:

a. Vice President for Advancement, or designee;
 b. Executive Vice President and Provost, or designee;
 c. Senior Vice President and Chief Business Officer, or designee;
 d. President of the Faculty Senate;

The gift review committee shall consult with the head(s) of the relevant senior management area(s) as required in Section 3.0 prior to making its recommendation to the President.
3.0 Procedures

1. The gift review committee as defined in Section 2.0 shall review all terms and conditions associated with the provisions of the gift to confirm that such terms and conditions do not violate university policies or are inconsistent with the University’s mission of education, research and service.

2. The gift review committee shall consult with the head(s) of the relevant senior management area(s), sharing the terms and conditions associated with the provisions of the gift and soliciting input as to whether the terms and conditions are acceptable prior to making its recommendation to the President.

3. The gift review committee shall make a recommendation to the President regarding the acceptance of the terms and conditions. The President may accept the committee recommendation or not. The President’s decision will be final; however, if the President does not accept the committee’s recommendation, the President will explain his decision in writing.

4. The University Advancement office will maintain a copy of all terms and conditions for accepted donations, gifts, and other private philanthropic support under this policy. A copy of said documentation shall be subject to public review, if requested, in accordance with the provisions of the Virginia Freedom of Information Act.

4.0 Definitions

5.0 References

6.0 Approval and Revisions

Approved August 25, 2020, by the Virginia Tech Board of Visitors
Resolution Establishing University Policy 12111, Acceptance of Terms and Conditions Associated with Donations, Gifts, and Other Private Philanthropic Support

KEN MILLER, VICE PRESIDENT FOR FINANCE

AUGUST 25, 2020
Background

- The 2020 General Assembly passed legislation codified in the Code of Virginia §23.1-1304.1 requiring boards of visitors to establish a policy for the acceptance of terms and conditions associated with any donation, gift, or other private philanthropic support.

- The legislation directs that the policy include an administrative process for reviewing, accepting, and documenting terms and conditions associated with
  - gifts that direct academic decision-making; and
  - gifts of $1,000,000 or more that impose a new obligation on the institution, excluding gifts for scholarships or other financial aid.
Summary & Recommendation

- The Board of Visitors of Virginia Tech hereby adopts University Policy 12111, which incorporates the requirements of Code of Virginia §23.1-1304.1.

**RECOMMENDATION:**
That the resolution establishing University Policy 12111 on the acceptance of terms and conditions associated with donations, gifts, and other private philanthropic support be approved.

August 25, 2020
Span of Control Update

August Board of Visitors Meeting - Finance and Resource Management Committee

- Ken Miller, Vice President for Finance
- Bryan Garey, Vice President for Human Resources

August 25, 2020
Recommendation: Human Resource Policies

Direct staff to revise human resource policies to eliminate unnecessary supervisory positions by developing standards that establish and promote broader spans of control.
Actions Implemented for Broader Spans of Control:

i) Set an overall target span of control for the institution
   - Based on industry standards, Virginia Tech has adopted an average of 3.5 to 4.5 direct reports per supervisor
   - Second review of senior management areas completed - institutional average moved from 3.7 to 3.9
   - Guidelines established and training implemented

ii) Set a minimum number of direct reports per supervisor, with guidelines for exceptions
   - Strict minimum not mandated; exceptions to target range require organizational justification
   - As reorganization occurs or new positions are requested, trained human resources (HR) professionals insert guidance to drive flatter structure
Actions Implemented for Broader Spans of Control:

- iii) Define circumstances that necessitate the use of a supervisory position
  - Hiring managers must justify supervisory position or adding organizational layer with clear alignment to organizational results or effectiveness

- iv) Prohibit establishment of supervisory positions for the purpose of recruiting or retaining employees
  - New positions or promotional actions are reviewed by HR professionals to assess business needs
  - HR personnel now integrate span of control analysis into classification and compensation work, along with its approval process for promotions
v) Establish periodic review of departments where spans of control are unusually narrow

- Second organizational analyses indicated progress with institutional average moving from average of 3.7 to 3.9
- Administrative Senior Management Areas (SMAs) range from 3.0 to 4.8
- Periodic reviews to be conducted no less than once per three years; SMAs falling below target range to receive closer review (Finance and Human Resources)
Additional Actions Implemented:

✓ HR Division Directors and key HR resources provided span of control analyses and training to assist with managing organizational structure

✓ HR launched a new recruitment management system with better reporting functionality

✓ Senior management level reports distributed to administrative senior management areas

✓ Training materials developed for span of control being integrated into leadership development programs
Human Resource Update
2019

- Build a strong HR infrastructure

- Embedded six HR Division Directors into colleges and units
- Replaced university recruitment system
- Built new recruitment capability
- Rebuilt talent development unit
- Launched university onboarding program
- Established new compensation priorities

2020

- Expand services and offerings

- Grow and develop HR Division Director role
- Design job architecture project aligned with Institutional Excellence Roadmap
- Expand HR services: talent acquisition, onboarding, compensation, talent development, data and analytics, employee relations, service center, policy and compliance
- Analysis, selection, and launch of learning management system project
Questions?
Discussion of Future Agenda Topics and Closing Remarks

ED Baine
CHAIR, FINANCE AND RESOURCE MANAGEMENT COMMITTEE