BOARD OF VISITORS

MEETING

April 3-4, 2022

Virginia Polytechnic Institute and State University

(As of 3/30/22)

Board of Visitors Meeting Schedule
April 3-4, 2022

Sunday, April 3: *(Business casual attire; meetings are at The Inn.)*

9:00 – 11:00 a.m. **Selection Committee** interviews student candidates in Closed Session in the Solitude Room.
11:00 – 12:00 p.m. **Selection Committee** deliberates in Closed Session over brunch in the Solitude Room.

11:00 – 12:00 p.m. **Brunch** for other Board members and invited administrators in the Old Guard Salon.

12:00 – 2:45 p.m. **Information Session for the full Board** in Latham Ballroom A/B
Agenda includes an Innovation Campus presentation, annual legislative update, CAUS restructuring update, IT transformation update, Student Life Village discussion, Freedom of Expression discussion, and constituent reports (Open Session)

3:00 – 4:30 p.m. **Finance & Resource Management Committee** meets in Open Session in Latham Ballroom A/B. All Board members are encouraged to attend.

4:30 – 5:15 p.m. **Academic, Research, & Student Affairs Committee** and **Finance & Resource Management Committee** meet jointly in Closed Session in Latham Ballroom A/B (by invitation only)

6:25 p.m. Bus departs from the front of The Inn for The Grove
6:30 p.m. Dinner for Board members, spouses/partners, and invited administrators at The Grove

Monday, April 4: *(Business casual attire; morning meetings are at The Inn. Please check out of your room at The Inn before lunch and have your luggage held at the front desk.)*

Morning Breakfast on your own

7:00 a.m. **Compliance, Audit, & Risk Committee** meets in Closed and Open Sessions over breakfast in the Solitude Room.

7:50 a.m. **Buildings & Grounds Committee** will assemble in the lobby of The Inn for a tour of Holden Hall and the Data & Decision Sciences Building construction site. **Bus departs promptly at 8:00 a.m.** All board members, especially ARSA Committee members, are encouraged to attend.

10:00 a.m. **Academic, Research, & Student Affairs Committee** meets in Open Session in Latham Ballroom A/B

10:00 a.m. **Buildings & Grounds Committee** meets in Open Session in Solitude Room

11:30 a.m. **Buildings & Grounds Committee** and **Finance & Resource Management Committee** meet jointly in Open and Closed Sessions in Solitude Room

12:00 p.m. **Lunch** for Board Members and invited administrators in Latham Ballroom C.
University Relations will tape short BOV greetings for commencement video.

1:00 p.m. **Bus departs promptly** from the front of The Inn for Torgersen Hall
1:15 p.m. **Full Board Meeting** in Torgersen Hall Board Room (2100)

4:00 p.m. (time approximate) Meeting adjourns. Board members depart Blacksburg.

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Tab J **Report of the Ad Hoc Committee**

Tab K **Open Session President's Report**

Tab L **Constituent Reports – (No action required) – Time permitting, Constituent Reports will be delivered at the Board's Information Session on Sunday, April 3, 2022**

- Undergraduate Student Representative to the Board - Paolo Fermin
- Graduate Student Representative to the Board - Phil Miskovic
- Staff Representative to the Board - Serena Young
- Administrative and Professional Faculty Representative to the Board - Holli Drewry
- Faculty Representative to the Board - Robert Weiss

Tab M **Motion to Begin Closed Session**

Tab N **Closed Session Agenda** – Monday, April 4, 2022

Tab O **<u>Closed Session Salary and Personnel Actions for Board Approval</u>**

- *Resolution to Approve Appointments to Emeritus/a Status (18)
- *Resolution to Approve Appointments to Endowed Chairs, Professorships, or Fellowships (5)
- *Resolution to Approve Appointments with Tenure (5)
- *Resolution to Approve Faculty Research Leaves (77)
- *Resolution for Ratification of the Personnel Changes Report
- *Deferred Compensation Strategy for Highly Compensated Faculty

Tab P **Ratification of the Selection of the 2022-2023 Student Representatives to the Board**

Tab Q **<u>Closed Session President's Report and Items for Board Approval</u>**

- Approval of External Awards
- Building Namings

Tab R **Closed Session Reports** – (No action required)

- Litigation Report
- Fundraising Report
- Cyber Security Discussion

Tab S **<u>Buildings and Grounds/Finance and Resource Management Committee Agenda Item for Board Approval</u>**

- **Approval of Resolution for the Disposition of Real Estate

Tab T **Motion to Return to Open Session**

Tab U **Appointment of the Nominating Committee for Officers of the Board and Retreat Planning Committee**

These items have been reviewed by the Academic, Research, and Student Affairs Committee and the Finance and Resource Management Committee of the Board of Visitors.

***These items have been reviewed by the Buildings and Grounds Committee and the Finance and Resource Management Committee of the Board of Visitors.*

<u>There is no public comment period at this meeting.</u>

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

CURRENT MEMBERS OF THE BOARD OF VISITORS:

Mr. Edward H. Baine, Vice-Rector
Ms. Shelley B. Barlow
Ms. Carrie H. Chenery
Ms. Greta J. Harris
Mr. Charles T. Hill
Ms. Anna L. James
Ms. Letitia A. Long, Rector
Ms. Sharon Brickhouse Martin
Dr. Melissa Nelson
Mr. L. Chris Petersen
Mr. Mehul P. Sanghani
Mr. Horacio A. Valeiras
Mr. Jeff E. Veatch
Mr. Preston M. White

Undergraduate Student Representative: Paolo Fermin
Graduate Student Representative: Phil Miskovic
Staff Senate Representative: Serena Young
Administrative and Professional Faculty Representative: Holli Drewry
Faculty Senate Representative: Robert Weiss

ADMINISTRATIVE STAFF:

Dr. Timothy D. Sands: President
Dr. Cyril R. Clarke: Executive Vice President and Provost
Dr. Chris Kiwus: Interim Senior Vice President and Chief Business Officer

Ms. Lynsay Belshe: Vice President for Enterprise Administrative and Business Services
Dr. Lance Collins: Vice President and Executive Director for the Innovation Campus
Dr. Michael J. Friedlander: Vice President for Health Sciences and Technology
Mr. Bryan Garey: Vice President for Human Resources
Dr. Guru Ghosh: Vice President for Outreach and International Affairs
Dr. Chris Kiwus: Vice President for Campus Planning, Infrastructure, and Facilities
Dr. Steven H. McKnight: Vice President for Strategic Alliances
Dr. Scott F. Midkiff: Vice President for Information Technology & Chief Information Officer
Mr. Ken Miller: Vice President for Finance
Ms. Kim O'Rourke: Vice President for Policy and Governance & Secretary to the Board
Mr. Charles D. Phlegar: Vice President for Advancement
Dr. Menah Pratt-Clarke: Vice President for Diversity, Inclusion, and Strategic Affairs
Dr. Frank Shushok: Vice President for Student Affairs
Dr. Daniel Sui: Senior Vice President for Research and Innovation
Dr. Lisa J. Wilkes: Vice President for Strategic Initiatives and Special Assistant to the President
Mr. Christopher Yianilos: Vice President for Government and Community Relations

Ms. Kay K. Heidbreder: University Legal Counsel
Ms. Sharon M. Kurek: Executive Director of Audit, Risk, and Compliance

BOARD OF VISITORS
VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY
Committee Assignments for 2021-22

Academic, Research, and Student Affairs Committee
Melissa Nelson, *Committee Chair*
Carrie Chenery
Anna James
Jeff Veatch

Buildings and Grounds Committee
Shelley Barlow, *Committee Chair*
Greta Harris
C. T. Hill
Chris Petersen
Mehul Sanghani
Horacio Valeiras

Compliance, Audit, and Risk Committee
Sharon Martin (rep FRM), *Committee Chair*
Greta Harris (rep B&G/G&A)
Anna James (rep ARSA)
Jeff Veatch (rep ARSA)

Finance and Resource Management Committee
Ed Baine, Vice Rector, *Committee Chair*
Carrie Chenery
Sharon Martin
Preston White

Governance and Administration Committee
Chris Petersen, *Committee Chair*
Greta Harris
Mehul Sanghani
Horacio Valeiras

Executive Committee (6 members)
Tish Long, Rector
Melissa Nelson, *Academic, Research, and Student Affairs Committee Chair*
Shelley Barlow, *Buildings & Grounds Committee Chair*
Sharon Martin, *Compliance, Audit, and Risk Committee Chair*
Ed Baine, Vice Rector, *Finance and Resource Management Committee Chair*
Chris Petersen, *Governance and Administration Committee Chair*

The Rector is an ex officio member of all standing committees.

The constituent representatives will sit in on the committee meetings of their choice:
Faculty Senate President – Robert Weiss
Administrative and Professional Faculty Representative – Holli Drewry
Staff Senate President – Serena Young
Graduate/Professional Student Representative – Phil Miskovic
Undergraduate Student Representative – Paolo Fermin

Virginia Tech Board of Visitors Meeting

Information Session

Sunday, April 3, 2022
12:00 p.m. – 2:45 p.m.

The Inn – Latham Ballroom
Virginia Tech Campus

Innovation Campus Update

- Dr. Lance Collins, Vice President and Executive Director for the Innovation Campus

Annual Legislative Update

- Mr. Ken Miller, Vice President of Finance
- Mr. Chris Yianilos, Executive Director of Government Relations
- Ms. Elizabeth Hooper, Director of State Government Relations

College of Architecture and Urban Studies Reorganization

- Dr. Cyril Clarke, Executive Vice President and Provost

IT Transformation Update

- Dr. Chris Kiwus, Interim Senior Vice President and Chief Business Officer
- Dr. Scott Midkiff, Vice President for Information Technology & Chief Information Officer

Student Life Village

- Dr. Frank Shushok, Vice President for Student Affairs
- Mr. Bob Broyden, Associate Vice President for Campus Planning and Capital Financing

Freedom of Expression Discussion

- Mr. Horacio Valeiras, Board of Visitors

Constituent Reports

- Mr. Paolo Fermin, Undergraduate Student Representative to the Board
- Mr. Phil Miskovic, Graduate Student Representative to the Board
- Ms. Serena Young, Staff Representative to the Board
- Ms. Holli Drewry, Administrative and Professional Faculty Representative to the Board
- Dr. Robert Weiss, Faculty Representative to the Board

Unapproved

MINUTES

November 8, 2021

The Board of Visitors of Virginia Polytechnic Institute and State University met on Monday, November 8, 2021, at 1:15 p.m. in Torgersen Hall Boardroom (Room 2100), Virginia Tech Campus, Blacksburg, Virginia.

Present	**Absent**
Edward H. Baine (Vice Rector)	Carrie H. Chenery
Shelley Butler Barlow	Preston M. White
Greta J. Harris	
C. T. Hill	
Anna L. James	
Letitia A. Long (Rector)	
Sharon Brickhouse Martin	
Melissa Byrne Nelson	
L. Chris Petersen	
Mehul Sanghani	
Horacio A. Valeiras	
Jeff Veatch	

Constituent Representatives:
Paolo Fermin, Undergraduate Student Representative
Phil Miskovic, Graduate/Professional Student Representative
Robert Weiss, Faculty Representative
Serena Young, Staff Representative

Also present were the following: President Timothy Sands, Kim O'Rourke (Secretary to the Board), Mac Babb, Callan Bartel, Lynsay Belshe, Lisa Blackwell, Eric Brooks, Lori Buchanan, Charlene Casamento, Cyril Clarke, Al Cooper, Jon Deskins, Corey Earles, Kari Evans, Lance Franklin, Christina Franusich, Mike Friedlander, Bryan Garey, Cathy Grimes, Rebekah Gunn, Kay Heidbreder, Chris Kiwus, Sharon Kurek, Elizabeth McClanahan, Nancy Meacham, Scott Midkiff, Ken Miller, April Myers, Kelly Oaks, Mark Owczarski, Charlie Phlegar, Dwayne Pinkney, Ellen Plummer, Katie Polidoro, Menah Pratt-Clarke, Robin Queen, Chris Rahmes, Frank Shushok, Janice Tawney, Don Taylor, Jon Clark Teglas, Tracy Vosburgh, and Lisa Wilkes.
(Members of the public: Joanne Dean, Rebekah Paulson, Rosemarie Sawdor, Aaron Spicer, Beth Umberger, and Fred Umberger)

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There was no public comment period.

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Rector Long convened the meeting and welcomed everyone.

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APPROVAL/ACCEPTANCE OF THE CONSENT AGENDA OPEN ITEMS*
(Refer to Attachments A through T)

[*Note: Items on the consent agenda are matters of importance that have been reviewed carefully by members of the board in preparation for the meeting but have been determined not to require discussion by the board or its committees.]

Rector Long asked for a motion to approve/accept the consent agenda open session items as listed. The motion was made by Ms. Harris, seconded by Mr. Baine, and passed unanimously.

- **Minutes from August 31, 2021 BOV Meeting**

- **Report of Information Session on November 7, 2021** - Attachment A

- **Academic, Research, and Student Affairs Committee General Report (11/7/21)** - Attachment B

- **Buildings and Grounds Committee General Report (11/8/21)** - Attachment C

- **Compliance, Audit, and Risk Committee General Report (11/7/21)** - Attachment D

- **Finance and Resource Management Committee General Report (11/8/21)** - Attachment E

- **Governance and Administration Committee General Report (11/8/21)** - Attachment F

From the Academic, Research, and Student Affairs Committee Consent Agenda:

- ***Resolution to Approve Pratt Fund Program and Expenditures Report** - Attachment G

- **Resolution for Exclusion of Certain Officers/Directors** - Attachment H

- **Resolution to Amend Policy 1026 and Student Code of Conduct to Align with New Title IX Regulations Issued by the U.S. Department of Education** - Attachment I

- **Approval of Degree and Academic Program Actions**

- **Resolution to Discontinue the Doctor of Philosophy Degree in Educational Research and Evaluation (EDRE)** - Attachment J
- **Resolution for the Establishment of a School of Animal Sciences** - Attachment K
- **Affirmation of SCHEV-Approved Department Name in the Virginia Tech Carilion School of Medicine** - Attachment L

From the Buildings and Grounds Committee Consent Agenda:

- **Resolution to Approve the Demolition of University Building No. 0185J (Equipment Storage Building)** - Attachment M
- **Resolution to Approve the Demolition of University Building No. 0748 (Tobacco Barn Number 3)** - Attachment N
- **Resolution to Approve an Appointment to the Blacksburg-Virginia Polytechnic Institute Sanitation Authority** - Attachment O

From the Finance and Resource Management Committee Consent Agenda:

- **Resolution Updating Policy 12111, Acceptance of Terms and Conditions Associated with Donations, Gifts, & Other Philanthropic Support** - Attachment P

From the Governance and Administration Committee Consent Agenda:

- **Resolution to Approve the Compliance, Audit, and Risk Committee Charter** - Attachment Q
- **Resolution to Revise Policy 4335: Employee Awards and Recognition Programs** - Attachment R
- **Resolution to Revise Bylaws of the Virginia Tech Board of Visitors** - Attachment S

Consent agenda information item; no Board of Visitors action required:

- **Report of Research and Development Disclosures** - Attachment T

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REPORT OF THE ACADEMIC, RESEARCH, AND STUDENT AFFAIRS COMMITTEE

Rector Long called on Dr. Nelson for the report of the Academic, Research, and Student Affairs Committee.

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REPORT OF THE BUILDINGS AND GROUNDS COMMITTEE

Rector Long called on Ms. Barlow for the report of the Buildings and Grounds Committee.

As part of the Buildings and Grounds Committee report, approval of the following resolution was moved by Mr. Hill and seconded by Ms. Harris. Ms. Barlow and Mr. Baine recused themselves from the discussion and abstained from voting on the resolution. With one vote in opposition cast by Mr. Valeiras, the resolution was approved.

Resolution to Approve an Easement to Suffolk CSG LLC in Support of Developing a Community Solar Project on Property Adjacent to the Tidewater Agricultural Research and Extension Center

That the resolution authorizing the Senior Vice President and Chief Business Officer to execute an easement to Suffolk CSG LLC for the purposes stated and described herein be approved. (Copy filed with the permanent minutes and marked Attachment U.)

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REPORT OF THE COMPLIANCE, AUDIT, AND RISK COMMITTEE

Rector Long called on Ms. Martin for the report of the Compliance, Audit, and Risk Committee.

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REPORT OF THE FINANCE AND RESOURCE MANAGEMENT COMMITTEE

Rector Long called on Mr. Baine for the report of the Finance and Resource Management Committee.

As part of the Finance and Resource Management Committee report by Mr. Baine and with the endorsement of the Buildings and Grounds Committee, approval of the following resolution was moved by Mr. Baine, seconded by Mr. Valeiras, and passed unanimously.

Ratification of the 2022 – 2028 Capital Outlay Plan

That the Six-Year Capital Outlay Plan listing of projects shown on Attachment A to the plan for the period 2022 through 2028 be ratified for budget consideration with the state. Further, that the list of projects shown on Attachment B to the plan be approved as the university's Six-Year Capital Outlay Plan of entirely non-general-fund capital projects for the 2022-2028 planning period, with projects subsequently to be individually approved by the Board of Visitors prior to implementation. (Copy filed with the permanent minutes and marked Attachment V.)

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As part of the Finance and Resource Management Committee report by Mr. Baine and with the endorsement of the Buildings and Grounds Committee, approval of the following resolution was moved by Mr. Baine, seconded by Ms. Barlow, and passed unanimously.

Resolution to Amend a Long-term Lease for the Virginia Tech Research Center - Arlington

That the resolution authorizing Virginia Tech to amend the long-term lease with the Virginia Tech Foundation for the Virginia Tech Research Center – Arlington be approved. (Copy filed with the permanent minutes and marked Attachment W.)

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As part of the Finance and Resource Management Committee report, approval of the following resolution was moved by Mr. Baine, seconded by Valeiras, and passed unanimously.

Approval of Board Rates Effective Spring 2022

That the Board of Visitors approve the recommended meal plan rates effective Spring Semester 2022. (Copy filed with the permanent minutes and marked Attachment X.)

Rector Long expressed appreciation for the university's efforts to offset the impact of this increase on those in financial need.

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As part of the Finance and Resource Management Committee report, approval of the following resolution was moved by Mr. Baine, seconded by Dr. Nelson, and passed unanimously.

Review and Approval of the 2022-2028 Six-Year Plan

That the Board of Visitors approve the 2022-2028 Six-Year Plan. (Copy filed with the permanent minutes and marked Attachment Y.)

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As part of the Finance and Resource Management Committee report, approval of the following resolution was moved by Mr. Baine, seconded by Mr. Valeiras, and passed unanimously.

Approval of Year-to-Date Financial Performance Report
(July 1, 2021 – September 30, 2021)

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, 2021, through September 30, 2021, and the Capital Outlay report be approved. (Copy filed with the permanent minutes and marked Attachment Z.)

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REPORT OF THE GOVERNANCE AND ADMINISTRATION COMMITTEE

Rector Long called on Mr. Petersen for the report of the Governance and Administration Committee.

As part of the Governance and Administration Committee report, approval of the following resolution was moved by Mr. Petersen, seconded by Mr. Valeiras, and approved unanimously.

Resolution to Establish an Administrative and Professional Faculty Representative to the Board of Visitors

That the Resolution to Establish an Administrative and Professional Faculty Representative to the Board of Visitors be approved. (Copy filed with the permanent minutes and marked Attachment AA.)

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Mr. Petersen also noted that it has been four years since the board's new committee structure was implemented, and the Governance and Administration Committee would be conducting a review of the structure and providing recommendations at the next meeting. He invited board members interested in serving on the review committee to let him know of their interest.

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PRESIDENT'S REPORT

A copy of President Sands' remarks to the Board of Visitors is filed with the permanent minutes and marked Attachment BB.

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As part of the President's report, approval of the following resolution was moved by Mr. Valeiras, seconded by Ms. Barlow, and passed unanimously.

Resolution to Revise Policy 12015: External Awards

> **That the resolution approving Revision 1 of Policy #12015 on External Awards as attached be approved.** (Copy filed with the permanent minutes and marked Attachment CC.)

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CONSTITUENT REPORTS (no action required)

- Undergraduate Student Representative - Paolo Fermin
- Graduate Student Representative - Phil Miskovic
- Staff Representative - Serena Young
- Faculty Representative - Robert Weiss

The reports by the student representatives were delivered orally at the Information Session on November 7, and the reports by the faculty and staff representatives were delivered orally at the full board meeting on November 8, 2021. (Copies filed with the permanent minutes and marked Attachment DD.)

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Motion to Begin Closed Session

Mr. Baine moved that the board convene in a closed meeting, pursuant to § 2.2-3711, Code of Virginia, as amended, for the purposes of discussing:

1. Appointment of faculty to emeritus status, the consideration of individual salaries of faculty, consideration of endowed professors, review of departments where specific individuals' performance will be discussed, and consideration of personnel changes

including appointments, resignations, tenure, and salary adjustments of specific employees and faculty leave approvals.

2. The status of current litigation and briefing on actual or probable litigation.

3. Fundraising activities.

4. Special awards.

all pursuant to the following subparts of 2.2-3711 (A), Code of Virginia, as amended, .1, .7, .9, and .11.

The motion was seconded by Mr. Valeiras and passed unanimously.

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REPORT OF THE JOINT CLOSED SESSION MEETING OF THE COMPLIANCE, AUDIT, AND RISK COMMITTEE AND THE GOVERNANCE AND ADMINISTRATION COMMITTEE

Rector Long called on Ms. Martin for a report on the joint meeting of the Compliance, Audit, and Risk Committee and the Governance and Administration Committee that was held in closed session on November 7.

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CLOSED SESSION REPORTS
(No Board action required)

1. Fundraising report – Mr. Charlie Phlegar
2. Litigation report – Ms. Kay Heidbreder

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Motion to Return to Open Session

Following the closed session, members of the public were invited to return to the meeting. Rector Long asked Mr. Baine to make the motion to return to open session. Mr. Baine made the following motion:

> **WHEREAS**, 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 provision of The Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3712 of the Code of Virginia requires a certification by the Board of Visitors that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED that 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 Board of Visitors.

The motion was seconded by Mr. Petersen and passed unanimously.

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Upon motion by Mr. Valeiras and second by Dr. Nelson, approval was given to the following group of resolutions as considered in closed session. Items marked with an asterisk were considered by the Academic, Research, and Student Affairs Committee and the Finance and Resource Management Committee.

- ***Resolutions to Approve Appointments to Emeritus/a Status (6)** – Attachment EE
- ***Resolutions to Approve Appointments to Endowed Chairs, Professorships, or Fellowships (9)** - Attachment FF
- ***Resolution to Approve Appointments with Tenure (3)** - Attachment GG
- ***Resolution for Ratification of the Personnel Changes Report** - Attachment HH
- **Resolutions to Approve Building Namings (2)** - Attachment II
- **Resolution to Approve External Award (1)** - Attachment JJ

(Copies are filed with the permanent minutes and marked as noted above.)

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The meeting was adjourned at 3:16 p.m.

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The dates of the next regular meeting are April 3-4, 2022, in Blacksburg, VA.

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Letitia A. Long, Rector

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Kim O'Rourke, Secretary

MINUTES

BOARD OF VISITORS PUBLIC COMMENT SESSION FOR PROPOSED 2022-23 TUITION AND FEES

March 22, 2022

In accordance with *Code of Virginia* §23.1-307(E), requiring boards of visitors to hold public comment sessions prior to acting on any proposed increase in undergraduate tuition or mandatory fees, an ad hoc committee of Virginia Tech's Board of Visitors met in open session on Tuesday, March 22, 2022, in Assembly Hall of the Holtzman Alumni Center on the Blacksburg campus. Appropriate COVID-19 safety protocols were followed.

Present

Ed Baine (Vice Rector)
Carrie Chenery
Sharon Brickhouse Martin
Chris Petersen
Preston White

Also present were the following: President Timothy Sands, Kim O'Rourke (Secretary to the Board), Janice Austin, Mac Babb, John Barbish, Callan Bartel, James Bridgeforth, Cyril Clarke, Al Cooper, Holli Drewry, Corey Earles, Kari Evans, Paolo Fermin, Ron Fricker, Rachel Gabriele, Tom Gallemore, Debbie Greer, Kay Heidbreder, Tim Hodge, Chris Kiwus, Jack Leff, Caroline Lohr, Nancy Meacham, Scott Midkiff, Ken Miller, Phil Miskovic, Mark Owczarski, Ellen Plummer, Lauren Pollard, Brennan Shepard, Don Taylor, and Todd VandeVord.

Vice Rector Baine called the meeting to order at 1:45 p.m. In accordance with *Code of Virginia* §23.1-307(D), a public notice of the proposed range of increase in tuition and fees was issued on March 4; the public notice included information about the public comment period. (Copy filed with permanent minutes and marked Attachment A.)

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TUITION WORKSHOP

The meeting began with a 15-minute tuition workshop presented by Chris Kiwus, Interim Senior Vice President and Chief Business Officer, and Ken Miller, Vice President of Finance. Mr. Miller's PowerPoint presentation covered affordability and financial aid to Virginia Tech students, student success rates, the level of state support, how state support and tuition revenue are used, and factors influencing tuition development, as well as the proposed 2022-23 tuition and fees. (Copy filed with the permanent minutes and marked Attachment B.)

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PUBLIC COMMENTS

Following the presentation, Vice Rector Baine called on Ms. O'Rourke to review the guidelines for the one-hour public comment period. Each speaker was allotted three minutes to speak and were to limit their comments to the topic of tuition and fees. Speakers were asked to pre-register, and if any time remained, then walk-ins would be given the opportunity to speak.

Three individuals from the Virginia Tech community registered to speak, including Caroline Lohr, president of the Undergraduate Student Senate (USS); Jack Leff, president of the Graduate and Professional Student Senate (GPSS); and James Heagerty, an undergraduate student. Mr. Heagerty was unable to attend so he asked Undergraduate Representative to the Board, Paolo Fermin, to read his comments. The speakers brought printed versions of their comments to be entered into the public record. (Copies filed with the permanent minutes and marked Attachment C.)

There were no walk-in speakers.

The public comment session ended at 3:00 p.m.

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The public was also given the opportunity to submit written comments through March 28, 2022. The Board of Visitors is scheduled to take action on the proposed tuition and fees for 2022-23 at its next regular meeting on April 4, 2022, contingent upon the General Assembly approving a budget prior to that date. All public comments provided in writing will be provided to the Board in preparation for that meeting and will become part of the public record.

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Letitia Long, Rector

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Kim O'Rourke, Secretary

Virginia Tech Board of Visitors to consider 2022-23 tuition and fees at April 4, 2022 meeting; public comment opportunity available March 22, 2022

The Virginia Tech Board of Visitors will meet on Monday, April 4, at 1:15 p.m. in 2100 Torgersen Hall (620 Drillfield Drive, Blacksburg, VA 24061) to consider tuition and mandatory fees for the 2022-23 academic year.

As part of that consideration, Virginia Tech will hold a public comment opportunity on Tuesday, March 22, at 1:45 p.m. in Assembly Hall at the Holtzman Alumni Center (901 Prices Fork Road, Blacksburg). Several members of the Board of Visitors will be on hand as university officials provide an overview of proposed tuition and fees ranges and to receive public comment in accordance with guidelines posted to the Virginia Tech Board of Visitors website.

Virginia Tech's tuition and fees strategy is intended to support the university's strategic plan within the context of the various budget implications of the state's General Assembly actions and other major initiatives that impact university costs in the upcoming year.

Over the last several years, the board has prioritized the affordability of a Virginia Tech education while making targeted investments that enhance the value to students and the Commonwealth and continue to position the university as a leader in teaching, research, and innovation. With a heightened focus on student affordability amidst the ongoing COVID-19 pandemic, the university has leveraged incremental state funding with cost containment strategies, administrative efficiencies, and internal reallocations to maximize available resources and mitigate tuition increases.

As a result of these continued efforts, the board has been able to limit the average tuition increase to just one percent per year over the last three years, and kept tuition increases well below inflation for the last six years. This moderation was achieved while making a sustained commitment to advancing underserved and underrepresented student enrollment, increasing institutional support for student financial aid, and advancing critical initiatives that enhance Virginia Tech's mission as a leading global land-grant institution.

On April 4, the board will consider a combination of cost containment and revenue enhancement strategies that will address employee compensation and benefit increases (including graduate assistants), fixed cost increases, continued investment in academic programs including faculty, and the enhancement of high-demand student support services. To further advance affordability, the university will continue working to expand private philanthropy in support of the university and increase student financial aid programs, namely the university's Funds for the Future program which offsets the cost of tuition and fee increases on returning students with family incomes up to $100,000.

The following ranges of tuition and Educational and General (E&G) fee adjustments for Fall 2022 will be considered by the Board of Visitors. Final decisions are contingent upon the outcome of the General Assembly session, when total mandated costs and the level of state support are fully understood by the university. The university is hopeful that additional state support will help to continue to moderate tuition increases.

- **Virginia resident undergraduates***:* Tuition and E&G fees may increase between 0 percent and 4.9 percent.
- **Non-resident undergraduates**: Tuition and E&G fees may increase between 0 percent and 4.9 percent.
- **On-campus graduate students**: Tuition and E&G fees may increase between 0 percent and 4.9 percent.
- **All students**: Mandatory non-E&G fees may increase up to 5.9% to support mandated cost increases including employee compensation and benefits, the cost of the transit system, and enhancements in student health and counseling services. Virginia Tech maintains the lowest mandatory non-E&G fees among public four-year institutions in the Commonwealth.

These recommendations are designed to continue Virginia Tech's trend of below-average increases in undergraduate tuition and fees, made possible through

Commonwealth investment and the university's focus on cost containment and strategic allocation of limited resources.

Public comment

Board of Visitors members and university administrators will facilitate a budget workshop on March 22 at 1:45 pm at the Holtzman Alumni Center within the Inn at Virginia Tech (901 Price's Fork Road, Blacksburg, VA 24061). After a presentation providing an overview of the proposed increases, the public will be provided an opportunity to make comments in accordance with Board of Visitors guidelines.

For those interested in participating in the public comment opportunity:

- By Tuesday, March 15, speakers must pre-register on a first-come, first-served basis for the public comment period with the Board Secretary. Speakers will be asked to specify their affiliation with the university, (current student, parent, alum, faculty or staff, member of the public). Register at the Board of Visitors website.
- Following the public presentation on March 22, the public comment period will be held for 60 minutes. If time remains during the one-hour public comment period after the pre-registered speakers offer their comments, additional speakers may be offered the opportunity to speak during the remaining time.
- There will be dedicated time slots for a representative from the Undergraduate Student Senate and from the Graduate and Professional Student Senate to provide a statement on behalf of their respective constituency. This does not preclude individual students from registering to speak during the public comment period or from providing written comments.
- Each speaker is limited to three (3) minutes and must restrict their comments to tuition and fees only. Speakers wishing to have their comments entered in the public record must bring a typed copy.
- In lieu of oral comments, written comments will be accepted through Monday, March 28. Enter written comments online at the Board of Visitors website, or mail to:

Kim O'Rourke
Secretary to the Board of Visitors
Virginia Tech (MC 0125)
800 Drillfield Drive
Blacksburg, VA 24061

If you are an individual with a disability and desire an accommodation, please send an email to vppg@vt.edu or call 540-231-6232 during regular business hours at least 10 days prior to the event.

Attachment B

Tuition Workshop

CHRIS KIWUS / KEN MILLER
INTERIM SENIOR VICE PRESIDENT AND CHIEF BUSINESS OFFICER
VICE PRESIDENT FOR FINANCE
MARCH 22, 2022

VIRGINIA TECH™

Attachment B

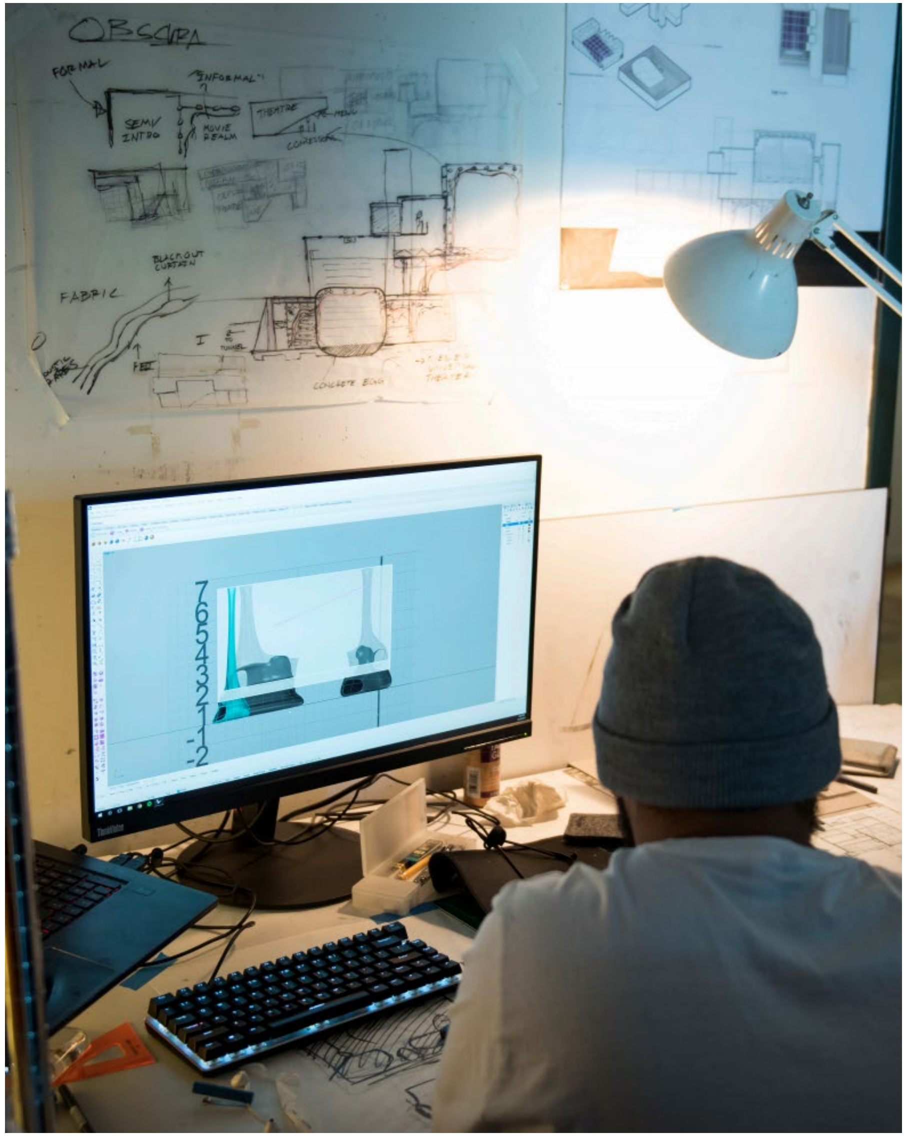
Virginia Tech: Strategic Vision

Advance **Regional, National, and Global Impact**

Elevate the **UT Prosim Difference**

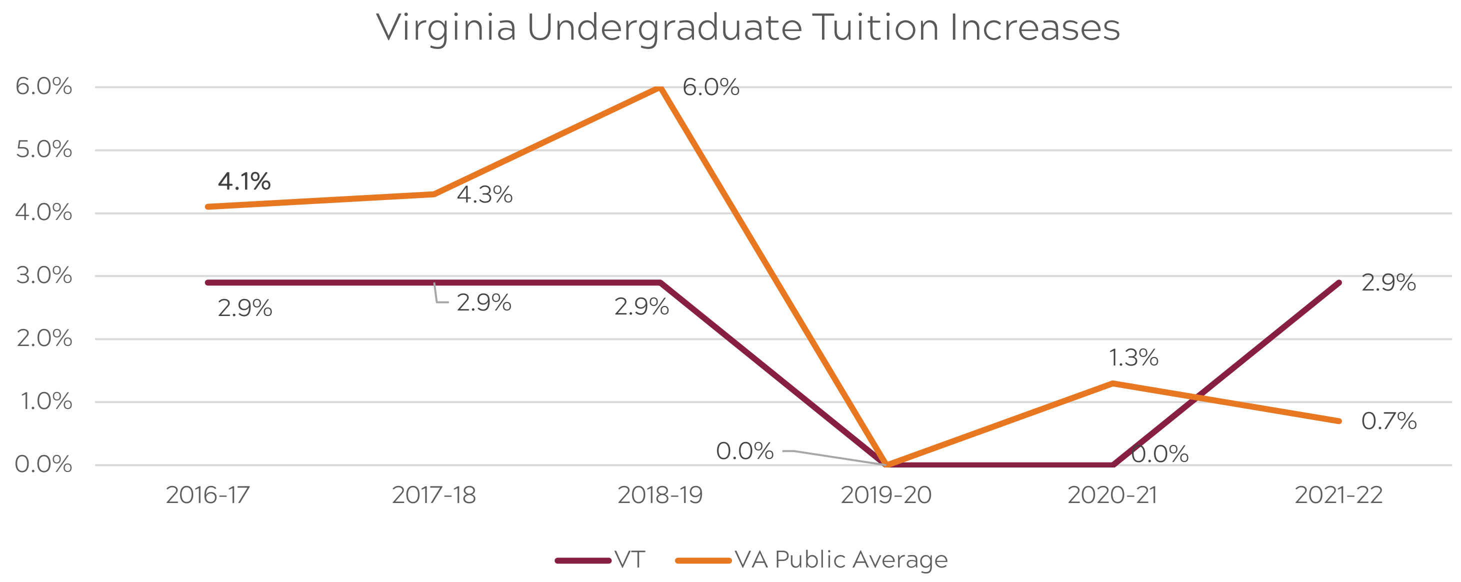
Be a **Destination for Talent**

Ensure **Institutional Excellence**



Affordability

- In 2020-21:
  - $245 million in student financial aid
  - $94 million in student employment
- Funds for the Future
  - *Offsets tuition and fee increases for returning undergraduates with family income of up to $100,000 ($4.2M program for 2022-23)*
- Lower tuition increases than other Virginia public institutions



Student Success

Improving quality measures enhance value

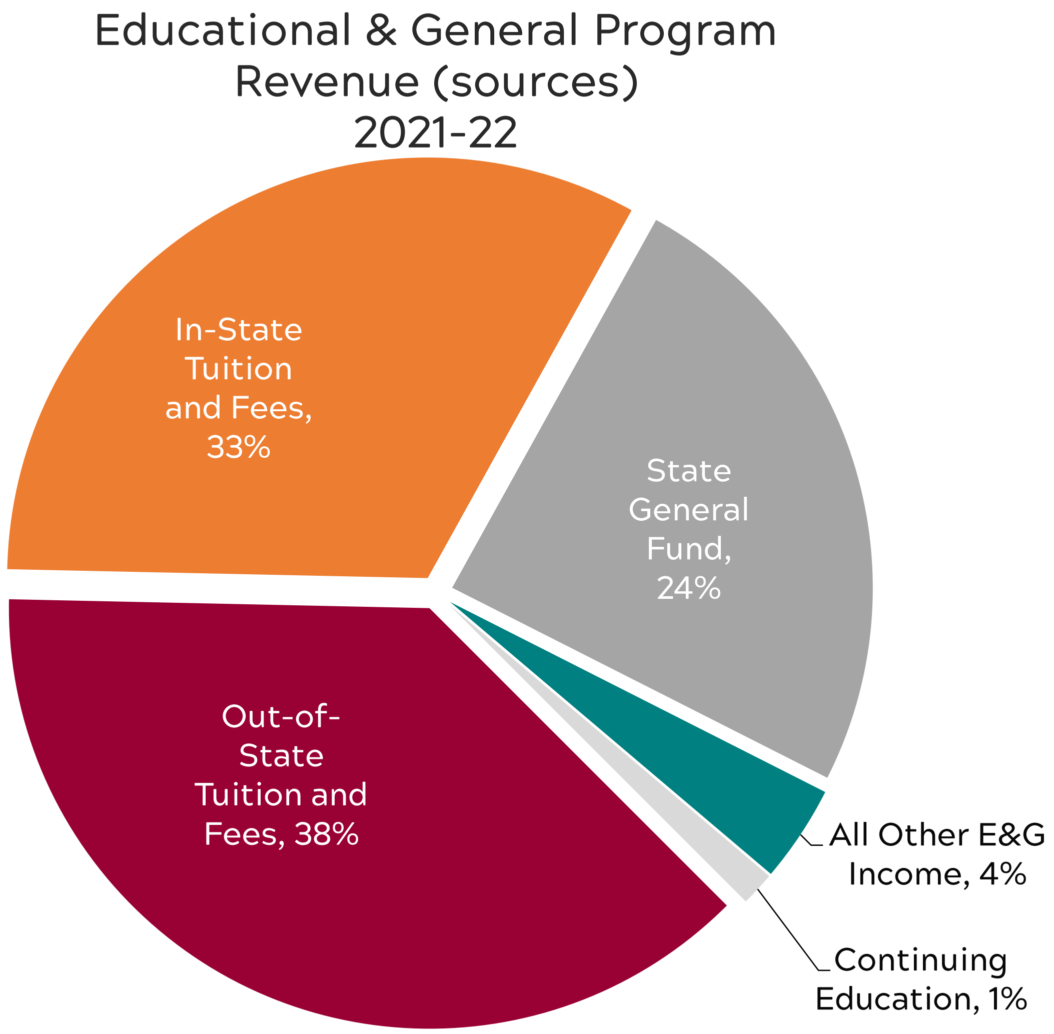
Six Year Graduation rate (86%)

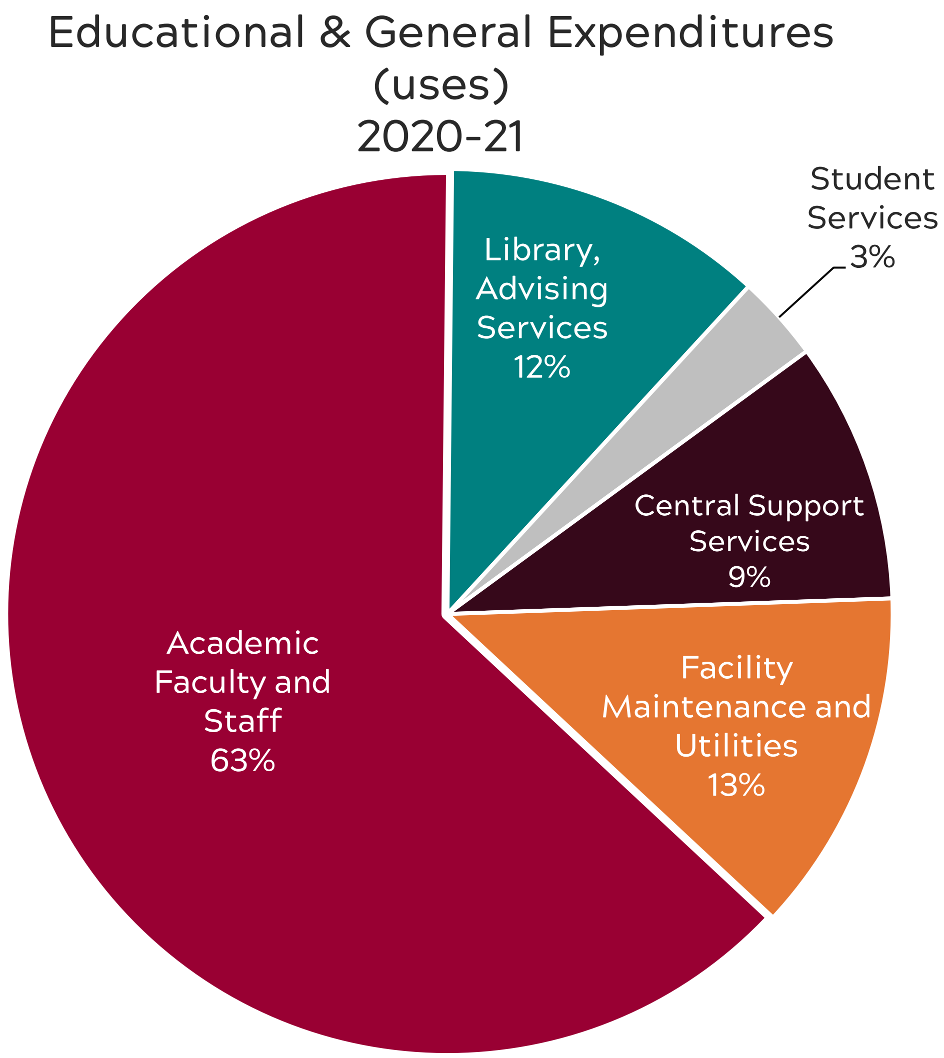
Time-to-degree shrinking (reducing student cost)

Average of 3.96 years; 6 of 7 colleges below 4 years

$ Average early career salary: $69,700 (payscale.com)

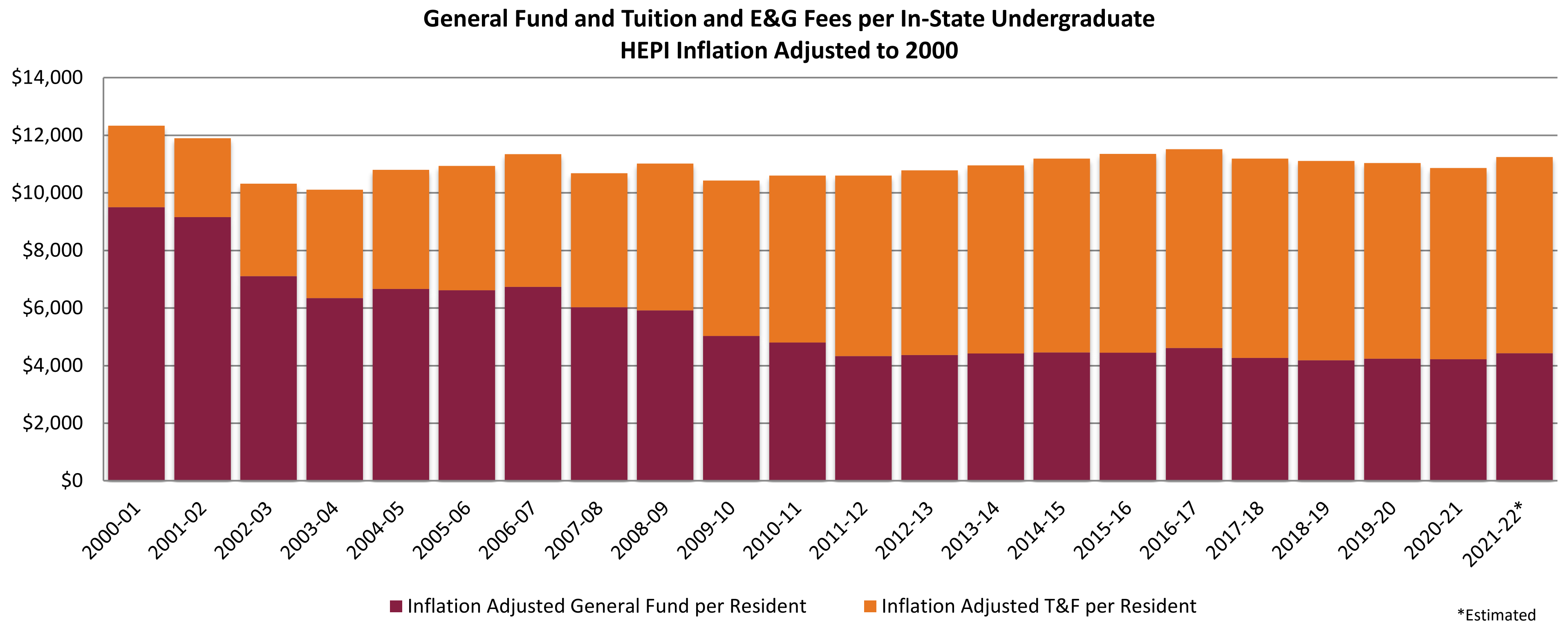
What are the Sources and Uses of State Support and Tuition Revenue?





State Support

- Virginia subsidizes cost of Virginia Resident Undergraduate education
- State support has fallen, shifting burden to students/families
- In actual dollars, the university has $1,724 LESS per resident student than in 2000.
- Adjusted for inflation (see below), the university has $5,066 LESS per resident student than in 2000.



Factors Influencing Tuition Development

- State assigned costs (compensation, health care, retirement, etc.)
- State Compensation Program (university share (E&G) = 60%)
  - Approximately 80 percent of our expenses are personnel
    - Faculty, Staff, Graduate Assistants, Wage Employees
    - Competition for talent is increasing, raising labor costs
- Level of state support
- Unavoidable Inflationary Costs (utilities, insurance, leases, maintenance)
- Academic Quality Enhancements

Proposed 2022-23 Tuition and Fees

	2022-23 Range of Increase
Virginia Undergraduate Tuition	0.0% - 4.9%
Nonresident Undergraduate Tuition	0.0% - 4.9%
Virginia Graduate Tuition	0.0% - 4.9%
Nonresident Graduate Tuition	0.0% - 4.9%
Comprehensive Fee	Up to $133

Virginia Tech: Value and Quality

Top 10 Multiple programs nationally ranked – *U.S. News & World Report*

Top 20 Research-intensive public land-grant universities - *2022 THE World University Ranking*

Top 25 Best Value Public College - *Princeton Review, ROI Rating*

Top 25 Best Public College for Your Money - *Money Magazine*

Top 50 Research Institution – *National Science Foundation*

Top 75 Best National Universities - *U.S. News & World Report*

Public Comment

Commenter	ContactInformation	Comment	Affiliation
John Wagstaff	bitbybitfarm@gmail.com 434-349-6720	Tuition should not be increased. As an alum as well as a parent of current VT student. I am appalled at the fees that are being charged to day students that do not use the services that the fees are being charged! There are many ways that VT could cut costs. As a business owner, I know that I have to watch costs and rot raise prices if I want to stay in business. I would suggest a freeze or cut in administration salaries. I would also suggest a cut or freeze for any faculty member making over 60K. I would suggest cutting programs that only a small number of students use. If you do increase fees, those students that receive Pell Grants etc of have a AFC of 0 should see the cost off set by increased financial aid.	Parent
		My son has experienced reduced services while we have paid full fees throughout the 2 years he has been a student at Virginia Tech. Just as one example the gym at the war memorial has been completely unavailable. Because of that, the one gym that is available to the entire student body is overly crowded making it difficult to find an available time to work out. Of course last year most services were unavailable during the pandemic. Buses have been late and few and far between. Lines at dining halls so long that students had been forced to pay extra fees to use grub hub. In some majors there are not enough classes available to students who need to register for them. The list goes on. On top of that many of us were not given cost of living raises or any raises for that matter. Furthermore, it does not seem right to have part of current tuition/fees be allotted to projects or buildings our current students will never use. For these reasons and more I respectfully submit that a tuition and/or fee increase would be unwarranted and unwelcome. Thank you.	Parent
Jordan Westcott	jwestcott@vt.edu 405-315-3068	I am writing to ask that increases to tuition and fees up to 4.9% (and up to 5.9% for non-E&G fees) be kept as close to 1% or lower as possible, particularly given that graduate student compensation is not likely to increase in accordance with the tuition and fee increases. Many families, including my own, are still financially impacted by the COVID-19 pandemic, and greater increases to tuition and fees create undue burden on students, particularly graduate students who often do not have the same family support as undergraduate students. Please consider the smallest possible increase in fees and continue the trend of the last several years by keeping it to 1%. Thank you.	Student

Commenter	ContactInformation	Comment	Affiliation
David Mueller	potus4@gmail.com	Dear Board of Visitors, There are two culprits behind rising tuition and fees at Virginia Tech. First, the availability of government money is the main driver of ever rising tuition and fees at Virginia Tech and other universities. Because the federal government is there to write tuition checks year after year, Virginia Tech spends profligately and irresponsibly. Bureaucrats at Virginia Tech know they can go on wild building programs, create and enforce programs that violate free speech, create safe spaces, etc, and the federal government will dutifully step up and write the checks, no questions asked. The best way to bring down the cost of tuition and fees is to ban government money and secondly, to take an axe to degree requirements. For instance, there is no reason that it should take four years to get a degree in English. In fact, it should take no more than two years. Many of the 120 hours for a degree are simply "make work" classes. A person does not need a foreign language requirement for an English degree or most other degrees. It's a welfare program for otherwise unemployable foreign language professors. This is a scandalous waste of time and taxpayer money. The goal should be to get students in and out of Virginia Tech quickly so graduates can go on to be productive and contributing members of society. Instead, Virginia Tech in debts, coddles, and prolongs. If serious people are on the Board of Visitors, and its members are equally serious about tuition and fees, then its members need to understand how government money and degree requirements are culprits. The bureaucrats at Virginia Tech are dangerously addicted to government money and have created a self reinforcing system of degree requirements that make certain tuition and fees will increase. Without seriously addressing the issues I've brought up, the scam will continue. And it also means that not a single person on the Board of Visitors is a serious person. Not a one of you.	Member of the Public

Good afternoon Board members and guests. My name is Caroline Lohr. I am the Undergraduate Student Senate President, and I am speaking with you today on behalf of the undergraduate population.
I believe that there is a lot of confusion when it comes to the discussion of tution with students. A lot of them assume that their tuition goes to Virginia Tech, an academic institution as a whole rather than divided up into multiple entities within Virginia Tech. Students always ask me why am I paying $30,000 a year, to continuously struggle to find parking, or have to wait two to three weeks to talk to someone about my mental struggles. Are we not a billion dollar foundation? Where does my money go? I then have to elaborate that a bulk of those areas where students are complaining are auxiliary funds. That their tuition is the majority of what funds that entity. Students want to know where their money is going and want to feel the benefit of it outside of the academic region. We see the buildings being put up and new construction happening all over campus, yet a majority of students won't A. be here to reap those benefits or B. they don't apply to them. I do my best to elaborate that a lot of that funding for that comes from donors or the state.

I also try to explain to students that without proper funding from the state level, the responsibility of funds falls onto students. A lack of financial transparency and an increase of costs for students will affect those who wish to come to Virginia Tech, and the retention rate of current students. Without students there is no university and our voices must be heard during this time.

The voices that tell me that they barely have enough money to be here, but they work 40 hour weeks, on top of being a full time student just to pay for their tuition even with the pell grant and scholarships. Even with financial assistance they still can barely make ends meet.

The anxiety of money swarms them, when that happens they go seek help at the best counseling center in the nation. But please wait an extended amount of time to get help because they are short staffed and underfunded . And because of this a lot of students resent the idea of Cook Counseling because while it makes Virginia Tech be seen and heard to the nation, the students who go through it do not feel seen or heard by Virginia Tech.

While I am advocating for no raised tuition for students, I ask that if there is an increase that is focused on the students and the students experiences, safety, and well-being. My team and I have spoken with state legislators and national representatives advocating for more funds and grants for students. I ask of you along with us, that the drive for lobbying to the state and national government does not let up. Ut prosim, that I may serve, is something that is promoted to professors, students, faculty and staff, to serve one another in the Hokie spirit.

Yet, when students struggle to make ends meet and don't see the results of the fees that they are already paying, they do not feel Ut Prosim from the institution.You, the Board, have the power to change that, and I encourage you to act with students in mind. I know you make hard decisions, however, when it comes to this, please do your due diligence and serve the students who are the reason you are sitting here today.

Fees stuff

Hi everyone, my name is Jack Leff (he/him/his) and I am the president of the graduate and professional student senate.

The budget that is supported largely--although not exclusively--by tuition and fees is a statement of priorities and university values. Right now, students are offered limited avenues to advocate for what those priorities should be, in no small part because advocating for tuition and fees has been heavily limited or largely unavailable to us before this year. I appreciate the opportunity to speak before you today, the graduate students believe that the state requirements surrounding more transparency are a step in the right direction.

However, at Virginia Tech we strive to be leaders rather than simply adhere to the bare minimum, so I hope we take this opportunity to not just be compliant with state guidance but instead use this as a chance to be more transparent and democratic across the board. While this forum is a good first step, it is too late in the process of generating the university budget to have sufficient input into what the university's priorities ought to be so my recommendations will be predicated on increasing advocacy opportunities. Thus, our first recommendation is that we have more of these forums and have them earlier concerning tuition and fees as well as the budget development process.

I'd also encourage us to get creative with the forms of input we solicit. Perhaps having more tuition and fee workshops with an exit survey that collects information. Maybe we should be asking students for a list of priorities to them and having that influence tuition and fees. We have a lot of room to grow in unique ways here that we should think carefully about.

Second, we'd like to have more advocacy around specific fees rather than treating them as a package in order to advocate for individual student services. Fees at Virginia Tech go to support vital auxiliaries like Cook Counseling, that have historically not received the funding they need for a student body our size so we'd actually like to advocate for higher health fees to support them. I am happy to justify that claim after this speech in the interest of time because I know it's mildly contentious, but the point is that we would like to see the ability to advocate for certain fees like the student health fee so that we can improve these services. However, because we're worried about exorbitantly high fees, especially since VT already has much higher fees than all of our peers, we'd also like the opportunity to advocate for lower fees elsewhere, which is a more granular and precise form of input than has traditionally been solicited from the students.

Third, we need to have more transparent documentation of use of tuition and fees. The budget office financial reports are helpful, but often opaque, especially to students, staff members, and administrators who don't have an economics or finance background. So, our third recommendation is to communicate budgets in a way that is accessible to whose we serve throughout the process of developing them. This is a way to make financial advocacy more accessible for the university population as a whole and another site where creativity is encouraged and we should turn to peers as models.

Dear Board Members and Visitors:

My name is Jimmy Heagerty, I am a senior majoring in business management Analytics, Consulting, and economics.

In my time at Virginia Tech I've been very involved in the University community. I've met with and talked to students from all different places and backgrounds learning that each person, and their perspectives are so different. What was always the same? Our financial struggle as college students. Battling rising costs in the grocery store or at the gas pump, trying to keep up with paying for new devices, softwares, and textbooks. Increasing that burden could seem marginal but margins matter, and part of Ut prosim is being there to serve and protect our most vulnerable.
In closing , If we can't move on tuition and fees we can at least provide the quality advisory services FREE to students on campus. Where I work in the Hokie Financial Wellness we have a dedicated staff of student interns who work, unpaid, and tirelessly to understand how students can pay for college, loan infrastructure systems, credit, and budgeting strategies to be able to be a wealth of knowledge for our peers. With more this office could do more to minimize the impact that increased financial strain is putting on students.

Thank you

--
James

March 28, 2022

Dear Board of Visitors Members,

I want to thank the University's administration and staff—especially those involved with budgeting and finance—for the incredible work they've done during the Covid-19 induced period of unprecedented uncertainty from which we are now beginning to emerge.

As you know, in addition to my position as the Graduate Student Representative to the Board, I also serve as mayor of the historic Town of Crewe. Although Crewe's budget is miniscule in comparison to Virginia Tech's, I believe serving a small, economically disadvantaged community gives me unique insight into the decision you may face if an increase in tuition and/or fees is recommended.

I understand the fiduciary duty you have to the University; as well as the challenges in weighing advice and recommendations from staff against the very real needs, concerns, and struggles of those financially impacted by increases to tuition and fees (or in the case of Crewe, taxes and fees).

Whether a small town or a major university, as leaders we need to find that balance between not doing enough to move our communities forward and doing too much too quickly to the detriment of our constituents; between generating more revenue and finding cost-savings within the budget. Raising costs are among the hardest decisions we must make.

For me, raising tuition and fees—increasing the financial stress on students and putting them further into debt—should be a last resort, taken only when we've exhausted all other alternatives. As a leader, I would also want to understand the details and data surrounding the alternatives and ultimate recommendation.

To that end, from my own observations state agencies are currently in better financial situations than we feared this time last year. As we gather for our quarterly meeting, the General Assembly is also scheduled to meet to discuss the state budget—including how to spend large amounts of unanticipated money.

My basic understanding of the positive situation we're in is that a combination of (1) conservative budgeting during the Covid uncertainty; (2) better-than-expected revenues; and (3) an unanticipated influx of money from the federal government that went to supplement and supplant new and existing programs all contribute to state agencies ending the fiscal year with leftover money. Because state agencies cannot carry over certain funds, they must either spend them before June 30 or give it back to the state.

I assume Virginia Tech also budgeted conservatively during the Covid uncertainty; may have better-than-expected revenues (or at least not worse than expected); and received an unanticipated influx of money from the federal government that went to supplement and supplant new and existing programs. Without knowing the details of the projected budget for the current fiscal year but seeing how other state agencies have fared, I would also assume that our university is in a similar position: with leftover money that must be spent before June 30. Therefore, in the spirit of understanding the details and data surrounding any recommendation for raising tuition and fees and all the viable alternatives, I recommend the Board ask the following questions:

1. At the beginning of the current calendar year, were we anticipating any greater-than-normal excess funds? If so, how much?
2. Has that projection changed and, if so, how?
3. If we were anticipating leftover funds we could not carry over, were any of those funds spent on programs or initiatives already?
4. Are there ways we can use any anticipated excess funds before the end of the fiscal year to mitigate or eliminate the need to raise tuition and fees? For example, can we prepay expenses for the next fiscal year, thereby lowering the cost burden over the next year?

Tuition and fee increases may be necessary but should be seen as a last resort. If we are currently in a better financial position than budgeted, we should use our unanticipated resources to mitigate or eliminate any tuition or fee increase for next year before spending on any unbudgeted programs or initiatives in the current year.

Thank you for your time, and for your continued service to Virginia Tech.

Yours in service,

Phil Miskovic
Graduate Student Representative
to the Board of Visitors

Minutes from April 3, 2022 Selection Committee Meeting

Report of February 22, 2022 and March 14, 2022 Ad Hoc Committee Meetings

Report of Information Session

Sunday, April 3, 2022

Academic, Research, and Student Affairs

General Report

of April 4, 2022

will be presented at

Monday’s meeting of the Board

Buildings and Grounds Committee

General Report

of April 4, 2022

will be presented at

Monday’s meeting of the Board

Compliance, Audit, and Risk Committee

General Report

of April 4, 2022

will be presented at

Monday’s meeting of the Board

Finance and Resource Management

Committee

General Report

of April 3, 2022

will be presented at

Monday’s meeting of the Board

RESOLUTION FOR EXCLUSION OF CERTAIN OFFICERS/DIRECTORS

WHEREAS, Virginia Polytechnic Institute and State University (Virginia Tech) was determined by the U.S. Department of Defense (DoD) to be a facility authorized to be eligible for access to classified information or award of classified contracts in 1960, and years following, with the most recent authorization in August of 2020; and

WHEREAS, in accordance with the National Industry Security Program Operating Manual (NISPOM), Cognizant Security Agencies (CSAs) require that certain principal officers, directors, partners, regents, or trustees, and those occupying similar positions at institutions of higher education meet the personnel security clearance requirements established for the level of the institution's facility security clearance or be formally excluded; and

WHEREAS, the NISPOM permits the exclusion from the personnel clearance requirements of said principal officers et al. on the basis that these cited individuals shall not require, shall not have, and can be effectively excluded from access to all classified information disclosed to Virginia Tech, and do not occupy positions that would enable them to affect adversely corporate policies or practices in the performance of classified contracts, as determined by a CSA;

NOW, THEREFORE, BE IT DECLARED that the Virginia Tech Board of Visitors hereby formally appoints a managerial group with the authority and responsibility for the negotiation, execution, and administration of classified contracts (Key Management Personnel), consisting of the following principal officers within Virginia Tech: President, University Legal Counsel, Chief Contracting Officer, Senior Vice President for Research and Innovation, Senior Associate Vice President for Research and Innovation, Senior Contracts Officer, Facility Security Officer, and Insider Threat Program Senior Official (specified by name in Attachment A); and

BE IT RESOLVED that the President, and the said managerial group, at the present time do possess the required security clearance with the exception of the Senior Associate Vice President for Research and Innovation, who is in the process of obtaining the required security clearance and is hereby excluded pursuant to this resolution until the time eligibility for access to classified information is granted by a cognizant security agency; and

BE IT RESOLVED FURTHER that in the future, when a CSA determines that additional Virginia Tech officials must be added to said managerial group and be granted personnel clearances or excluded from classified access pursuant to the NISPOM, such requirements shall be made and approved by the Key Management Personnel, and not the Board of Visitors, unless approval by the Board of Visitors is formally required by a CSA; and

LASTLY, BE IT RESOLVED, that the appended list of all members of the Board of Visitors and certain University Principal Officers (specified by name in Attachment B) shall not require, shall not have, and can be effectively excluded from access to all classified information in the possession of Virginia Tech, and do not occupy a position that would enable them to affect adversely Virginia Tech policies or practices in the performance of classified contracts. A copy of this resolution shall be provided to CSAs as required by the NISPOM.

RECOMMENDATION:

That this resolution be adopted.

April 4, 2022.

ATTACHMENT A:

Key Management Personnel who must be granted personnel clearances or excluded from classified access pursuant to the NISPOM per Board of Visitors Resolution, April 4, 2022.

President	Timothy D. Sands, Ph.D.
University Legal Counsel	Kay K. Heidbreder, Esq.
Chief Contracting Officer	Timothy D. Sands, Ph.D
Senior VP for Research & Innovation	Daniel Sui, Ph.D.
Senior Associate VP for Research & Innovation	James R. Heflin, Ph.D.
Senior Contracts Officer	Trudy M. Riley
Facility Security Officer and Insider Threat Program Senior Official	John J. Talerico, III

ATTACHMENT B:

Members of the Virginia Tech Board of Visitors to be excluded per Board of Visitors Resolution, April 4, 2022.

Edward H. Baine (Vice Rector)
Shelley S. Barlow
Carrie Chenery
Greta J. Harris
C. T. Hill
Anna L. James
Letitia A. Long (Rector)
Sharon B. Martin
Melissa B. Nelson
L. Chris Petersen
Mehul P. Sanghani
Horacio A. Valeiras
Jeff E. Veatch
Preston M. White

List of Virginia Tech Principal Officers to be excluded per Board of Visitors Resolution, April 4, 2022

Executive Vice President and Provost	Dr. Cyril R. Clarke
Interim Senior Vice President and Chief Business Officer	Dr. Chris Kiwus

RESOLUTION TO APPROVE REORGANIZING THE COLLEGES OF ARCHITECTURE AND URBAN STUDIES, ENGINEERING, AND LIBERAL ARTS AND HUMAN SCIENCES AND TO APPROVE RENAMING THE COLLEGE OF ARCHITECTURE AND URBAN STUDIES AS THE COLLEGE OF ARTS, DESIGN, AND ARCHITECTURE

WHEREAS, the current organization of the College of Architecture and Urban Studies, in place since 2003, no longer reflects the integration and disciplinary strengths of all of the programs in the college as they have evolved; and

WHEREAS, aligning the arts, design, and architecture programs in one college affords administrative efficiencies and enhanced opportunities for transdisciplinary research, creative productions, instruction, and engagement and outreach across associated arts, design, and architecture disciplines (see background information included below); and

WHEREAS, the Myers-Lawson School of Construction (MLSoC), currently a joint school in the College of Architecture and Urban Studies and the College of Engineering, is more closely aligned in research, instruction, and engagement and outreach with the integration and disciplinary strengths of the Department of Civil Engineering and other departments in the College of Engineering; and

WHEREAS, the School of Public and International Affairs, currently housed in the College of Architecture and Urban Studies, is more closely aligned in research, instruction, and engagement and outreach with the integration and disciplinary strengths of the Department of Political Science and other departments in the College of Liberal Arts and Human Sciences; and

WHEREAS, the School of Performing Arts, currently housed in the College of Liberal Arts and Human Sciences, is more closely aligned in creative scholarship, instructional modalities, and engagement and outreach activities with the arts, design, and architecture schools in the College of Architecture and Urban Studies; and

WHEREAS, the architecture and design programs, currently housed together in the School of Architecture + Design, will be better served in separate schools, a School of Architecture and a School of Design, respectively, with individual missions and foci, as well as enhanced opportunities to recruit faculty and students, secure donor funding and student internships, and develop websites and marketing materials specific to their respective disciplines; and

WHEREAS, degree programs would not be changed in transferring them to different colleges; and

WHEREAS, faculty rank and tenure status would not be changed in transferring schools to different colleges; and

WHEREAS, the cost to the university would be minimal as budgets, staff, and other resources would be reallocated to correspond with the transfer of programs across colleges; and

WHEREAS, the name of the reorganized college should reflect the disciplines housed within it;

NOW, THEREFORE, BE IT RESOLVED that the Colleges of Architecture and Urban Studies, Engineering, and Liberal Arts and Human Sciences be reorganized by transferring the Myers Lawson School of Construction to the College of Engineering; the School of Public and International Affairs to the College of Liberal Arts and Human Sciences, and the School of Performing Arts to the College of Architecture and Urban Studies; and

BE IT FURTHER RESOLVED that the restructured College of Architecture and Urban Studies will include the School of Architecture, the School of Design, the School of Performing Arts, and the School of Visual Arts; and

LASTLY, BE IT RESOLVED that the College of Architecture and Urban Studies be renamed the College of Arts, Design, and Architecture to reflect the disciplines included in the new organization, with these changes effective upon approval by the State Council of Higher Education for Virginia.

RECOMMENDATION:

That the resolution restructuring the Colleges of Architecture and Urban Studies, Engineering, and Liberal Arts and Human Sciences, and renaming the College of Architecture and Urban Studies as the College of Arts, Design, and Architecture be approved, effective upon approval by the State Council of Higher Education for Virginia.

April 4, 2022

Background for Resolution on College Restructuring and Renaming of College of Architecture and Urban Studies

In the years following the 2003 college reorganizations, Virginia Tech's programs have continued to evolve. The proposed restructurings detailed in this resolution reflect many of these changes. None of the proposed school transfers affect extant degree plans; all degrees will be transferred with their existing schools. All faculty will transfer in their current schools to new colleges with their current rank and tenure status. All proposed changes are cost-neutral since budgetary and staff resources will follow each school to its proposed college location.

Since its inception as a school housed in both Colleges of Architecture and Urban Studies (CAUS) and Engineering (COE), the Myers-Lawson School of Construction (MLSoC) has been one of only three schools of construction in the United States that offer both engineering and non-engineering construction degrees. The degree programs in building construction and real estate have been housed in CAUS and the degree programs in civil and environmental engineering and environmental design and planning have been housed in COE. The proposed transfer of MLSoC entirely to the College of Engineering will achieve administrative efficiencies, better facilitate research and instructional collaboration among faculty across building construction and civil engineering disciplines, and offer students additional opportunities to pursue transdisciplinary undergraduate research and industry internships across these related disciplines.

Currently housed in the College of Liberal Arts and Human Sciences (CLAHS), the School of Performing Arts (SOPA), with its programs in theatre arts/cinema and music, has modes of instruction and creative activities that closely align with those that prevail in CAUS. Many SOPA faculty regularly collaborate with faculty in the CAUS School of Visual Arts on multi-faceted artistic productions and research. The proposed realignment of SOPA in CAUS will strengthen these ties for both faculty and students. The administrative efficiencies to be gained reflect the shared spaces for the visual and performing arts embedded in the university's Master Plan for the Creativity and Innovation District.

Over the last five decades, programs in the CAUS School of Public and International Affairs (SPIA), including Government and International Affairs, Urban Affairs and Planning, and Public Administration and Policy, have established strong national reputations and highly productive collaborations with faculty in CLAHS. An emphasis on arts, design, and architecture in the proposed restructuring of CAUS provides compelling reasons to move SPIA to CLAHS. This transfer offers opportunities to amplify greatly the depth and scope of Virginia Tech's strengths in national and cyber security, foreign affairs, public policy, urban planning, and environmental and climate justice. Adding a broadly construed stakeholder committee to SPIA's governance structure will formalize extant partnerships and curricular interconnections with CLAHS departments and research centers focusing on related scholarship and teaching. The proposed realignment will strengthen opportunities for undergraduate and graduate experiential learning and internships across the Blacksburg, Richmond, and Arlington campuses.

To accurately reflect the mission of the proposed restructured college, CAUS will be renamed the College of Arts, Design, and Architecture. Please see summary schematic below.

Summary Schematic for Resolution on College Restructuring and Renaming of College of Architecture and Urban Studies

Current College Units

College of Architecture and Urban Studies

- Myers-Lawson School of Construction
- School of Architecture + Design
- School of Public and International Affairs
- School of Visual Arts

College of Engineering

- Myers-Lawson School of Construction
- Other departments

College of Liberal Arts and Human Sciences

- School of Performing Arts
- Other schools and departments

Proposed College Units

College of Arts, Design, and Architecture

- School of Architecture
- School of Design
- School of Performing Arts
- School of Visual Arts

College of Engineering

- Myers-Lawson School of Construction
- Other departments

College of Liberal Arts and Human Sciences

- School of Public and International Affairs
- Other schools and departments

RESOLUTION TO APPROVE THE NEW RIVER VALLEY PASSENGER RAIL STATION AUTHORITY AGREEMENT

The Committee will review for approval a resolution regarding the university's participation in and authorization of the execution of an agreement establishing the New River Valley Passenger Rail Station Authority. The General Assembly recently authorized the creation of a regional passenger rail station authority and the university has been invited to join it on an equal basis with the County of Floyd, the County of Giles, the County of Montgomery, the County of Pulaski, the City of Radford, the Town of Blacksburg, the Town of Christiansburg, the Town of Pulaski, and Radford University.

Joining the authority will create economic growth and development for the university. The comfort, convenience, and welfare of the university community requires the development of facilities and the creation of the New River Valley Passenger Rail Station Authority will facilitate development of such necessary facilities.

The resolution commits the university to participating in the establishment of the New River Valley Passenger Rail Station Authority, authorizes that the university administration may commit resources, procure services, and enter into agreements that further the progress of the formation and operation of the authority, and authorizes the execution of an agreement establishing the respective rights and obligations of the members regarding the authority consistent with the provisions of the Code of Virginia.

RESOLUTION TO APPROVE THE
NEW RIVER VALLEY PASSENGER RAIL STATION AUTHORITY AGREEMENT

WHEREAS, in Chapter 38 of Title 33.2 of the Code of Virginia, 1950 as amended, the General Assembly has authorized the creation of a regional passenger rail station authority, which will be named the New River Valley Passenger Rail Station Authority; and

WHEREAS, Virginia Polytechnic Institute and State University has been invited to join the New River Valley Passenger Rail Station Authority on an equal basis with the County of Floyd, the County of Giles, the County of Montgomery, the County of Pulaski, the City of Radford, the Town of Blacksburg, the Town of Christiansburg, the Town of Pulaski, and Radford University; and

WHEREAS, joining the New River Valley Passenger Rail Station Authority will create economic growth and development for Virginia Polytechnic Institute and State University; and

WHEREAS, the comfort, convenience, and welfare of the university community requires the development of facilities and the creation of the New River Valley Passenger Rail Station Authority will facilitate development of the necessary facilities; and

WHEREAS, the Board of Visitors of Virginia Polytechnic Institute and State University reviewed the attached New River Valley Passenger Rail Station Authority Agreement and determines that participation in the New River Valley Passenger Rail Station Authority is in the best interest of Virginia Polytechnic Institute and State University; and

NOW, THEREFORE, BE IT RESOLVED, Virginia Polytechnic Institute and State University commits to participating in the establishment of the New River Valley Passenger Rail Station Authority; and

FURTHER, BE IT RESOLVED, that the administration of Virginia Polytechnic Institute and State University may commit resources, procure services, and enter into agreements that further the progress of the formation and operation of the New River Valley Passenger Rail Station Authority; and

FURTHER, BE IT RESOLVED, that the Board of Visitors of Virginia Polytechnic Institute and State University authorizes the execution of an agreement establishing the respective rights and obligations of the members regarding the New River Valley Passenger Rail Station Authority consistent with the provisions of Chapter 38 of Title 33.2 of the Code of Virginia, 1950 as amended.

RECOMMENDATION:
That the resolution regarding participation in and authorization of the execution of an agreement establishing the New River Valley Passenger Rail Station Authority be approved.

April 4, 2022

NEW RIVER VALLEY
PASSENGER RAIL STATION AUTHORITY AGREEMENT

WHEREAS, in compliance with, Chapter 38 of Title 33.2 of the Code of Virginia, 1950 as amended (the "Act"), the undersigned governing bodies of the creating political subdivisions and institutions of higher education (the "Members") have determined that the economic growth and development of the localities and the comfort, convenience and welfare of their citizens, students, and/or faculty require the development of Facilities (as defined in the Act); and,

WHEREAS, such governing bodies have further determined that joint action through a regional passenger rail station authority will facilitate the development of the needed Facilities, and by adoption of concurrent ordinances and resolutions, as applicable, have created the New River Valley Passenger Rail Station Authority, a public body politic and corporate created pursuant to the Act.

NOW THEREFORE, the Members hereby agree to establish the respective rights and obligations of the Members regarding the Authority consistent with the Act as follows:

I. NAME

The name of the Authority is the "New River Valley Passenger Rail Station Authority," and the address of its principal office is 6580 Valley Center Dr, Suite 124, Radford, VA 24141.

II. PARTIES TO THE NEW RIVER VALLEY PASSENGER RAIL STATION AUTHORITY AGREEMENT

The initial Members of the Authority are:

The County of Floyd, Virginia	The Town of Blacksburg, Virginia
The County of Giles, Virginia	The Town of Christiansburg, Virginia
The County of Montgomery, Virginia	The Town of Pulaski, Virginia
The County of Pulaski, Virginia	Virginia Tech
The City of Radford, Virginia	Radford University

Each Member is a political subdivision of the Commonwealth of Virginia or an eligible institution of higher education, and authorized by the Act to participate in the Authority.

III. BOARD OF THE AUTHORITY

There shall be two (2) representatives appointed by each Member to serve on the Board of Directors of the Authority which shall exercise the powers of the Authority. Representatives of the Members shall be appointed, serve, and be governed by the provisions of the Act and other applicable law. The initial terms of office of such representatives shall begin on the date of the written certification from the Secretary of the Commonwealth that the ordinances and resolutions adopted by the Members for creation of the Authority have been filed with the Secretary of the Commonwealth. Subsequent appointments shall be for terms of four years, except appointments to fill vacancies, which shall be for the unexpired terms. The terms of office of all representatives appointed to serve on the Board of Directors shall begin and end on the same date. Each representative to the Board, before entering upon the discharge of the duties of the office, shall take and subscribe to the oath prescribed in § 49-1 of the Code of Virginia, 1950, as amended.

IV. FINDINGS AND PURPOSE FOR WHICH THE AUTHORITY IS CREATED

The Members hereby agree to the following findings and purposes for which the Authority is created:

A. The creation of a regional passenger rail station authority will enable the Members to share the costs of developing, owning and operating an economic development asset that would be cost prohibitive to individual Members.

B. The Authority will directly benefit and enhance the economic base of the Members by allowing development, ownership, and operation of a facility on a cooperative basis.

C. The exercise of the powers of the Authority shall be for the benefit of the inhabitants of the Commonwealth, for the increase of commerce in the geographic area of the Members, and for the promotion of the safety, health, welfare, convenience, and prosperity of the inhabitants of the geographic region included within the Members (the "Region").

V. FACILITIES

The Authority may exercise any and all powers as allowed by the Act and other applicable law, including developing Facilities.

VI. PARTICIPATION AGREEMENTS

The Authority may enter into participation agreements with one or more Members by which Facilities may be constructed and developed in the Region **("Participation Agreements").** Such Participation Agreements may include participation by public and private entities that are not Members.

Each Member may participate in the development of each proposed Facility **(a "Project")** in accordance with the terms of the applicable Participation Agreement. Payment of the costs of a Project and receipt of any Project revenues by Members shall be in accordance with the terms of the Participation Agreement. The Authority may finance a Project through the issuance of "bonds" as defined in the Act **("Bonds")**. Such Bonds shall be limited obligations of the Authority to be paid solely from revenues and receipts of that particular Project received by the Authority and from revenues that may be received by the Authority pursuant to any Participation Agreement or other agreement related to the Project being financed (which may include financial contributions from Members who have entered into the applicable Participation Agreement), and may be secured by collateral encumbered or pledged in support of the financing **("Project Based Financing")**. Project Based Financing is approved and consented to by the Members. Any individual Member may, at its discretion and as allowed by law, choose to enter into or not enter into a specific Participation Agreement in support of any particular Project. Any Member Locality not entering into a Participation Agreement in support of a Project shall have no monetary obligation or other duty or responsibility in relation to that Project.

VII. GENERAL OPERATIONS OF THE AUTHORITY

The general business of the Authority shall be conducted by the Board of Directors of the Authority, provided, such Board may create an executive committee and such other advisory committees as the Board may choose, including project committees. The Authority shall, from time to time, establish such fees as shall be necessary to be paid by the Members to support the general activities of the Authority. In accordance with the Act, a quorum of the Board shall exist when a majority of Members are represented by at least one representative to the Board, and the affirmative vote of a quorum of the Board, meaning a majority vote of all Members, shall be necessary for the Board to take any action. Conflicting votes cast by two (2) representatives to the Board from a single Member shall not count as a vote of such Member.

VIII. POWERS OF THE AUTHORITY

The Authority is vested with the powers of a body corporate, including the power to sue and be sued in its own name, plead and be impleaded, and adopt and use a common seal and alter the same as may be deemed expedient. The Authority shall have all rights, duties and powers provided by the provisions of the Act, as amended, including the power to issue Bonds for any valid purpose.

IN WITNESS WHEREOF, the Governing Bodies identified, by authorized action, have caused this Agreement to be executed, and their respective seals to be affixed hereto and attested by their respective clerks or secretaries commencing this ____ day of _____________, 2021.

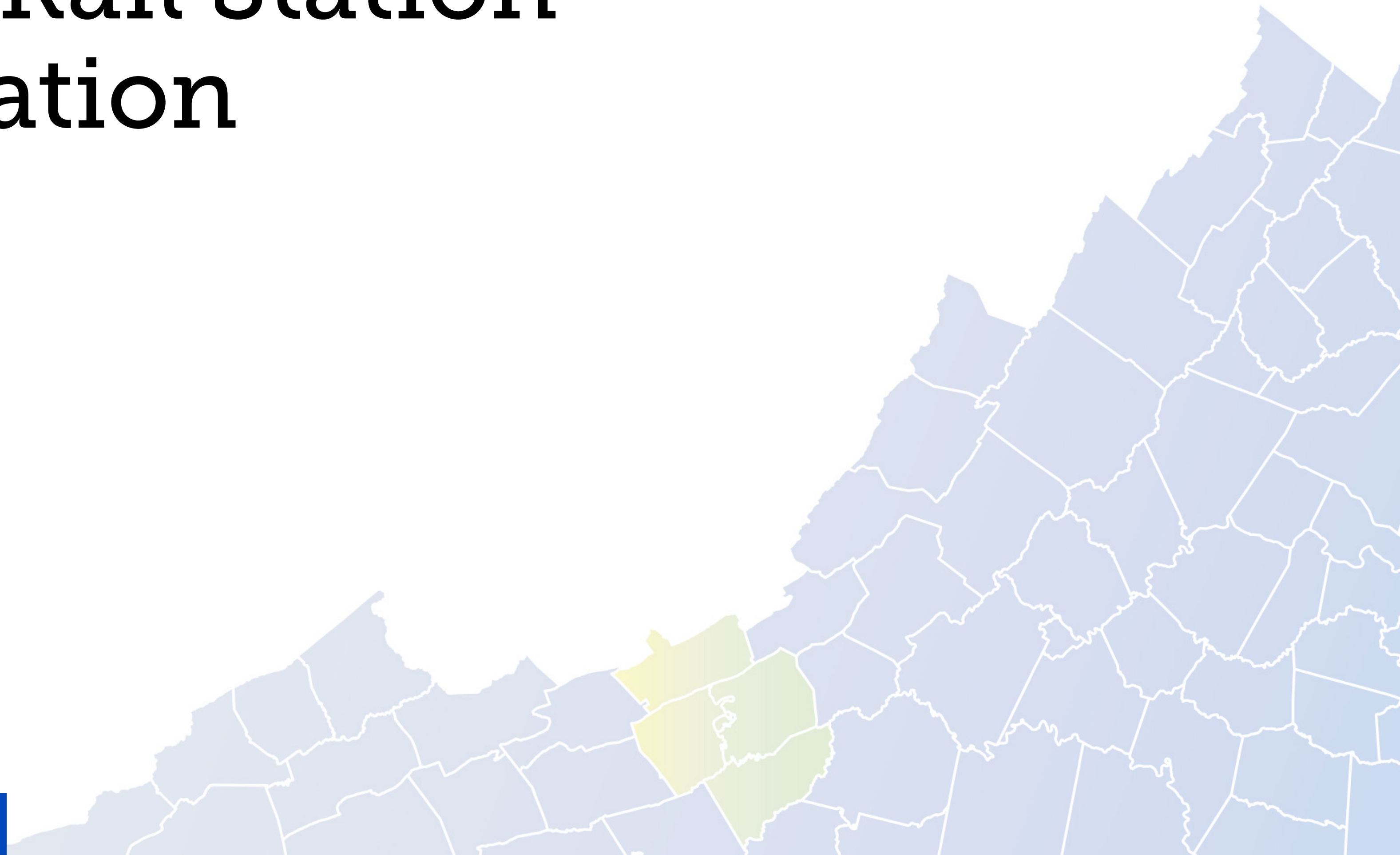
SIGNATURES TO FOLLOW:

The County of Floyd, Virginia
The County of Giles, Virginia
The County of Montgomery, Virginia
The County of Pulaski, Virginia
The City of Radford, Virginia

The Town of Blacksburg, Virginia
The Town of Christiansburg, Virginia
The Town of Pulaski, Virginia
Virginia Tech
Radford University

NRVRC
new river valley regional commission

NRV Passenger Rail Station Authority Formation



Fall, 2021

Presentation Overview

- NRV Passenger Rail Progress to Date
- Current Stage – Authority Formation
- Next Steps

Ridership and Station Location Study

- Completed in January 2016
- Projected ridership of 40,000 per year
- Identified preferred station location
  - 29 sites ranked, narrowed to 3
  - MPO Policy Board selected site adjacent to Christiansburg Aquatic Center

Station Ownership & Maintenance Study

- Evaluated 6 Organization Models
  - Host locality; Host locality + Public/Private Partners; Transportation Authority; Limited Liability Company (LLC); Corporation; Authority.

- Strong consensus to establish an authority to own/operate a facility

VIRGINIA STATEWIDE RAIL PLAN

Station Cost Factors

State Investment

Operations

- Amtrak staff, management, ticket services
- Fuel
- Food and beverage
- Equipment: maintenance, cleaning
- Leases
- Insurance
- Performance payments
- Alternative transportation (during service disruptions)

Capital Construction & Equipment

- Track construction
- Signal systems
- Grade separations & roadway crossings
- Locomotives
- Traincars
- Long-term track maintenance

Platforms

- Tactile strip & surfaces
- ADA compliance
- Stormwater treatmeant
- Lighting
- Utilities
- Cleaning
- Litter/garbage collection
- Insurance

Local Investment

Stations

- Maintenance
- Utilities
- Janitorial services
- Parking
- Landscaping
- Insurance
- Security

Connectivity

- Land use & economic activity
- Public roads, sidewalks, & bike lanes
- Public transit

State Revenues

- Tickets
- Food & beverage
- State Support

Local Revenues

- Rent
- Parking
- Tax Revenues

DRPT

Station Ownership & Maintenance Study

- Approximately $360,000 annual operation cost
  - 30-year debt service for $4.25M site construction
  - $250,000 Furnishings, Fixtures & Equipment
  - $70,000 building/grounds maintenance

- Revenue derived from authority members based on:
  - Population, ridership, proximity to station

Station Ownership & Maintenance Study

Simplification-Based Scenario #1: Locally Preferred Revenue Plan									
Montgomery County	Town of Blacksburg	Virginia Tech	Town of Christiansburg	Pulaski County	Town of Pulaski	City of Radford	Radford University	Giles County	Floyd County
78.00% (19.5%)				3.00%	1.00%	14.50% (7.25%)		1.75%	1.75%
$69,746				$10,730	$3,576	$25,931		$6,259	

NRV Passenger Rail Station Authority (NRV-PRSA)

- Enabling Legislation took effect July 1, 2021
- Allows local governments and higher education institutions in PDC 4 (New River Valley) to establish/operate authority
- Establishment through passing an ordinance and executing an agreement

NRV Passenger Rail Station Authority (NRV-PRSA)

- Potentially 10 members: 8 local government, 2 higher education
- Each member has 2 appointees to the board
- NRVRC identified as the administrative entity at start

NRV Passenger Rail Station Authority (NRV-PRSA)

- Financial Investment
  - General administrative at start
  - Shift into capital project financing + operations + administrative

- Participation Agreement Structure
  - Isolates financial liability to those opting to participate with capital project(s)

Next Steps

- Establish the NRV PRSA - members pass ordinance and execute agreement in October/November
- State leadership is working on determining station location
- Authority formation sends strong message of commitment to state leadership
- Discuss opportunities for state/federal investment in station costs

new river valley regional commission
6580 Valley Center Drive | Suite 124 | Radford, VA 24141 | 540-639-9313
NRVRC.ORG

MEMORANDUM

To: **NRV Local Governments and Higher Education Institutions**

From: **Kevin R. Byrd, Executive Director**

Date: **September 24, 2021**

Re: **NRV Passenger Rail Station Authority Formation**

Currently, local governments and higher education institutions in the New River Valley are taking action to create the New River Valley Passenger Rail Station Authority (NRV PRSA). The Authority will provide the organizational structure necessary for public bodies to jointly own and operate a passenger rail station in the region. In order to establish the NRV PRSA, members will need to adopt the ordinance and execute the agreement attached to this memo. These actions are taking place across the New River Valley during the October and November timeframe. If any potential member of the authority would like a presentation, I am available to meet with boards and councils to provide an overview and discuss questions.

Background

In 2013, a regional public-private coalition was convened by the Blacksburg Partnership with the intention of returning passenger rail service to the New River Valley. The coalition represents a unique partnership between business, government, legislative and higher education leaders with support from all corners of the region. The initial meetings of the coalition were fact-finding oriented and included presentations from leadership with the Virginia Department of Rail and Public Transit (DRPT) and leaders in Roanoke and Lynchburg that were successful in reintroducing passenger rail service in their communities. These briefings led to the development of a roadmap of information needed to make the case for passenger rail service returning to the New River Valley.

In 2015, the New River Valley Metropolitan Planning Organization (NRV MPO) funded a study performed by the New River Valley Regional Commission (NRVRC) to calculate the anticipated ridership and identify a potential station location to serve the region. The results of the study conservatively estimate ridership to be 40,000 per year, a number attractive to DRPT, which manages contracts for rail service in the Commonwealth, and Amtrak. The study process initially identified 29 potential station sites between Montgomery County, the City of Radford, and Pulaski County. Criteria was applied based on DRPT operating information, such as parking requirements, to help narrow the list down to three sites. The NRV MPO Policy Board reviewed the three sites and identified the top site at the time as a location adjacent to the Christiansburg Aquatic Center on Franklin

Street. The ultimate station location remains to be determined given the Commonwealth's ongoing negotiations with Norfolk & Southern which owns the rail lines.

In 2019, the NRV MPO again worked with the NRVRC on the next phase of the project, a Station Ownership and Maintenance Study. This process evaluated six organizational models that could be utilized to own and operate a passenger rail station. The organizational models included host locality ownership, host locality and public/private partners, transportation authority, limited liability company (LLC), corporation, and an authority to be enabled by the Virginia General Assembly. Through the planning process strong consensus was apparent to pursue enabling legislation to form an authority that would allow local governments and higher education institutions to jointly own and operate the facility. This would be the first authority-owned passenger rail station in Virginia and for good reason. The highest volume of ridership is not likely to originate in the host community where the station may be located, as is the case for most other stations. Given high levels of ridership expected from Virginia Tech, Blacksburg, Montgomery County, Radford University and surrounding New River Valley communities, joint ownership and operations became logical.

The Station Ownership and Maintenance Study also examined equitable cost-sharing for the participants of an authority. Several models were evaluated that took into account population, proximity to the station, and potential ridership. The preferred model is a blend of all three inputs. The potential financial obligation of authority members was modeled based on developing the station at the preferred location adjacent to the Christiansburg Aquatic Center. The approximate annual operating cost is $360,000 which includes 30-year debt service for $4.25M site construction, $250,000 for furnishings, fixtures and equipment, and $70,000 for building/grounds maintenance. The table below illustrates how the potential costs could be shared among authority members when using the financial model from the study.

Simplification-Based Scenario #1: Locally Preferred Revenue Plan									
Montgomery County	*Town of Blacksburg*	*Virginia Tech*	*Town of Christiansburg*	*Pulaski County*	*Town of Pulaski*	*City of Radford*	*Radford University*	*Giles County*	*Floyd County*
78.00% (19.5% per)				3.00%	1.00%	14.50% (7.25% per)		1.75%	1.75%
$69,746.06	$69,746.06	$69,746.06	$69,746.06	$10,730.16	$3,576.72	$25,931.23	$25,931.23	$6,259.26	$6,259.26

In 2021 Governor Northam signed the New River Valley Passenger Rail Station Authority legislation into law (VA Code 33.2-38) which enables formation of the Authority by local governments and higher education institutions in Planning District 4 also known as the New River Valley. At this time the authority can be created and begin working with state leadership to further advance reintroducing passenger rail service to the New River Valley.

It is important to note, by organizing the authority there are no financial commitments being made for capital projects such as constructing the station. Capital projects conducted through the authority will be organized through Participation Agreements that specifically identify the members committing to the project and their financial obligation. Capital projects will be determined at a later date once more information is available about the station location and the cost to construct/operate the facility.

More information about NRV Passenger Rail and progress made to date can be found at www.nrvrail2020.blacksburgpartnership.org

RESOLUTION TO APPROVE APPOINTMENTS TO THE NEW RIVER VALLEY PASSENGER RAIL STATION AUTHORITY

The university is requesting approval to appoint Lynsay M. Belshe, Vice President for Enterprise Administrative and Business Services, and Christopher H. Kiwus, Vice President for Campus Planning, Infrastructure, and Facilities, and as the Virginia Tech representatives and members on the to-be-formed New River Valley Passenger Rail Station Authority Board of Directors.

RESOLUTION TO APPROVE APPOINTMENTS TO THE NEW RIVER VALLEY PASSENGER RAIL STATION AUTHORITY

WHEREAS, the powers, rights, and duties of the New River Valley Passenger Rail Station Authority (the Authority) may be exercised by a Board of Directors; and

WHEREAS, the governing body of each member shall appoint two representatives to serve four (4) year terms on the Board of Directors of the Authority; and

WHEREAS, Virginia Tech desires to appoint Lynsay M. Belshe, Vice President for Enterprise Administrative and Business Services, and Christopher H. Kiwus, Vice President for Campus Planning, Infrastructure, and Facilities, as the university's representatives for a term of four (4) years; and

WHEREAS, the initial terms of office of the directors of the Authority shall begin upon the certification by the Secretary of the Commonwealth and the creation and constitution of the Authority as provided by in Chapter 38 of Title 33.2 of the Code of Virginia, 1950 as amended, (Certification); and

NOW, THEREFORE, BE IT RESOLVED, that Lynsay M. Belshe, Vice President for Enterprise Administrative and Business Services, and Christopher H. Kiwus, Vice President for Campus Planning, Infrastructure, and Facilities, be appointed as the university's representatives to and members of the New River Valley Passenger Rail Station Authority Board of Directors for a term of four years beginning on the date of the Certification.

RECOMMENDATION:

That the resolution recommending that Lynsay M. Belshe, Vice President for Enterprise Administrative and Business Services, and Christopher H. Kiwus, Vice President for Campus Planning, Infrastructure, and Facilities be appointed as the university's representatives to and members of the New River Valley Passenger Rail Station Authority Board of Directors be approved.

April 4, 2022

RESOLUTION TO APPROVE AN APPOINTMENT TO THE MONTGOMERY REGIONAL SOLID WASTE AUTHORITY

The university is requesting approval to reappoint Christopher H. Kiwus, Vice President for Campus Planning, Infrastructure, and Facilities, as the Virginia Tech representative and member on the Montgomery Regional Solid Waste Authority Board of Directors.

RESOLUTION TO APPROVE AN APPOINTMENT TO THE MONTGOMERY REGIONAL SOLID WASTE AUTHORITY

WHEREAS, the Montgomery Regional Solid Waste Authority (the Authority) consists of five directors who are responsible for the management and operation of the Authority; and,

WHEREAS, one director is appointed by each of the four political subdivisions, and the other director is appointed jointly by all governing bodies; and,

WHEREAS, it is necessary to reappoint members of its Board of Directors in accordance with the amended Articles of Incorporation; and,

WHEREAS, Christopher H. Kiwus, Vice President for Campus Planning, Infrastructure, and Facilities, currently serves as the university's representative; and,

WHEREAS, Virginia Tech desires to reappoint Christopher H. Kiwus, Vice President for Campus Planning, Infrastructure, and Facilities, as the university's representative for a term of four years in accordance with the Authority's Articles of Incorporation, as amended;

NOW, THEREFORE, BE IT RESOLVED, that Christopher H. Kiwus, Vice President for Campus Planning, Infrastructure, and Facilities be named the university's representative and member on the Montgomery Regional Solid Waste Authority Board of Directors for a term beginning on July 1, 2022 and expiring June 30, 2026.

RECOMMENDATION:

That the resolution recommending that Christopher H. Kiwus, Vice President for Campus Planning, Infrastructure, and Facilities be named the university's representative and member on the Montgomery Regional Solid Waste Authority Board of Directors be approved.

April 4, 2022

RESOLUTION ON DISPOSITION OF UNIVERSITY BUILDING NO. 0350 (LUMENHAUS)

The university requests approval for the disposition of Building No. 0350 (Lumenhaus). The 800 gross square foot facility is located within the North Academic District of main campus, at 1317 Perry Street, Blacksburg, Virginia.

Constructed in 2009 for the Solar Decathlon Home competition, Lumenhaus is the third such solar competition house designed and built as part of a research program begun in 2002. After competitions and touring, the house was installed adjacent to Cowgill Hall. It is beyond its useful life as an experimental and teaching structure, and is in need of maintenance and repair. The university wishes to dispose and surplus the building before it falls into further disrepair. Appurtenant elements will be removed and the site will be restored. The disposal and clearing of this site supports key elements of the Campus Master Plan. The university will obtain review from the Department of Historic Resources and the Art and Architecture Review Board, and any required approvals prior to the demolition of this structure.

RESOLUTION ON DISPOSITION OF UNIVERSITY BUILDING NO. 0350 (LUMENHAUS)

WHEREAS, under the 2006 Management Agreement between the Commonwealth of Virginia and the university, the Board of Visitors has the authority to approve the disposition of any building or land; and

WHEREAS, the building is located in the North Academic District of Virginia Tech's Blacksburg campus at 1317 Perry Street, is 800 gross square feet, is beyond its useful life as an experimental and teaching structure; and

WHEREAS, the university desires to prepare the area for alignment with the adopted Campus Master Plan; and

WHEREAS, the university will obtain review from the Department of Historic Resources and the Art and Architecture Review Board, and any required approvals prior to the demolition of this structure;

NOW, THEREFORE, BE IT RESOLVED that the Board of Visitors approve the disposal of Building No. 0350, located at the main campus of Virginia Tech in Blacksburg, Virginia, in accordance with the applicable statues of the Code of Virginia (1950), as amended.

RECOMMENDATION:

That the above resolution authorizing the disposal of Building No. 0350 be approved.

April 4, 2022

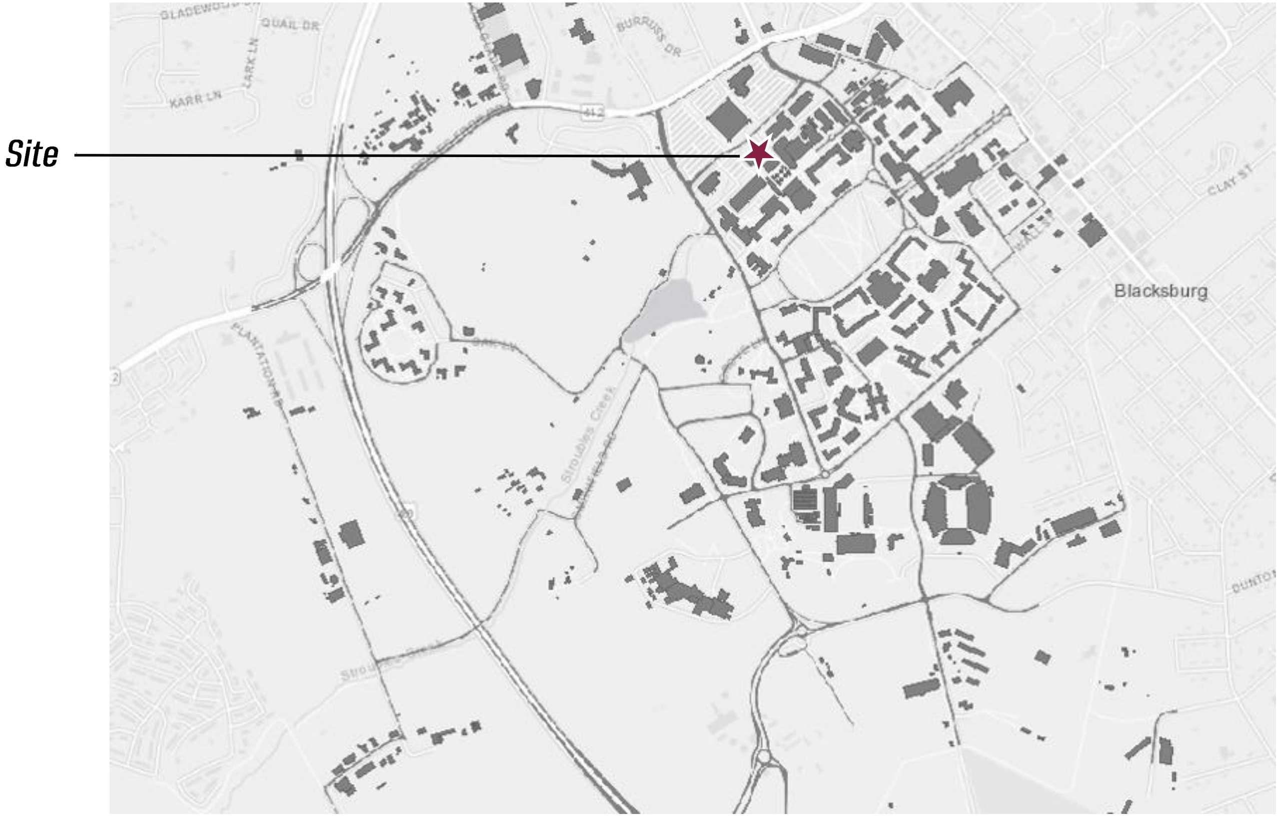
Disposition of University Building No. 0350 (Lumenhaus)

Board of Visitors Resolution for Disposition

Liza L.C. Morris, NCARB
Assistant Vice President for Planning and University Architect

April 4, 2022

PROJECT LOCATION

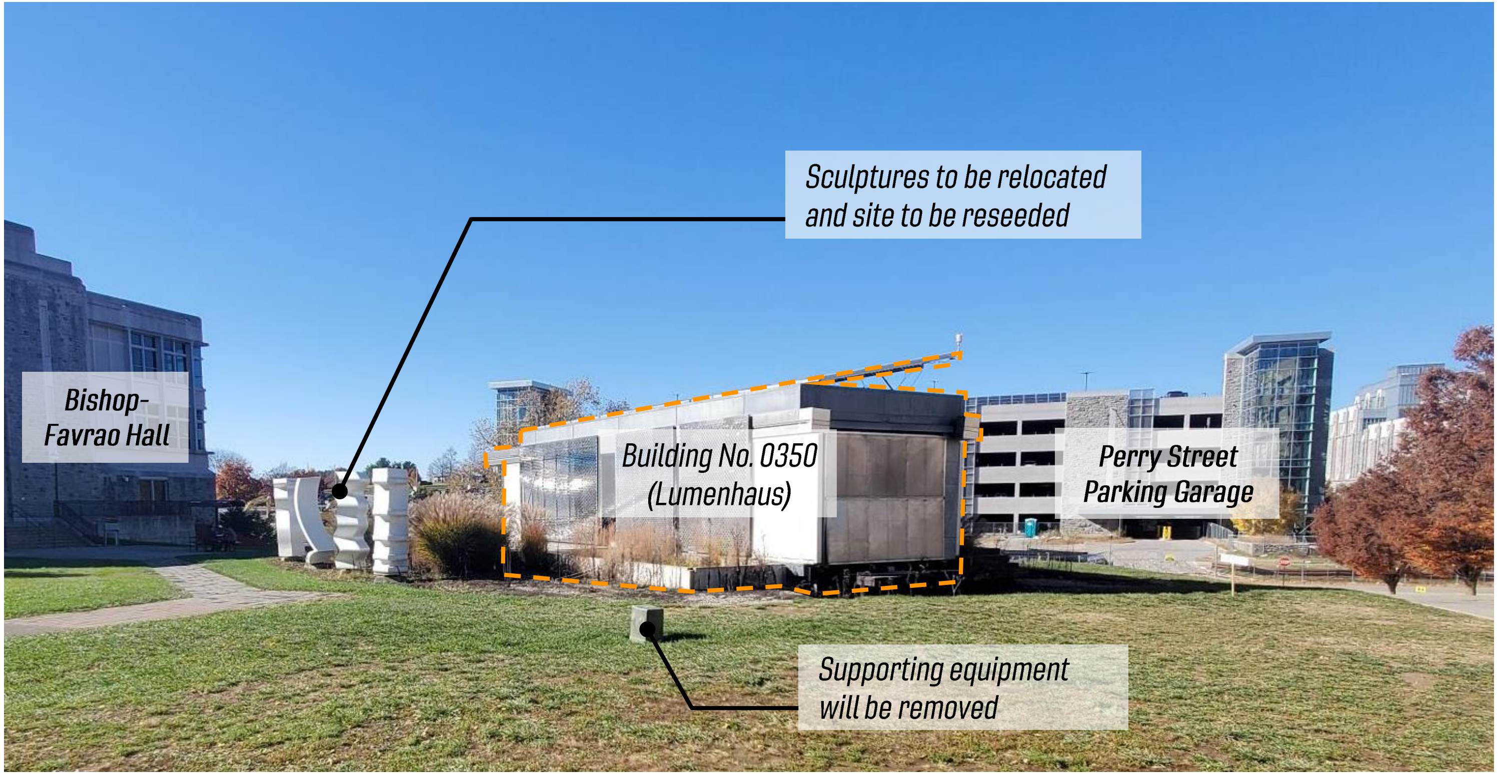


SITE

Building No. 0350
(Lumenhaus)

N

EXISTING CONDITIONS



View to the Northwest

EXISTING CONDITIONS

View to the south

View to the northeast

Entry Facade

Interior view

/ BUILDING NO. 0350 (LUMENHAUS)

RECOMMENDATION

That the resolution authorizing the disposition of university Building No. 0350 (Lumenhaus) be approved.

RESOLUTION FOR AN EASEMENT TO ATMOS ENERGY CORPORATION IN SUPPORT OF INCREASED GAS LINES AND GAS LINE CAPACITY ON VIRGINIA TECH'S MAIN CAMPUS

Atmos Energy Corporation has requested Virginia Polytechnic Institute and State University ("Virginia Tech") grant an easement to Atmos for the installation of a gas line in the area of Plantation Road located in the Town of Blacksburg, Montgomery County, Virginia, in support of Virginia Tech's access to natural gas service.

RESOLUTION FOR AN EASEMENT TO ATMOS ENERGY CORPORATION IN SUPPORT OF INCREASED GAS LINES AND GAS LINE CAPACITY ON VIRGINIA TECH'S MAIN CAMPUS

WHEREAS, Atmos has identified an increased need for natural gas in support of Virginia Tech's initiatives, programs and departments, including the Main Campus area of Plantation Road; and

WHEREAS, the installation by Atmos and subsequent Virginia Tech use of the gas line will alleviate the increasing natural gas needs of Virginia Tech; and

WHEREAS, Atmos has requested Virginia Tech grant an easement on Virginia Tech land near the area of Plantation Road which easement area would contain approximately 87,375 square feet as more particularly shown and described on the attached drawing entitled Plat of Easement for Atmos Energy Corporation dated September 3, 2021 and made by Hurt & Proffitt; and

WHEREAS, Virginia Tech desires to grant the approximately 87,375 square feet access easement in support of increased access to natural gas resources for Virginia Tech; and

NOW, THEREFORE BE IT RESOLVED, that the Senior Vice President and Chief Business Officer, his successors and/or assigns, be authorized to execute a Deed of Easement to Atmos as described herein, in accordance with applicable Virginia Tech policies and procedures as permitted by the Higher Education Restructuring Act and the Management Agreement with the Commonwealth of Virginia, and the Code of Virginia (1950), as amended.

RECOMMENDATION:

That the above resolution authorizing the Senior Vice President and Chief Business Officer to execute an easement to Atmos for the purposes stated and described herein be approved.

April 4, 2022

Tax Parcel No. 070905
Tract No. 208-00001-00310

PREPARED BY: Virginia Polytechnic Institute and State University
Real Estate Management (MC0163)
230 Sterrett Drive
Blacksburg, VA 24061

Exempted from recordation taxes and fees
under Sections 58.1-811(A)(3),
58.1-811(C)(3), 17.1-266 and 17.1-279(E)
of the Code of Virginia (1950), as amended

DEED OF EASEMENT

This Deed of Easement is dated the _____ day of ________________, 2022, by and between VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY, an institution of higher education and agency of the Commonwealth of Virginia, hereinafter called Grantor, and ATMOS ENERGY CORPORATION, a Texas and Virginia corporation with its principal office at 5420 LBJ Freeway, Suite 1800, Dallas, Texas 75240, hereinafter called Grantee.

WITNESSETH

That for the sum of One Dollar ($1.00) and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in accordance with Section 23.1-1002 of the Code of Virginia (1950), as amended, Grantor grants unto Grantee, its successors and assigns, the perpetual right, privilege, and easement of right-of-way, five thousand, eight hundred twenty-five feet (5,825’) in length, fifteen feet (15’) in width, seven and a half feet (7.5’) on each side of the centerline, to lay, erect, construct, operate, maintain and repair a pipeline or pipelines, constructed of a combination of 8” Steel and 8” HDPE pipe, and the appurtenances thereto and all equipment, accessories and appurtenances necessary in connection therewith, hereinafter called facilities, for the purpose of the transportation of oil, gas, lignite and other fluids or substances, or any of them, and the products thereof, together with such above ground drips, valves, fittings, meters, pressure relief facilities, aerial markers, graphite and steel anodes, rectifier poles and other devices for the control of pipeline corrosion, and other appurtenances as may be necessary or convenient in the operation of said lines, over, across, under and upon, the lands of the Grantor situated in the Prices Fork Magisterial District, County of Montgomery, Virginia, said right-of-way being shown on the Plat of Easement for Atmos Energy Corporation, prepared by Hurt & Proffitt, dated September 3, 2021, which is attached to and made a part of this Deed of Easement as Exhibit A; being part of that same real estate acquired by Grantor by deed dated April 26, 2010, recorded in the Clerk’s Office, Circuit Court of Montgomery County, Virginia, in Deed Book 2010 Page 003159.

This easement is subject to all existing easements, rights-of-way, covenants, encumbrances and restrictions of record, and is further subject to the following conditions:

A. The facilities constructed shall remain the property of Grantee. Grantee shall have the right to inspect, rebuild, remove, repair, improve, and make such changes, alterations, additions to or extensions of its facilities within the boundaries of said right-of-way as are consistent with the purpose expressed herein. All construction, maintenance, equipment and facilities shall comply with all applicable laws, ordinances, codes and regulations. Grantee will be responsible for any and all costs associated with the improvements. All work will be scheduled with the Facilities Operation Control Center at (540) 231-4300. The improvements will be completed in a good workmanlike manner and limited to the areas shown on Exhibit A.

B. Upon completion of any activity by Grantee upon the right-of-way, Grantee shall restore the right-of-way as nearly to its original condition as practicable, including backfilling of trenches, reseeding or resodding of lands, replacement of equipment and facilities of Grantor, removal of trash and debris, and removal of any of Grantee's equipment, accessories or appurtenances not consistent with the construction, maintenance or operation of said facilities or the exercise of any rights or privileges expressed herein. Grantee shall maintain said right-of-way and facilities in such repair as not to endanger or otherwise limit the enjoyment or use of Grantor's property and adjacent properties.

C. Grantee shall contact the Virginia Tech University Arborist to discuss any trees, shrubbery or other natural obstructions that interfere with or threaten the efficient and safe operation, construction or maintenance of said facilities. The Grantor retains all rights and decision-making authority regarding whether to trim, cut and remove trees, shrubbery or other natural obstructions that Grantee feels may need to be trimmed, cut, or removed to install said Grantee facilities. All trees cut shall remain the property of Grantor. All brush, branches, and other debris resulting from any cutting, trimming, or clearing of said right-of-way shall be removed from lands of Grantor and disposed by Grantee. All work shall be constructed under ATMOS' Department of Environmental Quality approved annual standards and specifications for erosion and sediment control and stormwater management.

D. Grantee shall have the right of ingress to and egress from said right-of-way over the lands of Grantor as may be necessary to exercise Grantee's rights herein. Grantee shall exercise such right in such manner as shall not occasion injury or inconvenience to Grantor. Grantee shall at Grantor's election pay for or repair any injury to any of Grantor's land, structures, roads, fences, and other improvements caused by Grantee, its employees, agents or contractors. Grantee shall notify Grantor immediately of any such injury and shall make said payment or repair within thirty (30) days after such election by Grantor; provided, however, that if such injury results in an on-going hazardous condition or a material loss of use of Grantor's property (such as, by way of illustration and not by limitation, a disruption of any utilities or loss of access to Grantor's property) then Grantee shall immediately remedy the hazardous condition or material loss of use.

E. Grantor, its successors and assigns, may use said right-of-way for any purpose not inconsistent with the rights hereby granted, provided such use does not interfere with the safe and efficient construction, operation or maintenance of said facilities, and further provided that such use is not inconsistent with any laws, ordinances or codes pertaining to the construction, operation or maintenance of said facilities and to which the Grantor is subject.

F. Grantee covenants and agrees to indemnify, defend and hold Grantor, its employees and agents, harmless from and against any claims of injury to any persons or property and from and against any other liability of any nature whatsoever to the full extent authorized by Virginia law resulting from the installation, operation, maintenance, replacement, repair, removal or use of any of Grantee's facilities or the connection to other utility facilities on or adjacent to said easement, or in any way arising out of Grantee's exercise of any rights herein granted.

G. Grantee shall complete the work, activities, and requirements set forth in this agreement in accordance with the attached timeline, Exhibit B. Once the project is completed, If Grantee at any time discontinues use of all or any portion of the easement herein conveyed for a period of one year, all of the Grantee's rights and interest in said easement or portion thereof shall immediately terminate and revert to Grantor, its successors and assigns, and Grantee shall at its expense remove any facilities and restore Grantor's property as nearly to its original condition as practicable and, on written request by Grantor, Grantee shall quitclaim and release same.

H. This easement of right-of-way, and the use thereof, is intended to be used solely for the benefit of the lands of Grantor. No other use shall be permitted without the express written consent of Grantor, which consent Grantor shall be under no obligation to give. Consent shall be evidenced by an amendment to this Deed of Easement, approved and executed with the same formality as this Deed of Easement, and shall be subject to all conditions therein set out.

I. If Grantor at any time deems it necessary or advisable to relocate for Grantor's convenience any of Grantee's facilities installed and used pursuant to this Deed of Easement, Grantee shall relocate such facilities to a route or place acceptable to Grantor, provided Grantor for no additional consideration shall grant unto Grantee such easement as may be necessary to effect such relocation, subject to the same rights, privileges and conditions, as herein set forth, and Grantor shall reimburse Grantee the reasonable, direct costs of such relocation. Upon relocation of any of the facilities from any portion of the easement hereby granted, the easement for or over that portion of the land no longer used by Grantee shall automatically terminate and all rights, title and interest therein shall revert to Grantor.

J. Grantor's buildings that currently have connections to the gas lines along the easement shall remain connected and active. At no time shall these gas lines be disconnected or made inactive. Grantee shall add gas line connections to Grantor's properties along Plantation Road, Blacksburg, Virginia, in the future at Grantor's request at no cost to Grantor. Grantee will be responsible for any and all costs associated with adding this gas line connection.

K. Grantee shall communicate with the Grantor to ensure that all of the easement areas that have animals are secure and that, if needed, temporary fencing is built to keep the animals out of the construction area.

L. Access to the Smithfield Horse Center shall remain open with the ability for ingress and egress at all times during construction.

WITNESS the following signatures and seals.

Grantor:

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

By ____

Christopher H. Kiwus
Interim Senior Vice President and Chief Business Officer

Grantee:

ATMOS ENERGY CORPORATION

By __________________________________

Ryan Austin
Vice President of Technical Services

Commonwealth of Virginia,
County of Montgomery, to-wit:

I, ________________________, a Notary Public in and for the jurisdiction aforesaid, certify that the foregoing instrument was acknowledged before me this _____ day of _______________, 2022, by Christopher H. Kiwus, Interim Senior Vice President and Chief Business Officer, on behalf of the institution.

____
Notary Public

My commission expires: ______________________

Commonwealth of Virginia,
City/County of __________________, to-wit:

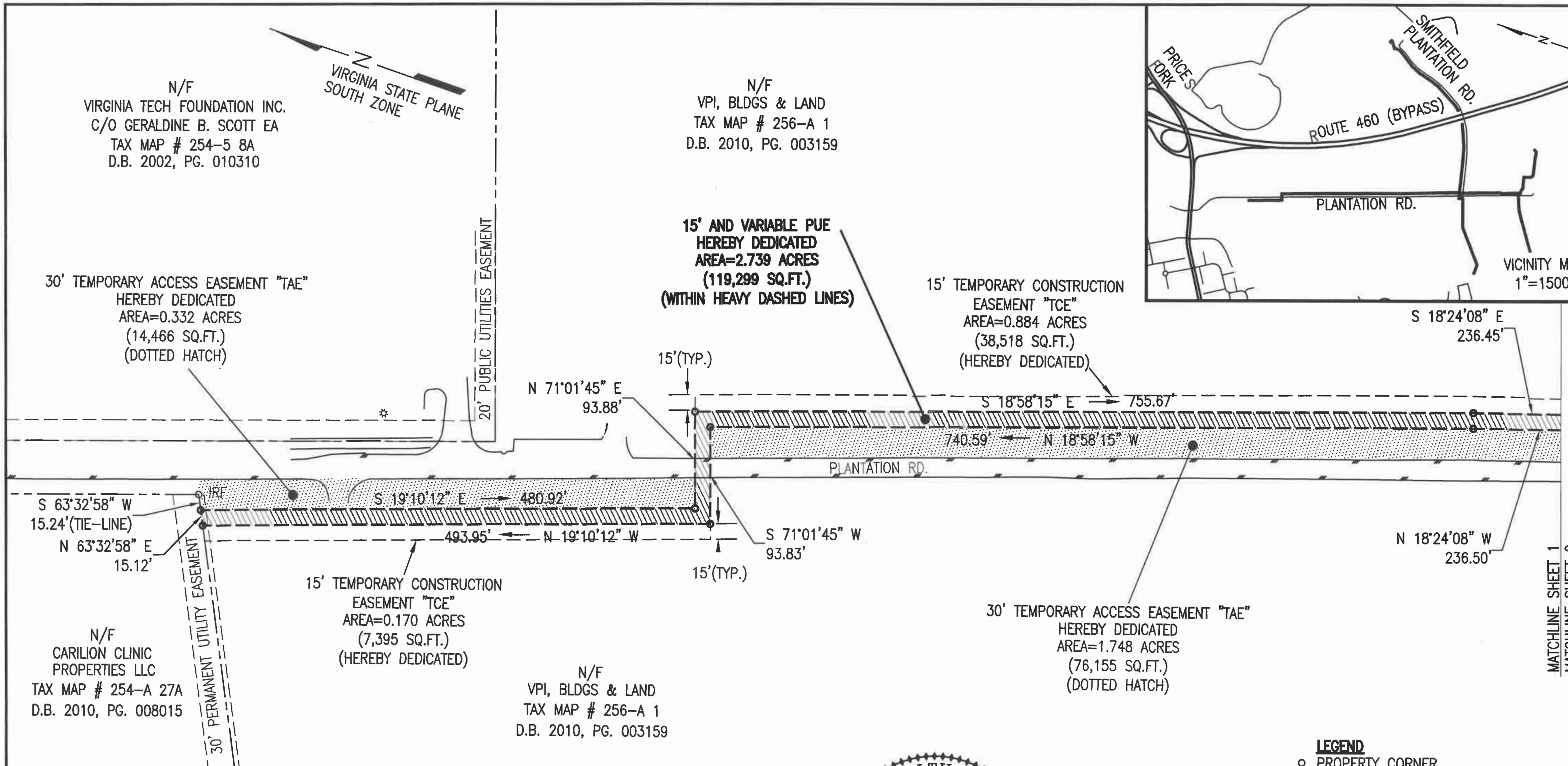
I, ____________________, a Notary Public in and for the jurisdiction aforesaid, certify that the foregoing instrument was acknowledged before me this _____ day of _______________, 2022, by Ryan Austin, Vice President of Technical Services, on behalf of the corporation.

____
Notary Public

My commission expires: ______________________

Office of the Attorney General
Approved as to form and legal sufficiency:

____
Special Assistant Attorney General



NOTES:

1. THIS PLAT WAS PREPARED WITHOUT THE BENEFIT OF A TITLE REPORT, AND THEREFORE MAY NOT AGREE WITH DEEDS AND PLATS OF RECORD OR SHOW ALL ENCUMBRANCES UPON THE PROPERTY SURVEYED.
2. THIS SURVEY DOES NOT REPRESENT A BOUNDARY SURVEY.
3. REFERENCES: TM 256-A 1, D.B. 2010, PG. 003159
4. PROPERTY ADDRESS: TM 256-A 1; 615 SOUTHGATE DRIVE, BLACKSBURG
5. OWNER ADDRESS:
6. 15' PERMANENT UTILITY EASEMENT IS CENTERED ON GAS LINE WITH 10' ON EITHER SIDE AS SHOWN HEREON.
7. TEMPORARY ACCESS EASEMENT LOCATED BETWEEN NEAREST EDGE OF PAVEMENT AND NEAREST PERMANENT UTILITY EASEMENT LINE.

COMMONWEALTH OF VIRGINIA
CHRISTOPHER B. KAKNIS
Lic. No. 2359
9/3/21
LAND SURVEYOR

LEGEND

- PROPERTY CORNER
- EASEMENT POINT
- RIGHT OF WAY
- PROPERTY LINE
- NEW EASEMENT LINE
- TEMPORARY CONSTRUCTION EASEMENT

PLAT OF EASEMENT
FOR
ATMOS ENERGY CORPORATION
SHEET 1 OF 6
TOWN OF BLACKSBURG
PRICES FORK MAGISTERIAL DISTRICT
MONTGOMERY COUNTY, VIRGINIA

HURT & PROFFITT
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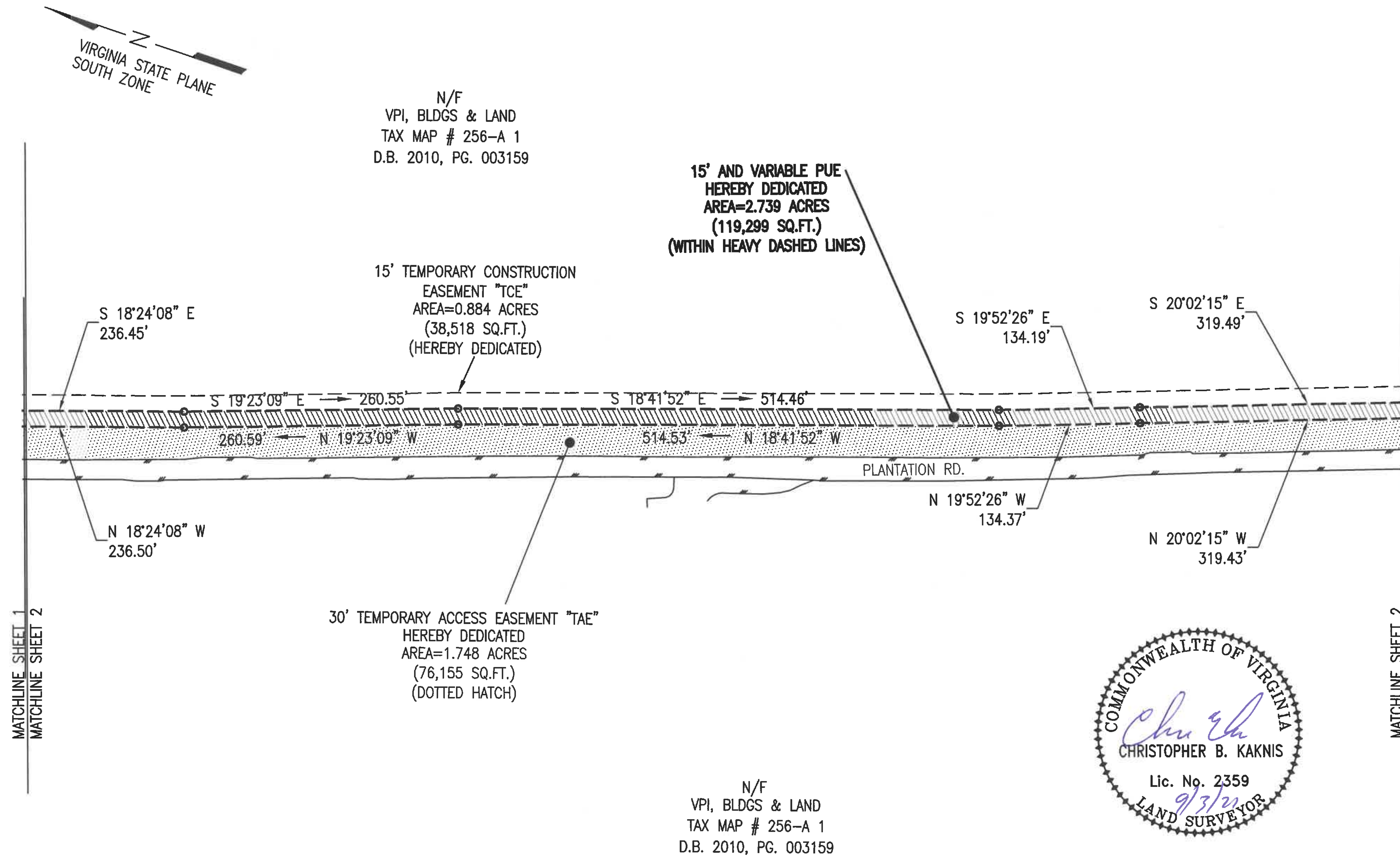
BLACKSBURG, VA 24060
800.242.4906 TOLL FREE
540.552.5592 MAIN
540.552.5729 FAX

INDEX No. B-201028_r3

Scale	Date	Drawing No
1"=100'	03 SEPT 21	20201028



PLAT OF EASEMENT
FOR
ATMOS ENERGY CORPORATION
SHEET 2 OF 6
TOWN OF BLACKSBURG
PRICES FORK MAGISTERIAL DISTRICT
MONTGOMERY COUNTY, VIRGINIA

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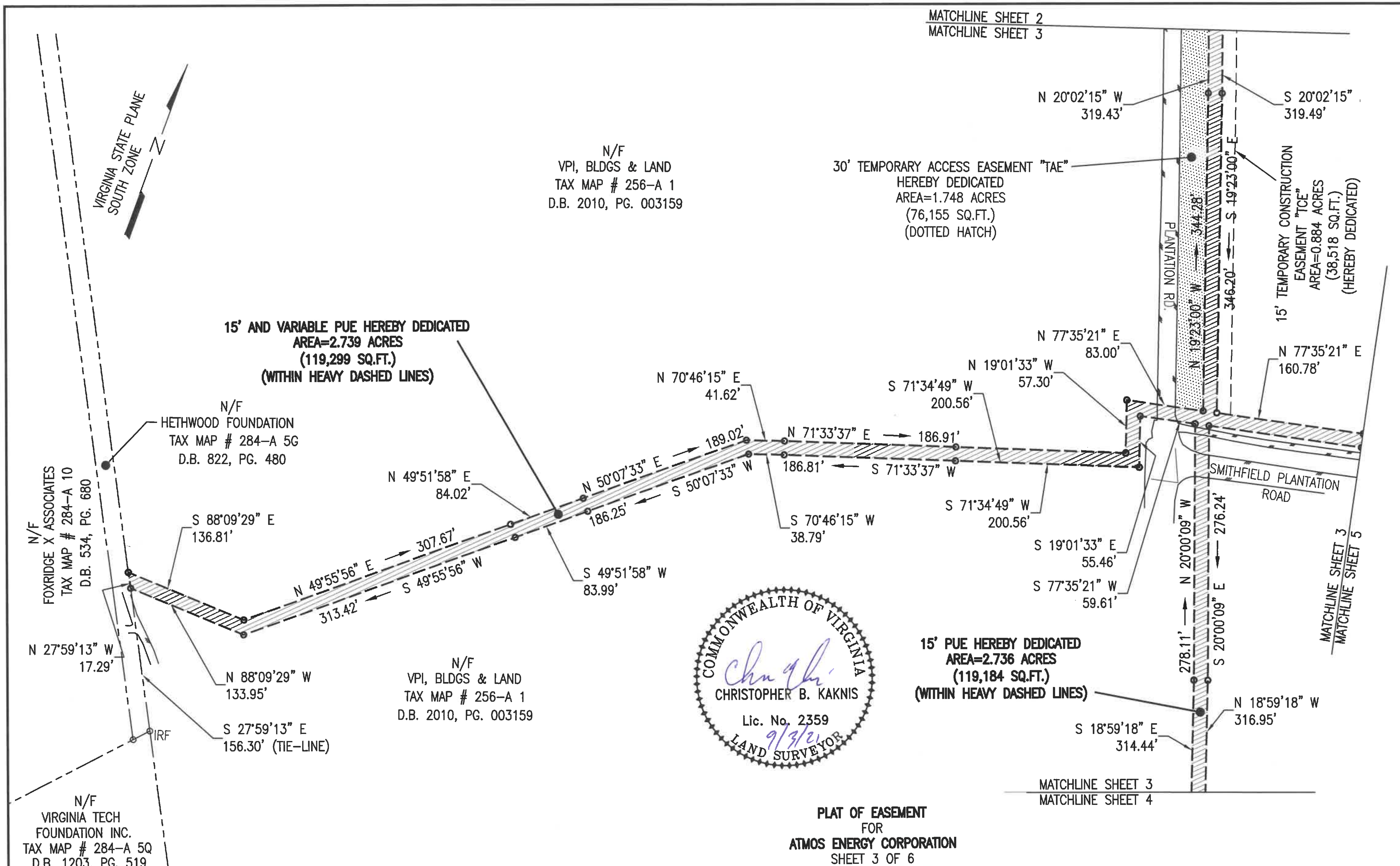

PLAT OF EASEMENT
FOR
ATMOS ENERGY CORPORATION
SHEET 3 OF 6
TOWN OF BLACKSBURG
PRICES FORK MAGISTERIAL DISTRICT
MONTGOMERY COUNTY, VIRGINIA

INDEX No. B– 201028_r3

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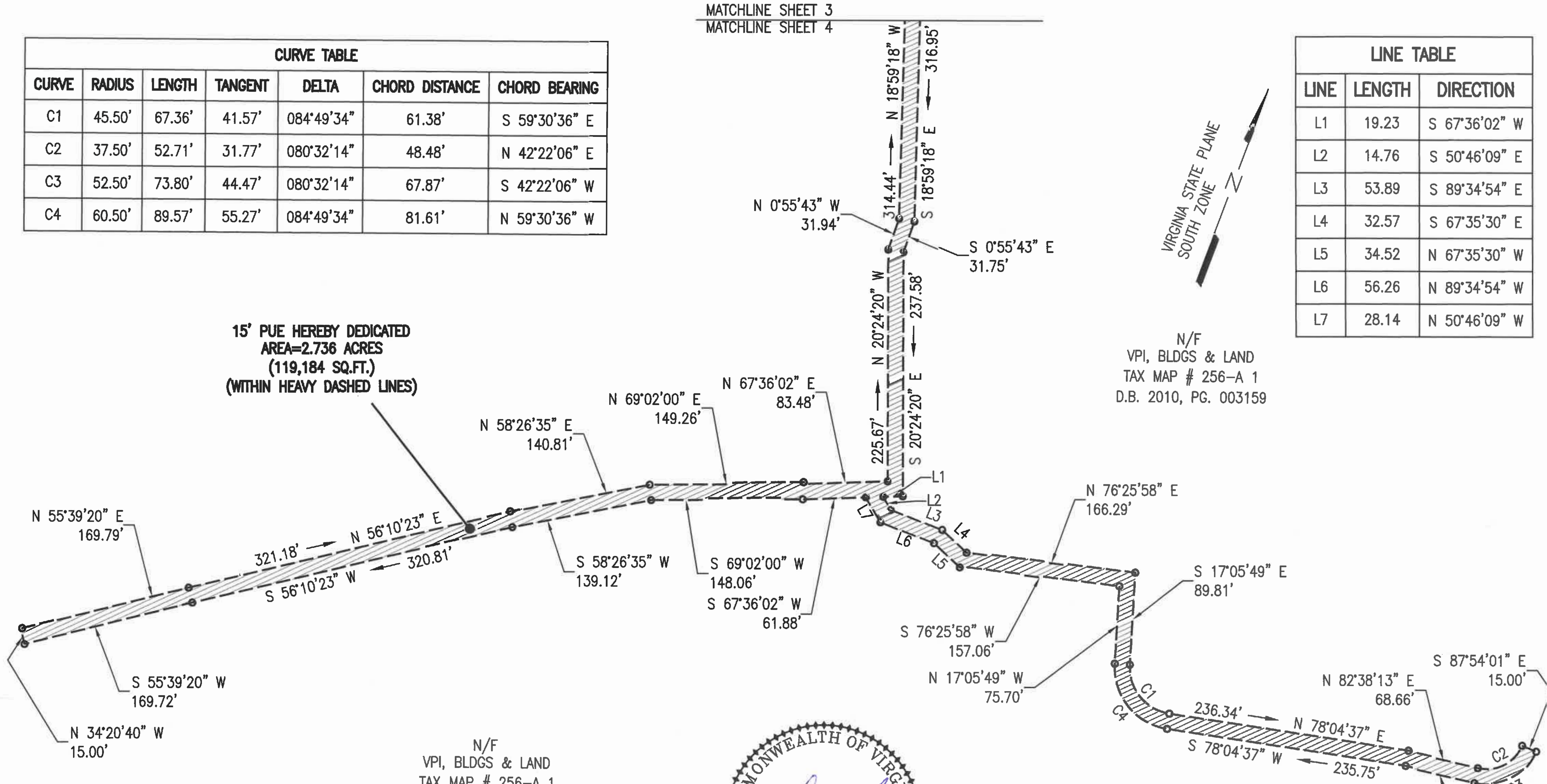

CURVE TABLE

CURVE	RADIUS	LENGTH	TANGENT	DELTA	CHORD DISTANCE	CHORD BEARING
C1	45.50'	67.36'	41.57'	084°49'34"	61.38'	S 59°30'36" E
C2	37.50'	52.71'	31.77'	080°32'14"	48.48'	N 42°22'06" E
C3	52.50'	73.80'	44.47'	080°32'14"	67.87'	S 42°22'06" W
C4	60.50'	89.57'	55.27'	084°49'34"	81.61'	N 59°30'36" W

LINE TABLE

LINE	LENGTH	DIRECTION
L1	19.23	S 67°36'02" W
L2	14.76	S 50°46'09" E
L3	53.89	S 89°34'54" E
L4	32.57	S 67°35'30" E
L5	34.52	N 67°35'30" W
L6	56.26	N 89°34'54" W
L7	28.14	N 50°46'09" W

COMMONWEALTH OF VIRGINIA
CHRISTOPHER B. KAKNIS
Lic. No. 2359
9/3/21
LAND SURVEYOR

PLAT OF EASEMENT
FOR
ATMOS ENERGY CORPORATION
SHEET 4 OF 6
TOWN OF BLACKSBURG
PRICES FORK MAGISTERIAL DISTRICT
MONTGOMERY COUNTY, VIRGINIA

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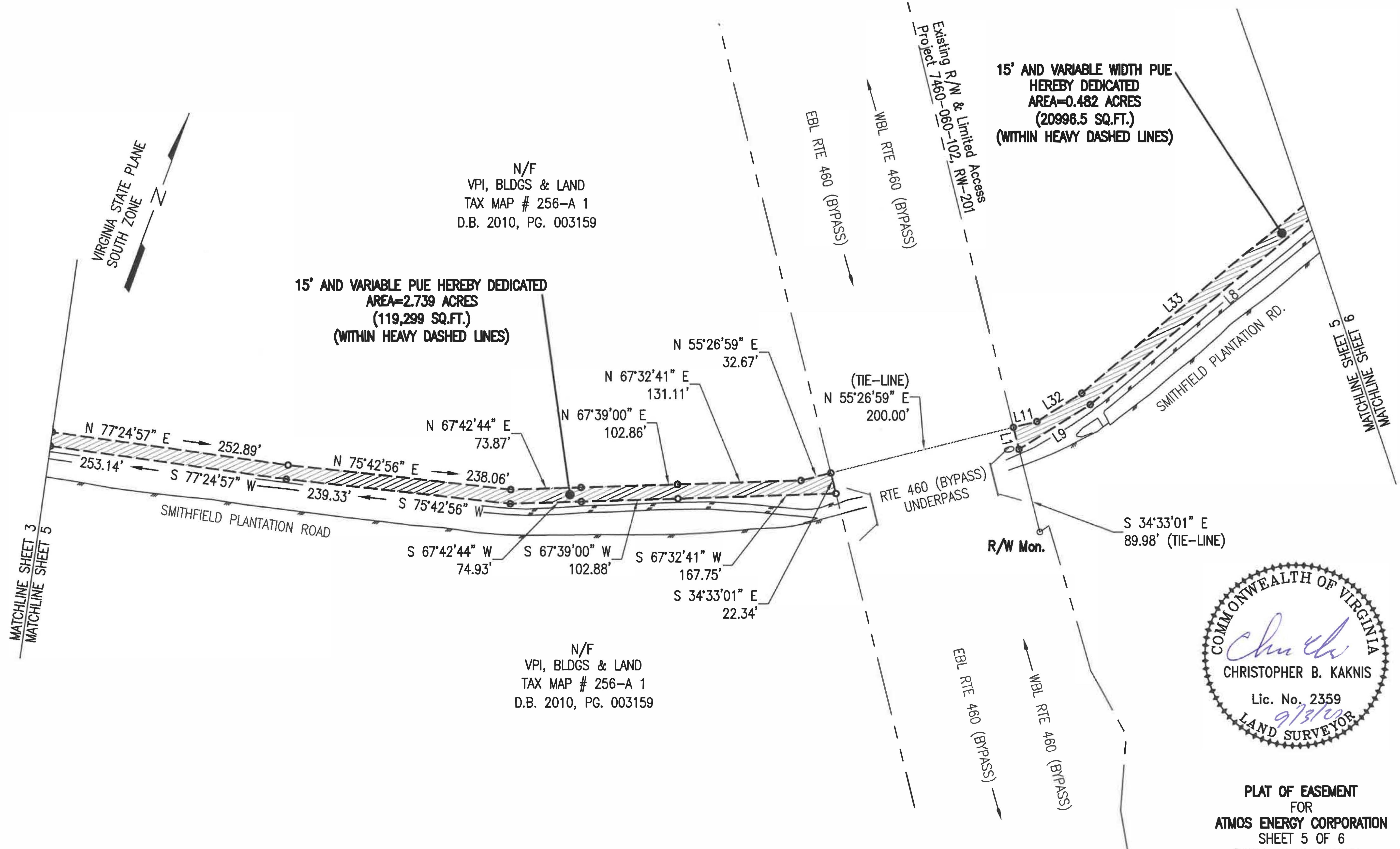

PLAT OF EASEMENT
FOR
ATMOS ENERGY CORPORATION
SHEET 5 OF 6
TOWN OF BLACKSBURG
PRICES FORK MAGISTERIAL DISTRICT
MONTGOMERY COUNTY, VIRGINIA

Scale	Date	Drawing No.
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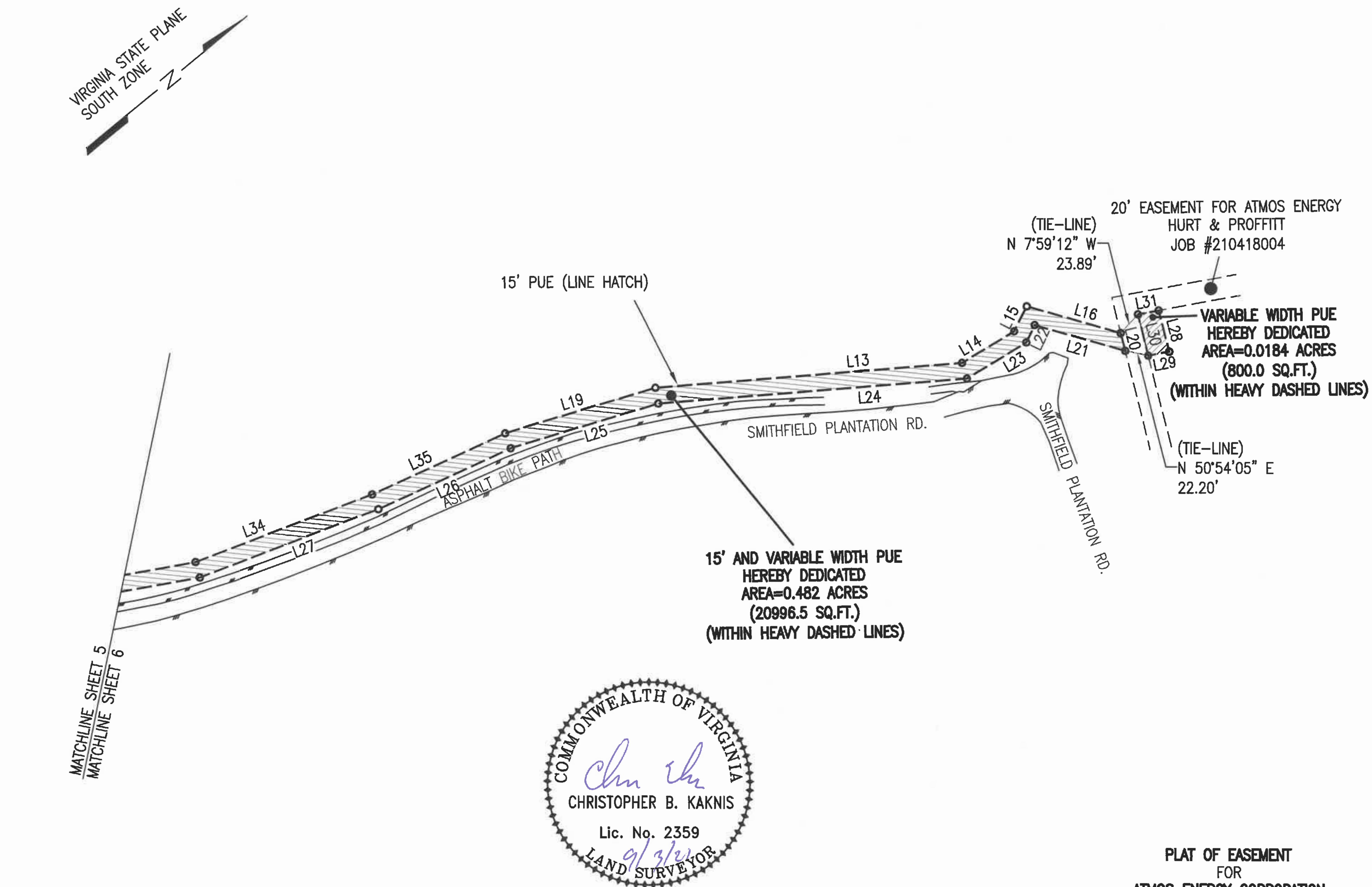

LINE TABLE		
LINE	LENGTH	DIRECTIO
L8	377.76	S 29°09'31
L9	88.88	S 37°21'09
L10	23.82	N 34°33'01
L11	25.50	N 55°26'59
L13	290.85	N 34°42'30
L14	57.75	N 8°20'24"
L15	26.34	N 23°27'59
L16	92.55	N 55°01'56
L19	148.41	N 22°35'31
L20	17.29	S 64°48'58
L21	89.30	S 55°01'56
L22	18.10	S 25°04'01
L23	65.77	S 8°20'24"
L24	292.78	S 34°42'30
L25	145.80	S 22°35'31
L26	137.39	S 14°46'20
L27	181.10	S 18°36'01
L28	40.00	S 64°48'58
L29	20.04	S 28°52'55
L30	40.00	N 64°48'58
L31	20.04	N 28°52'55
L32	56.17	N 37°04'03
L33	375.30	N 29°09'31
L34	179.21	N 18°36'01
L35	137.91	N 14°46'20

PLAT OF EASEMENT
FOR
ATMOS ENERGY CORPORATION
SHEET 6 OF 6
TOWN OF BLACKSBURG
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Exhibit B

Phase 1

Time: April – November 2022*

Pipe Footage: 4,000’ of 8” HPDE

Location: Along the easement on Plantation Rd. from North edge of VT property to Smithfield Rd.

Easement Exhibit Sheets 1&2

Phase 2

Time: February – June 2023*

Pipe Footage: 2,200’ of 8”HDPE

Location: Adjacent to Stroubles Creek and along Smithfield Plantation Rd up to the west side of US-460

Easement Exhibit Sheets 3&5

Phase 3

Time: October 2023 – September 2024*

Pipe Footage: 1,750’ of 6” Steel

Location: Starting at the west side of US-460 on Smithfield Plantation Rd, Pipe will run along the easement route on Smithfield Plantation Rd up to and including the new Regulator Station.

Easement Exhibit Sheets 5&6

* Timeline is based on the Virginia Tech Board of Visitors approving the granting of the easement at its April 2022 meeting.

Revised Resolution for Authority to Loan Funds to Virginia Tech Innovations Corporations and Its Subsidiary(ies)

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

February 18, 2022

Background:

Virginia Tech's strategic plan reaffirms the institution's commitment to the expansion of the research enterprise through advancing regional, national and global impact where Virginia Tech will be globally recognized for its research strengths, world-class faculty, and ability to integrate its learning, discovery, and engagement missions as a comprehensive research land-grant university.

To promote the university's role in providing a pipeline for science and technology innovation that spawn new enterprises, Code of Virginia §23.1-301 (C) 5 of *Preparing for the Top Jobs of the 21st Century: The Virginia Higher Education Opportunity Act of 2011 (TJ21)* encourages the university to promote university-based research that produces outside investment in Virginia, fuels economic advances, triggers commercialization of new products and processes, fosters the formation of new businesses, leads businesses to bring their facilities and jobs to Virginia, and in other ways helps place the Commonwealth on the leading edge in the knowledge-driven economy.

Established in 2011 as a private, non-stock, Virginia corporation, Virginia Tech Innovations Corporation (VTIC) was created for the purpose of promoting the welfare of the university by developing emerging technologies and furthering research. VTIC serves as a parent and guiding organization for nonprofit subsidiaries and for-profit spinoff organizations that embark on university-related research and technology projects. In May 2020, the Board of Visitors extended the affiliation agreement with VTIC through June 30, 2024. VTIC is one of the key strategies for growth in research through a corporate structure which enables the pursuit of research opportunities that cannot easily be accomplished within the university environment due to regulatory constraints that often accompany federal government contracts or laws and regulations of foreign governments.

The university frequently makes "internal loans" to operating units within the university to support start-up or operational costs related to the units or specific initiatives. The university has earlier provided such loans to outside related organizations VTT, LLC to support its tire and automotive research activities, Virginia Tech Applied Research Corporation to provide start-up financing for working capital and AET, LLC to provide working capital for external research grants requiring presence outside the United States and third-party employers of record.

Section 23-1.1010 of the Restructuring Act titled "Covered institutions; operational authority; creation of entities and participation in joint ventures" provides the Board of Visitors authority to approve loans or obligate university funds to or on behalf of its affiliated organizations or joint venture activities. The referenced language under section 23-1.1010 providing this authority to the Board of Visitors is displayed in Attachment A. Further, the university believes this action is an appropriate step for supporting the university's research mission through VTIC/VTIC Subsidiary(ies).

Therefore, the university requests revised authorization to provide advance working capital up to a maximum of $2.5 million to VTIC/VTIC Subsidiary(ies) for [newly created or planned] limited liability corporation(s) (LLC) under VTIC to contract and administer external research grants when the terms and conditions are not acceptable to the university as an agency of the Commonwealth of Virginia and continued authorization to provide working capital loan(s) of up to three months expenditures to finance operations outside the United States for grants or contracts awarded to the university otherwise on cost reimbursable basis.

The basic conditions and requirements for the loan(s) would include:

- the loan(s) will be made in accordance with established university procedures for authorizing internal loans to operating units;
- the loan(s) will not carry an interest rate;
- the loan(s) will be for up to three months of planned operating expenses per grant;
- the loan(s) for [newly created or planned] LLC(s) to contract and administer external research grants will be for up to twelve months of planned operating expenses;
- the repayment on the university's loan(s) will occur no later than at the conclusion of the individual grant or contract or service agreement;
- the university departments requiring third party administration are responsible for repayment if at the end of the award or through an audit certain costs are disallowed or unallocable to the grant fund(s); and
- the loan(s) would be underwritten by the university's research overhead funds, a nongeneral fund revenue source.

The Vice President for Finance, in coordination with the Vice President for Research and Innovation, will be responsible for finalizing these terms, authorizing specific advances, and may alter the terms as needed in the future to achieve the objectives of the research initiative(s). The Office of Sponsored Programs will oversee the financial performance of grants, review documentation of ongoing grant expenditures, adjust the working capital loan(s) to minimize the funds advanced, and ensure repayment of the working capital advance(s) prior to closing the corresponding project(s).

REVISED RESOLUTION FOR AUTHORITY TO LOAN FUNDS TO VIRGINIA TECH INNOVATIONS CORPORATION AND ITS SUBSIDIARY(IES)

WHEREAS, the university's strategic plan envisions the expansion of the research enterprise through development of innovative and cutting-edge technology; and

WHEREAS, the university established Virginia Tech Innovations Corporation (VTIC) as a university related corporation to serve as a parent and guiding organization for nonprofit subsidiaries and for-profit spinoff organizations that embark on university-related research and technology projects not easily accomplished within the university structure and to leverage the basic and scholarly research performed within the university; and

WHEREAS, the Board of Visitors at its June 8, 2021 meeting authorized, at the President's discretion, the negotiation and execution service agreements and promissory notes or loan agreements to advance three months working capital from the university to VTIC or its subsidiary(ies) for up to $2.5 million to be repaid without interest at the conclusion of individual grants and authorized the Vice President of Finance, in coordination with the Vice President for Research and Innovation, to structure the loan including repayment terms, and to execute the loan transactions to VTIC or its subsidiaries, contingent upon requirements of individual external research grants or contracts requiring presence outside the United States and third-party employer of record; and

WHEREAS, the university desires to advance working capital for [newly created or planned] limited liability corporation(s) (LLC) under VTIC to contract and administer external research grants when the terms and conditions are not acceptable to the university as an agency of the Commonwealth of Virginia; and

WHEREAS, the university advance and repayment schedules will begin and end with the initiation and conclusion of individual grants or contracts requiring in-country presence outside of the United States and third-party employer of record; and

WHEREAS, under section 23-1.1010 of Restructured Higher Education Financial and Administrative Operations Act of the Code of Virginia the Board of Visitors has the authority to authorize such transactions,

NOW, THEREFORE BE IT RESOLVED, that the Board of Visitors authorizes, at the President's discretion, the negotiation and execution of service agreements and promissory notes or loan agreements from the university to VTIC or its subsidiary(ies) for cumulative advances up to $2.5 million to 1) advance working capital to [newly created or planned] LLC(s) under VTIC for research contracting services and 2) advance up to three months working capital for grants or contracts requiring in-country presence outside of the United States to be repaid without interest at the conclusion of 1) the need for contracting services where external research grants require terms and conditions not acceptable to the university as an agency of the Commonwealth of Virginia or 2) individual grants or contracts requiring in-country presence outside of the United States; and

FURTHER RESOLVED, the Vice President of Finance, in coordination with the Vice President for Research and Innovation, is authorized to structure the loan including repayment terms, and to execute the loan transactions to VTIC or its subsidiaries, contingent upon 1) the need for contracting services where external research grants require terms and conditions not acceptable to the university as an agency of the Commonwealth of Virginia or 2) requirements of individual external research grants or contracts requiring presence outside the United States and third-party employer of record.

RECOMMENDATION:

That the revised resolution authorizing the university to loan working capital up to $2.5 million to VTIC/VTIC subsidiary(ies) be approved.

April 4, 2022

ATTACHMENT A

Revised Authority to Loan Funds to Virginia Tech Innovations Corporations and Its Subsidiary(ies)

Excerpt of Restructured Higher Education Financial and Administrative Operations Act

§ 23.1-1010. Covered institutions; operational authority; creation of entities and participation in joint ventures.

Each covered institution may:

1. Create or assist in the creation of; own in whole or in part or otherwise control; participate in or with any entities, public or private; and purchase, receive, subscribe for, own, hold, vote, use, employ, sell, mortgage, lend, pledge, or otherwise acquire or dispose of any (i) shares or obligations of, or other interests in, any entity organized for any purpose within or outside the Commonwealth and (ii) obligations of any person or corporation. No part of the assets or net earnings of such institution shall inure to the benefit of, or be distributable to, any private individual except that reasonable compensation may be paid for services rendered to or for such institution in furtherance of its public purposes and benefits may be conferred that are in conformity with its public purposes.

2. Participate in joint ventures with individuals, corporations, governmental bodies or agencies, partnerships, associations, insurers, or other entities to facilitate any activities or programs consistent with its public purposes and the intent of this article.

3. Create or continue the existence of one or more nonprofit entities for the purpose of soliciting, accepting, managing, and administering grants and gifts and bequests, including endowment gifts and bequests and gifts and bequests in trust.

4. In carrying out any activities authorized by this article, provide appropriate assistance, including (i) making loans from its funds, other than general fund appropriations or proceeds of bonds issued under Article X, Section 9 (a), 9 (b), or 9 (c) of the Constitution of Virginia or under Article X, Section 9 (d) of the Constitution of Virginia if such issuance is supported by general funds and (ii) providing the time of its employees to corporations, partnerships, associations, joint ventures, or other entities whether such entities are owned or controlled in whole or in part or directly or indirectly by such institution.

RESOLUTION TO APPOINT UNIVERSITY COMMISSIONER TO THE HOTEL ROANOKE CONFERENCE CENTER COMMISSION

WHEREAS, the Virginia General Assembly approved legislation known as the "Hotel Roanoke Conference Center Commission Act" to provide for the establishment of a conference center commission; and,

WHEREAS, the Act provides for the appointment of three commissioners each from the City of Roanoke and from Virginia Polytechnic Institute and State University; and,

WHEREAS, the Act provides that the commissioner appointments be staggered; and,

WHEREAS, the terms of the appointments shall be four years, and shall end on June 30 of the respective year; and,

WHEREAS, pursuant to the Act, the Board of Visitors of Virginia Polytechnic Institute and State University confirms or appoints the following as commissioner:

- Vice President for Finance, Virginia Tech   April 4, 2022

NOW, THEREFORE, BE IT RESOLVED that the appointment of the Vice President for Finance of Virginia Tech shall continue effective with the approval of this resolution.

RECOMMENDATION:

That the above resolution of the appointment of the Vice President for Finance of Virginia Tech as the university's representative on the Hotel Roanoke Conference Center Commission be approved.

April 4, 2022

RESEARCH AND INNOVATION
SCHOLARLY INTEGRITY AND
RESEARCH COMPLIANCE
VIRGINIA TECH.

Cristen Jandreau, Ph.D.
Director, Research Conflict of Interest Program
North End Center, Suite 4120
300 Turner Street NW
Blacksburg, Virginia 24061
P: (540) 231-4824 F: (540) 231-0959
Email: drj@vt.edu

Date: 2/23/2022

To: Board of Visitors

Subject: Report of open contracts entered into subject to the Code of Virginia "State and Local Government Conflict of Interests Act" ("the Act") § 2.2-3106 C. 8.

There was one contract entered into at the time of this report (from 10/1/2021 – 12/31/2021) subject to the Act's exception for prohibited contracts involving research and development or commercialization of intellectual property. Details as per the Act § 2.2-3106 E. are included below.

Contract	1 (of 1)
Open contract number	PB5GGV4G
Names of parties	Virginia Tech and NAL Research Corporation
Date contract executed	12/1/21
Contract term	8/10/21-8/9/22
Subject of contract	"Studies of Position/Navigation/Timing based on Radio Signals from Low-Earth Orbit Satellites"
Nature of the COI	Mark Psiaki, Kevin T. Crofton Faculty Chair in the Department of Aerospace and Ocean Engineering, has reported consulting work for NAL Research Corporation and has received compensation in excess of $5,000. Virginia Tech has received an award from NAL Research Corporation and Mark Psiaki will be the Principal Investigator for Virginia Tech. NAL Research Corporation may also seek to participate in further research and development with Virginia Tech. The nature of this financial interest in the context of sponsored research creates a

	financial conflict of interest (FCOI) with state law implications that requires management to promote research objectivity.
Institution’s employee responsible for administering the contract	Trudy Riley, contract administration signatory Director, Virginia Tech Office of Sponsored Programs
Details of institution's commitment or investment of resources or finances for the contract	N/A
Details of how revenues are to be dispersed	N/A (no revenues will be generated)

Approval of Resolution for the Disposition of Real Estate Placeholder

Resolution for a Long-Term Lease for the Research Swing Space

JOINT FINANCE AND RESOURCE MANAGEMENT COMMITTEE AND BUILDINGS AND GROUNDS COMMITTEE

February 18, 2022

The Campus Master Plan and the Six-Year Capital Outlay Plan list several future capital renovations to major instruction and research facilities including Randolph Hall, Hahn Hall, Robeson Hall, and Derring Hall. The university has developed plans to swing the instructional programs within these buildings to other locations on main-campus. The university does not have adequate space available to swing research activity on main-campus. The plan to accommodate temporarily displaced research programs is to construct a building in the Corporate Research Center (CRC) to serve as research swing space. As an illustration, the Randolph Hall replacement capital project (208-18502) is in design and expected to enter construction by summer 2023. The departments within this building generate sponsored research activity that accounts for more than $79 million in annual expenditures. To ensure uninterrupted continuity of research through the project, the university requires research swing space by early 2023.

Programming efforts demonstrate the university requires approximately 68,000 gross square feet (GSF) of swing space to accommodate wet and dry laboratories, graduate design and computer laboratories, faculty and staff offices, and other support spaces. To accomplish this, the university requested the Foundation to deliver a new 68,000 GSF building in the Corporate Research Center that will be completed by the end of 2022.

This long-term lease is included in the 2022-2028 Capital Outlay Plan, ratified November 7, 2021, and the University Debt Ratio and Debt Capacity Report, reviewed and accepted November 8, 2021. The total project budget for the project is $20 million, and the estimated annual lease costs are $2.07 million with an estimated present value debt impact of $20M. The university has developed an entirely nongeneral fund resource plan to support the project's annual lease based on the financing and operating costs provided by the CRC. This funding plan calls for use of research overhead to service the lease. The plan calls for the university to enter into its usual break-even lease arrangement with the Foundation for the entire facility at a rate sufficient to retire the debt and financing costs as well as cover normal operating expenses. After the costs of the property and improvements are retired, the lease will be adjusted to reflect the usual and customary property carrying costs.

Under the 2006 Management Agreement between the Commonwealth of Virginia and the University, the Board of Visitors has the authority to approve the budget, size, scope, and funding of nongeneral fund capital outlay projects, including long-term leases. This request is for authorization to enter into a long-term lease for the Research Swing Space facility.

RESOLUTION FOR A LONG-TERM LEASE FOR THE RESEARCH SWING SPACE

WHEREAS, Campus Master Plan and the Six-Year Capital Outlay Plan list capital renovations to several instruction and research facilities including Randolph Hall, Hahn Hall, Robeson Hall, and Derring Hall; and,

WHEREAS, to ensure uninterrupted continuity of the research programs through these future capital renovations, the university requires additional research swing space to house temporarily displaced units; and,

WHEREAS, the university determined the most effective and economical solution is the construction of a new 68,000 gross square foot building located in the Corporate Research Center that will be delivered and financed through the Foundation; and,

WHEREAS, the total project budget for Research Swing Space is $20 million; and,

WHEREAS, this long-term lease is included in the 2022-2028 Capital Outlay Plan, ratified November 7, 2021, and the University Debt Ratio and Debt Capacity Report, reviewed and accepted November 8, 2021; and,

WHEREAS, the university has a funding plan that calls for entering a long-term lease with the Foundation at a rate sufficient to retire the debt and financing costs and cover normal property carrying costs and operating expenses; and,

WHEREAS, the lease rate will be based on a break-even arrangement with the rates reverting to usual and customary property carrying costs after the facility costs are retired; and,

WHEREAS, the university has developed a nongeneral fund resource sufficient to support the full costs of the lease; and,

WHEREAS, under the 2006 Management Agreement between the Commonwealth of Virginia and Virginia Tech, the Board of Visitors has authority to approve the budget, size, scope, debt issuance, and overall funding of nongeneral funded major capital outlay projects, including long-term leases.

NOW, THEREFORE, BE IT RESOLVED, that Virginia Tech be authorized to enter into a long-term lease with the Virginia Tech Foundation for the Research Swing Space facility.

RECOMMENDATION:

That the above resolution authorizing Virginia Tech to enter into a long-term lease with the Virginia Tech Foundation for the Research Swing Space facility be approved.

April 4, 2022

Resolution for a Long-Term Lease for the Gilbert Street Building

JOINT FINANCE AND RESOURCE MANAGEMENT COMMITTEE AND BUILDINGS AND GROUNDS COMMITTEE

February 17, 2022

The Virginia Tech Foundation's (Foundation) redevelopment plans for the area commonly known as Gilbert Street located at the north end in Blacksburg include an approximately 236,000 gross square feet (GSF) of new construction for retail, restaurant, and office space. The new building will be located adjacent to campus and next to the North End Center, an approximately 141,000 GSF building leased largely by the university. The Foundation expects the Gilbert Street building and be ready for occupancy in early 2023.

The Gilbert Street project presents an opportunity for the university to address three high priority goals: i) provide adequate and convenient space for student support, academic, and administrative units, ii) consolidate approximately $2.2 million of annual leases, and iii) vacate space in the Corporate Research Center for commercial clients. The university occupancy plan for the Gilbert Street building includes the following departments: Academic Excellence, Computer Science, Cook Counseling Center, Equity and Accessibility, Human Resources, Outreach and International Affairs, Vice President for Finance, and Budget Office. In total, the university's occupancy plan would consume approximately 197,000 GSF of the new building.

This long-term lease is included in the 2022-2028 Capital Outlay Plan, ratified November 7, 2021, and the University Debt Ratio and Debt Capacity Report, reviewed and accepted November 8, 2021. The total budget for the university's portion of the project is $71.7 million with an estimated annual lease costs of $5.5 million and an estimated present value debt impact of $69 million. The university has developed an entirely nongeneral fund plan to support the annual lease costs that includes the redirection of current leases and nongeneral funds that have been budgeted for this initiative. The plan calls for the university to enter into its usual break-even lease arrangement with the Foundation for the entire facility at a rate sufficient to retire the debt and financing costs as well as cover normal operating expenses. After the costs of the property and improvements are retired, the lease will be adjusted to reflect the usual and customary property carrying costs.

Under the 2006 Management Agreement between the Commonwealth of Virginia and the University, the Board of Visitors has the authority to approve the budget, size, scope, and funding of nongeneral fund capital outlay projects, including long-term leases. This request is for authorization to enter into a long-term lease with the Foundation for space in the Gilbert Street building.

RESOLUTION FOR A LONG-TERM LEASE FOR THE GILBERT STREET BUILDING

WHEREAS, the Foundation's redevelopment plans for the Gilbert Street project located at the north end in Blacksburg present a timely opportunity for the university to economically address critical space needs; and,

WHEREAS, the implementation plan calls for the Foundation to deliver approximately 197,000 gross square feet of office and student support space for the university; and,

WHEREAS, the total project budget for the university's portion of the Gilbert Street project is $71.7 million; and,

WHEREAS, this long-term lease is included in the 2022-2028 Capital Outlay Plan, ratified November 7, 2021, and the University Debt Ratio and Debt Capacity Report, reviewed and accepted November 8, 2021; and,

WHEREAS, the university has a funding plan that calls for entering a long-term lease with the Foundation for the university's portion of the facility at a rate sufficient to retire the debt and financing costs and cover normal operating expenses; and,

WHEREAS, the lease rate will be based on a break-even arrangement with the rates reverting to usual and customary property carrying costs after the building costs are retired; and,

WHEREAS, the university has developed an entirely nongeneral fund resource sufficient to support the full costs of the lease; and,

WHEREAS, under the 2006 Management Agreement between the Commonwealth of Virginia and Virginia Tech, the Board of Visitors has authority to approve the budget, size, scope, debt issuance, and overall funding of nongeneral funded major capital outlay projects, including long-term leases.

NOW, THEREFORE, BE IT RESOLVED, that Virginia Tech be authorized to enter into a long-term lease with the Virginia Tech Foundation for the Gilbert Street building.

RECOMMENDATION:

That the resolution authorizing Virginia Tech to enter into a long-term lease with the Virginia Tech Foundation for the Gilbert Street project be approved.

April 4, 2022

Capital Project for Planning the New Pamplin College of Business Building

JOINT FINANCE AND RESOURCE MANAGEMENT COMMITTEE AND BUILDINGS AND GROUNDS COMMITTEE

February 20, 2022

The Campus Master Plan and the Six-Year Capital Outlay Plan include a new building for the Pamplin College of Business (College) as part of the Global Business and Analytics Complex (GBAC). The GBAC vision calls for two 350-bed Living-Learning residence halls and two academic buildings. The residence halls are included in the university's plans for the Student Life Village with a future site on the golf course. The academic components of the complex include the Data and Decision Sciences Building and a new building for the Pamplin College of Business. The site for the academic buildings is the northwest corner of campus near Prices Fork Road and West Campus Drive.

The Data and Decision Sciences Building is fully funded by the commonwealth and is currently under construction. The project for the new Pamplin College of Business building is envisioned as an approximately 104,000 gross square foot, four story structure that will connect with the Data and Decision Sciences Building through a common area and provide expanded, modern, educational space sufficient to meet demand for the business programs.

The target total project budget is $80.8 million, and the funding plan calls for entirely nongeneral fund support. The funding sources include $40.4 million of private fund raising and $40.4 million of university nongeneral funds will be allocated by the university in a combination of cash and annual support for debt service. Proceeding with planning for the project is conditioned on private fund commitments reaching a threshold and cash receipts being available and sufficient to support the costs to complete an entire design effort.

The private fund commitments have reached the necessary milestone and cash receipts are available and sufficient to cover the $8 million costs to complete planning through working drawings. Thus, the university is ready to request a planning authorization and begin design work.

Under the 2006 Management Agreement between the Commonwealth of Virginia and the university, the Board of Visitors has the authority to approve the budget, size, scope, and funding of nongeneral fund capital outlay projects. This request is for an $8 million planning authorization to complete working drawings for the new Pamplin College of Business Building project. A subsequent request for full funding may be submitted after designs are underway and a firm scope, cost, funding, and schedule for the entire project are determined.

RESOLUTION OF A CAPITAL PROJECT FOR PLANNING THE NEW PAMPLIN COLLEGE OF BUSINESS BUILDING

WHEREAS, the Campus Master Plan and the Six-Year Capital Outlay Plan include a new building for the Pamplin College of Business (College) as part of the Global Business and Analytics Complex; and,

WHEREAS, the academic component of the complex includes the Data and Decision Sciences Building that is fully funded by the commonwealth and is under construction, and a new building for the College; and,

WHEREAS, the project for the College is envisioned as an approximately 104,000 gross square foot, four story building as a companion structure to the Data and Decision Sciences building; and,

WHEREAS, the College private fund raising for the project and has received gifts and commitments sufficient to support the $8 million planning phase of the project; and,

WHEREAS, the university is requesting an $8 million planning authorization to complete working drawings and to fund the planning project with 100 percent nongeneral fund resources derived from private gifts; and,

WHEREAS, the university may submit a subsequent request for full project funding after designs are underway and a firm scope, cost, funding plan, and schedule for the entire project are determined; and,

WHEREAS, under the 2006 Management Agreement between the Commonwealth of Virginia and the university, the Board of Visitors has authority to approve the budget, size, scope, and funding of nongeneral funded major capital outlay projects.

NOW, THEREFORE, BE IT RESOLVED, that the university be authorized to move forward with an $8 million planning authorization to complete designs through working drawings for the New Pamplin College of Business Building.

RECOMMENDATION:

That the resolution authorizing Virginia Tech to plan the New Pamplin College of Business Building be approved.

April 4, 2022

2022-23 Compensation for Graduate Assistants

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

February 17, 2022

Background

Graduate students who work as graduate assistants while pursuing their master's or doctoral degrees provide a valuable service to the university. Many teach undergraduate classes while others support faculty in scholarly and sponsored research activities. 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 total compensation package are a stipend, stipend supplement, tuition assistance, and health insurance benefit.

Graduate Stipends

One of the primary goals of Virginia Tech during the 1980's was to build a graduate compensation program that was competitive with those offered by comparable institutions. Across the campus, graduate assistants have a variety of responsibilities. To recognize the differences in services performed by these students, the university created a stipend scale that defines ranges of stipend amounts, providing academic and support unit's flexibility in compensating graduate assistants. The levels within the stipend table have been adjusted over the years to remain competitive.

To respond to increasing competition for quality graduate students among peer institutions, the graduate student stipend scale was revised for Fall 2003 to better position Virginia Tech departments as compared to their national peers and reflect the minimum stipend levels authorized by the National Science Foundation. The Fall 2004 stipend scale added 10 additional stipend steps, numbered 41-50, to increase the university's competitive position in attracting outstanding Ph.D. students. In 2004-05, the graduate stipend scale was enhanced to encompass the current 50 pay ranges (Attachment). These ranges provide flexibility in situations where a defined level of resources does not exactly match one of the existing steps, and allow for an actual stipend to be established within the range of a step.

In 2011-12, an academic year fixed dollar supplement was added to the graduate stipend scale to help offset university assigned costs such as the Health Services fee. As a result, the graduate assistant stipend is currently comprised of two components: 1) a base stipend and 2) a fixed supplement. For administrative efficiency and processing, the two components are combined into the traditional stipend scale. As of January 25, 2022, the current average monthly stipend for full-time graduate assistants is $2,262 per month, which falls within step 13 of the 2021-22 stipend scale.

Tuition Assistance

In the 1990s, the university developed a more comprehensive program of tuition remission for graduate students serving on assistantships. The tuition program is financed by four sources including: the General Fund appropriation for graduate student financial assistance, a tuition remission program in the Educational and General budget, tuition payments planned in the budgets of externally sponsored grants and contracts, and private funds. The tuition remission program for graduate students on assistantship includes the remission of tuition, mandatory E&G fees (excluding the state assigned Commonwealth Capital and Equipment Fee), and non-executive graduate program fees. Tuition remission benefits are provided on a per-semester basis for the duration of the contracted period.

In the case of an early termination of an assistantship, tuition remission benefits are prorated to align with the portion of the semester completed, as displayed on Table 1.

Table 1

Number of Weeks into Semester When Assistantship is Terminated	Student Tuition & E&G Fee Obligation	Department Tuition & E&G Fee Obligation
Less than Four	100%	0%
Four through less than Eight	75%	25%
Eight through less than Twelve	50%	50%
Twelve through less than Sixteen	25%	75%
Sixteen or more (full semester)	0%	100%

Health Insurance

At the March 2001 meeting of the Board of Visitors, a health insurance program for graduate students on assistantship was approved as a part of the graduate student compensation package to enhance the university's competitiveness in recruiting highly qualified graduate students. The program was designed to help full-time graduate students receiving a full or partial assistantship, including graduate research assistants, graduate teaching assistants, and graduate assistants, offset a portion of the cost of health insurance premiums. In 2009-10, university management worked with representatives of the graduate student community to review and improve the overall mix and value of benefits provided through the health insurance program; these enhancements were approved by the Board and included in the program for 2010-11. For the 2018-19 academic year, the Board of Visitors approved a health insurance subsidy rate of 88 percent for graduate assistants, matching the university's share of other employee health insurance programs.

In order to qualify for health insurance, full-time graduate students must have a 50 percent or greater appointment. Graduate students also have the option to decline coverage if they so choose. In 2021-22 the university provided 88 percent of the $3,343 annual premium cost of the plan to 2,168 graduate students. The plan provided for a $450 in-network annual deductible, $6,250 per-person out-of-pocket maximum, $25 co-pay for in-network doctors' visits, and an unlimited maximum benefit. Students can obtain optional dental benefits for an additional cost.

Current Events

Graduate assistants provide a valuable service to the university and contribute to the advancement of the university's strategic vision. Compensation market pressures are impacting many employee groups and living costs are subject to inflationary cost pressures. The university desires to ensure a competitive compensation package; to that end, the president has asked the Provost and Dean of the Graduate School to convene a task force to develop recommendations for providing competitive compensation for graduate assistants.

Proposed Graduate Assistant Compensation Plan for 2022-23

The university proposes the following actions:

- Advancing the stipend scale for 2022-23 by implementing a 5.0 percent increase effective August 10, 2022.
- Maintaining the current academic year Stipend Supplement of $458 to help mitigate university assigned costs.
- Continuing the university share of the graduate assistant health insurance coverage at 88 percent, based upon the university's current estimate the cost of graduate student insurance coverage.
- Continuing the graduate tuition remission program.

RECOMMENDATION

That the graduate assistant compensation program for 2022-23 be approved.

April 4, 2022

Financial Performance Report – Operating and Capital

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

July 1, 2021 to December 31, 2021

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 December 2021-22 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, 2021 through December 31, 2021 and the Capital Outlay report be approved.

April 3, 2022

OPERATING BUDGET

2021-22

Dollars in Thousands

	July 1, 2021 to December 31, 2021			Annual Budget for 2021-22		
	Actual	Budget	Change	Original	Adjusted	Change
Educational and General Programs						
University Division						
Revenues						
General Fund	$91,699	$91,699	$0	$214,721	$214,275	$-446 (9)
Tuition and Fees	361,218	358,797	2,421 (1)	619,620	629,069	9,449 (10)
All Other Income	27,096	27,119	-23	44,090	44,455	365 (11)
Total Revenues	$480,013	$477,615	$2,398	$878,432	$887,799	$9,367
Expenses						
Academic Programs	$-277,528	$-281,260	$3,732	$-559,541	$-570,976	$-11,435
Support Programs	-129,202	-130,252	1,050	-318,891	-325,408	-6,517
Reserve Drawdown/(Depos	0	0	0	0	8,585	8,585 (12)
Total Expenses	$-406,730	$-411,512	$4,782 (2)	$-878,432	$-887,799	$-9,367 (9,10,11)
NET	$73,283	$66,103	$7,180	$0	$0	$0
CE/AES Division						
Revenues						
General Fund	$38,456	$38,456	$0	$79,216	$79,633	$417 (13)
Federal Appropriation	7,893	9,049	-1,156 (3)	15,647	16,811	1,164 (14)
All Other Income	635	400	235 (4)	750	750	0
Total Revenues	$46,984	$47,905	$-921	$95,613	$97,194	$1,581
Expenses						
Academic Programs	$-45,162	$-47,561	$2,399 (5)	$-88,315	$-92,801	$-4,486
Support Programs	-5,107	-5,240	133	-7,298	-7,298	0
Reserve Drawdown/(Depos	0	0	0	0	2,905	2,905 (15)
Total Expenses	$-50,269	$-52,801	$2,532	$-95,613	$-97,194	$-1,581 (13,14)
NET	$-3,285	$-4,896	$1,611	$0	$0	$0
Auxiliary Enterprises						
Revenues	$201,349	$197,994	$3,355 (6)	$355,918	$355,549	$-369 (6)
Expenses	-178,908	-183,217	4,309 (6)	-350,771	-373,218	-22,447 (6)
Reserve Drawdown/(Deposit	-22,441	-14,777	-7,664 (6)	-5,147	17,669	22,816 (6)
NET	$0	$0	$0	$0	$0	$0
Sponsored Programs						
Revenues	$164,683	$164,352	$331 (7)	$355,706	$355,706	$0
Federal Pandemic Relief	23,961	23,961	0	0	23,961	23,961 (16)
Expenses	-207,820	-208,734	914 (7)	-355,706	-379,666	-23,961 (16)
Reserve Drawdown/(Deposit	19,176	20,421	-1,245	0	0	0
NET	$0	$0	$0	$0	$0	$0
Student Financial Assistance						
Revenues	$18,134	$19,094	$-960	$38,340	$37,837	$-503 (17)
Expenses	-17,986	-18,928	942	-38,340	-37,837	503 (17)
Reserve Drawdown/(Deposit	0	0	0	0	0	0
NET	$148	$166	$-18	$0	$0	$0
All Other Programs *						
Revenue	$4,812	$4,992	$-180	$13,923	$13,923	$0
Federal Pandemic Relief	23,148	23,148	0	0	23,148	23,148 (18)
Expenses	-3,079	-7,834	4,755 (8)	-13,923	-37,955	-24,032 (18)
Reserve Drawdown/(Deposit	-24,881	-20,306	-4,575 (8)	0	884	884 (18)
NET	$0	$0	$0	$0	$0	$0
Total University						
Revenues	$963,084	$959,061	$4,023	$1,737,932	$1,795,117	$57,185
Expenses	-864,792	-883,026	18,234	-1,732,785	-1,813,669	-80,885
Reserve Drawdown/(Deposit	-28,146	-14,662	-13,484	-5,147	18,552	23,699
NET	$70,146	$61,373	$8,773	$0	$0	$-1

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

OPERATING BUDGET

1. Tuition and Fee revenues are slightly ahead of projections due to the timing of tuition payments and higher than projected program fee revenues.
2. University Division E&G Academic and Support program expenditures are lower than projected due to timing of expenditures.
3. 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 and Agriculture Experiment Station Division is lower than projected due to the timing of federal drawdown.
4. Cooperative Extension and Agriculture Experiment Station Division All Other Income are higher than projected due to milk sales and self-generated revenues.
5. Cooperative Extension and Agriculture Experiment Station Division academic program expenditures are lower than historical projections due to timing of expenses and locality recovery activity.
6. Quarterly and projected annual variances are explained in the Auxiliary Enterprises section of this report.
7. 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 higher than projected. The sponsored research expenditures are 11.6% higher than December 31, 2020.
8. Expenses for All Other Programs was lower than projected due to timing of expenditures and lower than projected Surplus Property activity.
9. The annual budget for the University Division General Fund was decreased $0.4 million for the state share of salary and fringe benefit rate changes.
10. In June, the budget for Tuition and Fees was increased $0.8 million for planned Fall 2021 Graduate enrollment and scholarships. The budget was increased $6.2 million for higher than projected graduate and professional on-campus revenue and the undergraduate residency mixture. The tuition and fee budget was increased $2.4 million for summer enrollments. The corresponding expenditure budgets have been adjusted accordingly.
11. The All Other Income revenue budget was increased $0.4 million for self-generated earmarked revenues. The corresponding expenditure budgets have been adjusted accordingly.
12. The University Division had a cash balance of $8.6 million at the end of the fiscal year 2020-21. The university authorized a one-time expenditure budget increase of $8.6 million to accomplish work which was previously delayed by the pandemic.
13. The Cooperative Extension/Agriculture Experiment State Division General Fund revenue budget was increased $0.4 million for the state share of salary and fringe benefit rate changes. The corresponding expenditure budgets have been adjusted accordingly.
14. The federal revenue budget in the Cooperative Extension/Agriculture Experiment Station Division has been increased by $1.2 million for the carryover of unexpended federal funds in fiscal year 2020-21. The corresponding expenditure budgets have been adjusted accordingly.
15. The Cooperative Extension and Agriculture Experiment Station division had a state E&G cash balance of $2.9 million at the end of fiscal year 2020-21. The university authorized a one-time expenditure budget increase of $2.9 million to accomplish work which was previously delayed by the pandemic.
16. Virginia Tech received $24.0 million funding through The Higher Education Emergency Relief Fund II and III (HEERF II & III) programs for the Student Financial Aid award expenditures. In addition, other miscellaneous CARES allocations received by the institution, not recorded in the Auxiliary or E&G programs, are recorded as Sponsored Programs activity.
17. The Student Financial Assistance revenue and expenditure budgets were decreased $0.7 million for the finalization of the scholarship budget and technical accounting changes and increased $0.2 million for the SCHEV GEAR Up scholarship program.
18. The projected annual budgets for All Other Programs were increased $23.1 million for pandemic relief clearing and $0.9 million for outstanding 2020-21 commitments that were initiated but not completed before June 30, 2021.

AUXILIARY ENTERPRISES

Dollars in Thousands

	July 1, 2021 to December 31, 2021			Annual Budget for 2021-22		
	Actual	Budget	Change	Original	Adjusted	Change
Residence and Dining Halls *						
Revenues	$70,284	$68,662	$1,622 (1)	$132,387	$129,212	$-3,175 (6)
Expenses	-61,352	-66,390	5,038 (1)	-128,747	-140,079	-11,332 (8,9)
Reserve Drawdown/(Deposit	-8,932	-2,272	-6,660	-3,640	10,867	14,507 (6,8,9)
Net	$0	$0	$0	$0	$0	$0
Parking and Transportation						
Revenues	$10,890	$10,115	$775	$15,722	$15,722	$0
Expenses	-7,204	-8,388	1,184	-16,912	-17,645	-733 (8)
Reserve Drawdown/(Deposit	-3,686	-1,727	-1,959	1,190	1,923	733 (8)
Net	$0	$0	$0	$0	$0	$0
Telecommunications Services						
Revenues	$11,057	$10,752	$305	$21,594	$21,671	$77 (7)
Expenses	-9,365	-10,823	1,458	-21,856	-23,146	-1,290 (7,8)
Reserve Drawdown/(Deposit	-1,692	71	-1,763	262	1,475	1,213 (8)
Net	$0	$0	$0	$0	$0	$0
University Services * **						
Revenues	$31,747	$31,513	$234	$55,967	$55,952	$-15 (7)
Expenses	-26,160	-28,720	2,560 (2)	-55,493	-57,955	-2,462 (7,8,9)
Reserve Drawdown/(Deposit	-5,587	-2,793	-2,794	-474	2,003	2,477 (7,8,9)
Net	$0	$0	$0	$0	$0	$0
Intercollegiate Athletics *						
Revenues	$50,987	$50,029	$958	$78,327	$80,810	$2,483 (10)
Expenses	-53,141	-45,171	-7,970 (3)	-77,596	-81,006	-3,410 (8)
Reserve Drawdown/(Deposit	2,154	-4,858	7,012	-731	196	927 (8,10)
Net	$0	$0	$0	$0	$0	$0
Electric Service *						
Revenues	$14,711	$16,021	$-1,310 (4)	$34,775	$34,198	$-577 (7)
Expenses	-17,879	-19,163	1,284 (4)	$-34,197	-35,320	-1,123 (7,8)
Reserve Drawdown/(Deposit	3,168	3,142	26	-578	1,122	1,700 (8)
Net	$0	$0	$0	$0	$0	$0
Inn at VT/Skelton Conf. Center						
Revenues	$4,045	$4,326	$-281	$9,056	$9,229	$173 (7)
Expenses	-4,373	-4,456	83	-10,354	-10,694	-340 (7,8)
Reserve Drawdown/(Deposit	328	130	198	1,298	1,465	167 (7,8)
Net	$0	$0	$0	$0	$0	$0
Other Enterprise Functions ***						
Revenues	$7,628	$6,576	$1,052 (5)	$8,090	$8,755	$665 (7,11)
Expenses	566	-106	672	-5,616	-7,373	-1,757 (7,8,11)
Reserve Drawdown/(Deposit	-8,194	-6,470	-1,724	-2,474	-1,382	1,092 (7,8,11)
Net	$0	$0	$0	$0	$0	$0
TOTAL AUXILIARIES						
Revenues	$201,349	$197,994	$3,355	$355,918	$355,549	$-369
Expenses	-178,908	-183,217	4,309	-350,771	-373,218	-22,447
Reserve Drawdown/(Deposit	-22,441	-14,777	-7,664	-5,147	17,669	22,816
Net	$0	$0	$0	$0	$0	$0

* 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.

AUXILIARY ENTERPRISE BUDGET

1. While the 2021-22 original budget for Dining included an $11.1 million one-time decrease in business volume related to the pandemic, revenues in Residence and Dining Halls are higher than projected due to higher than budgeted meal plan sales and self-generated revenues from dining dollars and cash sales. Expenses are lower than projected due to timing of operating and project expenses. A third quarter budget adjustment is anticipated to partially offset this decrease.
2. Expenses for the University Services System are lower than projected due to timing of expenses.
3. Expenses for Intercollegiate Athletics are higher than projected due to the coaching staff transitions and buyout. A third quarter budget adjustment for $12.0 million associated with coaching transition is anticipated.
4. Revenue and expenses for the Electric Service auxiliary are lower than projected due to lower than anticipated electricity consumption.
5. Revenues for Other Enterprise Functions are higher than projected due to increased business volume in New Student Programs and Software Sales.
6. The annual revenue budget for Residence and Dining Halls was decreased $3.2 million due for lower than anticipated residence hall occupancy. The annual expense budget was increased $2.5 million for a one-time equipment purchase of microwave-refrigerators for residence rooms.
7. In June 2021, the annual revenue, expense, and reserve budgets for Auxiliary Enterprises were adjusted for technical alignments and finalization of fixed cost estimates.
8. The annual expense budget for Auxiliary Enterprises was increased $12.6 million for outstanding 2020-21 commitments and projects that were initiated but not completed before June 30, 2021.

Auxiliary Enterprise	Outstanding Commitments
Residence and Dining Halls	$3,449,416
Parking and Transportation	732,928
Telecommunication Services	1,213,341
University Services System	2,308,486
Intercollegiate Athletics	1,857,700
Electric Service	2,299,715
Inn at Virginia Tech	149,749
Other Enterprise Functions	614,948
Total	$12,626,283

9. The annual expense budgets for Residence and Dining Halls were increased $5.4 million and University Services System increased $0.2 million to increase entry level compensation to respond to the market.
10. The annual revenue, expense, and reserve budgets for Intercollegiate Athletics were increased to accommodate additional revenue of $1.7 million for the football team's participation in the Pinstripe Bowl, $0.7 million in private funds for the repayment of the football lounge advance, and $1.5 million bowl expenses (total bowl expense is $2.5 million).
11. The annual revenue, expense, and reserve budgets for Other Enterprise Functions were increased for sustainability projects and the cost of winding down operations in Printing Services.

CAPITAL OUTLAY PROJECTS
AUTHORIZED AS OF DECEMBER 31, 2021
Dollars in Thousands

		FISCAL YEAR ACTIVITY		TOTAL PROJECT BUDGET					
	PROJECT INITIATED	ANNUAL BUDGET	YTD EXPENDITURES	STATE SUPPORT	NONGENERAL FUND	REVENUE BOND	TOTAL BUDGET	CUMULATIVE EXPENDITURES	
EDUCATIONAL AND GENERAL PROJECTS									
Design Phase									
Undergraduate Science Laboratory Building	Jul 2017	$ 8,000	$ 78	$ 86,378	$ -	$ -	$ 86,378	$ 4,753	(1)
Planning: Replace Randolph Hall	Jul 2020	2,500	375	-	-	11,000	11,000	409	(2)
Life, Health, Safety, Accessibility, & Code Compliance	Jul 2020	155	54	3,100	-	-	3,100	109	(3)
Construction Phase									
Maintenance Reserve	On-going	14,300	4,716	29,824	-	-	29,824	15,188	(4)
Holden Hall Renovation	Oct 2016	18,500	15,089	57,215	212	17,500	74,927	57,097	(5)
Livestock & Poultry Research Facilities, Phase I	Oct 2016	10,000	8,909	25,274	-	-	25,274	11,592	(6)
Construct Virginia Seafood AREC	Jul 2018	1,224	1,224	2,500	-	-	2,500	2,500	(7)
Corps Leadership and Military Science Building	Jun 2019	10,000	7,831	-	20,650	31,350	52,000	12,949	(8)
Data and Decision Science Building	Jul 2019	35,000	19,758	69,000	-	10,000	79,000	31,995	(9)
Innovation Campus - Academic Building	Jul 2019	22,000	13,658	168,000	-	134,136	302,136	28,521	(10)
Hitt Hall	Apr 2017	5,000	1,344	-	14,113	70,887	85,000	6,240	(11)
Equipment and Special Initiatives									
Commonwealth Cyber Initiative	May 2019	230	63	1,500	-	-	1,500	1,333	(12)
Fralin Biomedical Research Institute Equipment	Jul 2020	8,633	943	18,133	-	-	18,133	8,483	(13)
Equipment for Workforce Development	May 2021	5,075	-	15,778	-	-	15,778	5,200	(14)
Close-Out									
Improve Kentland Facilities	Sep 2013	363	212	12,463	-	-	12,463	12,124	(15)
Gas-Fired Boiler at the Central Steam Plant	Apr 2017	400	274	-	8,200	-	8,200	7,812	(16)
Acquisition: Falls Church Property	Apr 2019	2,850	-	-	-	2,850	2,850	-	(17)
Chiller Plant Phase II	Oct 2016	5,000	4,583	32,655	10,312	-	42,968	38,741	(18)
TOTAL EDUCATIONAL AND GENERAL PROJECTS		$ 149,230	$ 79,110	$ 521,820	$ 53,487	$ 277,723	$ 853,031	$ 245,046	

Presentation Date: April 3, 2022

CAPITAL OUTLAY BUDGET

Education and General Projects

1. Undergraduate Science Laboratory Building: This project will construct a 102,000 gross square foot science instruction laboratory building. Working drawings are complete and market pricing is expected to be received January 2022.
2. Planning: Replace Randolph Hall: This state authorized planning project will design the replacement of Randolph Hall with an approximately 284,000 gross square foot building to accommodate engineering instruction and research. In accordance with the state capital budget program, the university will temporarily fund the planning costs and be reimbursed through a request for construction funding as part of the fiscal year 2023 state budget call. Schematic design is underway.
3. Life, Health, Safety, Accessibility, & Code Compliance: This project improves pedestrian connectors to ensure accessible service in the North Academic District. Preliminary Design is underway.
4. Maintenance Reserve: The total project budget reflects $2.73 million of carryforward from fiscal year 2020, and the state's fiscal year 2021 and fiscal year 2022 appropriations totaling $27.46 million. The annual budget amount reflects the pace necessary to meet the state's 85 percent spending performance requirement by June 30, 2022.
5. 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. Construction is underway with substantial completion expected January 2022.
6. Livestock & Poultry Research Facilities, Phase I: This project is the first of two phases to renew existing facilities for the livestock and poultry programs. Construction is underway for the swine, poultry, beef, and equine packages. Packages for three hay barns and demolition are under development. Construction funding for those packages is included in the Executive Budget Bill for the 2022 General Assembly session.
7. 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 a new 15,000 gross square foot facility. The project is being implemented by the Foundation and substantial completion is expected March 2022.
8. 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. Construction is underway with substantial completion expected July 2023.
9. Data and Decision Sciences Building: Construction of the new 120,000 gross square foot building is underway with substantial completion expected April 2023. Cash outflows shifted from fiscal year 2023 to fiscal year 2022 because the contractor's work is ahead of the estimated pace. The annual budget was adjusted to account for the increased pace. Resources are available and sufficient to cover the accelerated cash flows, and the project remains within the authorized budget.
10. Innovation Campus – Academic Building: This project will construct a new 300,000 gross square foot academic building with below grade parking as part of the Innovation Campus in Alexandria Virginia. The university received a Guaranteed Maximum Price (GMP) construction contract for the foundations and steel package on June 30, 2021 with construction starting October 2021. Working drawings are complete and market pricing is expected to be received January 2022.
11. Hitt Hall: This project houses an expansion of Myers-Lawson School of Construction, a new dining center, and other academic spaces. Working drawings are complete and market pricing for an early site and steel package was awarded December 2021. Pricing for the building package is expected to be received January 2022. Cash outflows and the annual budget were adjusted to reflect the project moving into construction. Resources are available and sufficient to cover the accelerated cash flows, and the project remains within the authorized budget.
12. Commonwealth Cyber Initiative: This project makes improvements to support the Commonwealth Cyber Initiative Hub renovations, space enhancements, and equipment. The Virginia Innovation Partnership Authority (VIPA) approves spending requests which are then allocated to Virginia Tech for procurement. The maximum appropriation from the commonwealth is $3.5 million.
13. Fralin Biomedical Research Institute Equipment: This funding supports the procurement and installation of specialized research equipment for the Fralin Biomedical Research Institute.
14. Equipment for Workforce Development: This project supports space and equipment purchases for the instructional programs associated with the Tech Talent Investment Program.
15. Improve Kentland Facilities: The project is substantially complete and the total cost is expected to be $12.46 million. The project may be closed and financial accounts terminated when final invoices are received and paid.
16. Gas-Fired Boiler at the Central Steam Plant: This project is substantially complete and the total cost is expected to be $8.2 million. The project may be closed and financial accounts terminated when final invoices are received and paid.
17. 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 university is working with the City of Falls Church on this transaction.
18. Chiller Plant Phase II: This project is substantially complete and the total cost is expected to be $42.968 million. The project will be closed and financial accounts terminated when final invoices are received and paid.

Capital Outlay Projects Authorized as of December 31, 2021 (Continued)

Dollars in Thousands

		FISCAL YEAR ACTIVITY		TOTAL PROJECT BUDGET					
	PROJECT INITIATED	ANNUAL BUDGET	YTD EXPENDITURES	STATE SUPPORT	NONGENERAL FUND	REVENUE BOND	TOTAL BUDGET	CUMULATIVE EXPENDITURES	
AUXILIARY ENTERPRISE PROJECTS									
Design Phase									
Student Wellness Improvements	Jun 2016	$ 2,500	$ 34	$ -	$ 13,310	$ 44,690	$ 58,000	$ 5,100	(1)
Dietrick Renovation	Sept 2017	1,200	89	-	8,519	-	8,519	1,037	(2)
Global Business & Analytics Complex Residence Halls	Jun 2019	-	-	-	-	84,000	84,000	1,269	(3)
Construction Phase									
Maintenance Reserve	On-going	8,000	6,458	-	8,000	-	8,000	6,458	(4)
New Upper Quad Residence Hall	Jun 2019	6,500	4,997	-	2,000	40,000	42,000	7,484	(5)
Close-Out									
Student-Athlete Performance Center	Mar 2018	417	17	-	20,417	-	20,417	19,725	(6)
Creativity & Innovation District LLC	Oct 2016	17,176	13,003	-	15,880	89,620	105,500	100,939	(7)
Planning: Tennis Center Improvements	Aug 2016	384	100	-	809	-	809	485	(8)
TOTAL AUXILIARY ENTERPRISE PROJECTS		$ 36,177	$ 24,698	$ -	$ 68,934	$ 258,310	$ 327,244	$ 142,496	
GRAND TOTAL		$ 185,407	$ 103,808	$ 521,820	$ 122,421	$ 536,033	$ 1,180,275	$ 387,543	

Auxiliary Enterprise Projects

1. Student Wellness Improvements: The project scope and budget include refurbishments to War Memorial Hall and McComas Hall. The university is redesigning the scope to fit within the authorized budget with results of market pricing expected to be received May 2022.

2. Dietrick Renovation: This project includes refurbishing the first floor of Dietrick Hall, inserting a modern food service venue, enclosing a portion of the overhang, and improvements to the outdoor plaza. Improvements to Dietrick Hall will be implemented within the approved budget and improvements to the outdoor plaza will be implemented as a non-capital activity supported with private gift receipts. The low bid received December 2, 2021 was over budget because of escalated materials pricing. The required funding increase reflects a minor change to the budget, which may be approved administratively under the university's tier three Management Agreement with the state. Negotiations on project schedule are underway.

3. Global Business & Analytics Complex Residence Halls: This project calls for two residence halls in the northwest area of campus with a minimum of 700 beds. Because of excessive costs to deliver the program under traditional campus design standards in this area of campus, the university is exploring alternatives for project implementation.

4. Maintenance Reserve: The auxiliary maintenance reserve program covers 106 assets with a total replacement value of $1.4 billion. Projects are scheduled and funded by the auxiliary enterprises. 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 2022.

5. New Upper Quad Residence Hall: The project provides a residence hall in the upper quad section of campus with a minimum of 300 beds. The project is under construction with substantial completion expected August 2023.

6. Student-Athlete Performance Center: The project is complete and the total cost is expected to be $20.42 million. The project will be closed and financial accounts terminated when final invoices are received and paid.

7. Creativity & Innovation District Living Learning Community (LLC): The project is substantially complete and the total cost is expected to be $105.5 million. The project may be closed and financial accounts terminated when final invoices are received and paid. Cash outflows shifted from fiscal year 2023 to fiscal year 2022 because the contractor completed close-out work ahead of the estimated pace. The annual budget was adjusted to account for the increased pace. Resources are available and sufficient to cover the accelerated cash flows, and the project remains within the authorized budget.

8. Planning: Tennis Center Improvements: The project is complete and the total cost is expected to be $809 thousand. The project may be closed and financial accounts terminated when final invoices are received and paid.

Report of the Ad Hoc Committee

President Sands will provide an update to the Board on Monday, April 4, 2022.

Constituent Report by
Undergraduate Student Representative
to the Board, Paolo Fermin,
will be presented at Sunday's
Information Session

Constituent Report by Graduate Student Representative to the Board, Phil Miskovic, will be presented at Sunday's Information Session

Constituent Report by President of Staff Senate, Serena Young, will be presented at Sunday's Information Session

Constituent Report by President of Administrative and Professional Faculty Senate, Holli Drewry, will be presented at Sunday's Information Session

Constituent Report by President of Faculty Senate, Robert Weiss, will be presented at Sunday's Information Session

MOTION TO BEGIN CLOSED MEETING

April 4, 2022

I move that the Board convene in a closed meeting, pursuant to § 2.2-3711, Code of Virginia, as amended, for the purposes of discussing:

1. Appointment of faculty to Emeritus status, the consideration of individual salaries of faculty, consideration of Endowed Professors, review of departments where specific individuals' performance will be discussed, and consideration of personnel changes including appointments, resignations, tenure, and salary adjustments of specific employees and faculty leave approvals.

2. Consideration of the disposition of publicly held real property, where discussion in an open meeting would adversely affect negotiating strategy.

3. The status of current litigation and briefing on actual or probable litigation.

4. Fundraising activities.

5. Special awards.

6. Discussion of plans to protect public safety as it relates to cybersecurity vulnerabilities.

all pursuant to the following subparts of 2.2-3711 (A), Code of Virginia, as amended, .1, .3, .7, .9, .11, and .19.

MOTION TO RETURN TO OPEN SESSION

April 4, 2022

WHEREAS, 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 provision of The Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3712 of the Code of Virginia requires a certification by the Board of Visitors that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED that 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 Board of Visitors.

Appointment of the Nominating Committee for Officers of the Board and Retreat Planning Committee

Open Session Agenda

ACADEMIC, RESEARCH AND STUDENT AFFAIRS COMMITTEE

Inn at Virginia Tech and Skelton Conference Center
10:00 a.m. – 11:30 a.m.

April 4, 2022

Agenda Item		**Reporting Responsibility**
1.	**Welcome**	**M. Nelson**
2.	**Review and Approve Open Session Agenda**	**M. Nelson**
3.	**Consent Agenda**	**M. Nelson**

A. Approval of November 7, 2021 Meeting Minutes
B. Report of Reappointments to Endowed Chairs, Professorships, and Fellowships
*C. Resolution for Exclusion of Certain Officers/Directors
*D. Resolution to Approve Reorganizing the Colleges of Architecture and Urban Studies, Engineering, and Liberal Arts and Human Sciences and to Approve Renaming the College of Architecture and Urban Studies as the College of Arts, Design, and Architecture

4.	**Provost's Update and Discussion**	**C. Clarke**
5.	**Health Sciences Discussion**	**D. Sui, M. Friedlander**
6.	**Agenda Items for June 2022 Committee Meeting**	**M. Nelson**
7.	**Adjourn Committee Meeting**	**M. Nelson**

* Requires Full Board Approval

Open Session Briefing Report

ACADEMIC, RESEARCH AND STUDENT AFFAIRS COMMITTEE

April 4, 2022

Agenda Item	Reporting Responsibility
1. Welcome *Melissa Nelson, chair of the committee, will welcome committee members and others to the committee open session.*	M. Nelson
2. Review and Approve Open Session Agenda *M. Nelson will review and ask for acceptance of the Open Session Agenda and items as listed on the Open Session Consent Agenda.*	M. Nelson
3. Consent Agenda *The committee will consider approval of items on the consent agenda including: November 7, 2021 meeting minutes, a report on reappointments to endowed chairs, professorships, or fellowships, a resolution for exclusion of certain officers/directors, and a resolution to approve reorganizing the Colleges of Architecture and Urban Studies, Engineering, and Liberal Arts and Human Sciences and to approve renaming the College of Architecture and Urban Studies as the College of Arts, Design, and Architecture.*	M. Nelson
4. Provost's Update and Discussion *Cyril Clarke will update the committee on the university's academic initiatives.*	C. Clarke
5. Discussion: Health Sciences *Dan Sui, vice president for research and innovation, and Mike Friedlander, vice president for health sciences, will lead a discussion of partnerships and opportunities for further growth in health sciences at Virginia Tech.*	D. Sui M. Friedlander
6. Agenda Items for June 2022 Committee Meeting *The committee chair will request that committee members consider topics for upcoming meetings of the committee.*	M. Nelson
7. Adjourn Committee Meeting	M. Nelson

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* Requires Full Board Approval

Welcome

ACADEMIC, RESEARCH, AND STUDENT AFFAIRS COMMITTEE

The chair of the committee will welcome committee members and others to the committee open session.

Acceptance of Agenda

ACADEMIC, RESEARCH, AND STUDENT AFFAIRS COMMITTEE

The chair of the committee will review and ask for acceptance of the Open Session Agenda and items as listed on the Open Session Consent Agenda.

Open Session Consent Agenda

ACADEMIC, RESEARCH, AND STUDENT AFFAIRS COMMITTEE

April 4, 2022

A. Approval of November 7, 2021 Meeting Minutes

B. Report of Reappointments to Endowed Chairs, Professorships, and Fellowships

*C. Resolution for Exclusion of Certain Officers/Directors

*D. Resolution to Approve Reorganizing the Colleges of Architecture and Urban Studies, Engineering, and Liberal Arts and Human Sciences and to Approve Renaming the College of Architecture and Urban Studies as the College of Arts, Design, and Architecture

* Requires Full Board Approval

Committee Minutes

ACADEMIC, RESEARCH, AND STUDENT AFFAIRS COMMITTEE
Inn at Virginia Tech, Latham Ballroom CDEF
3:00 p.m. – 5:30 p.m.
November 7, 2021

Committee Members Present: Melissa Nelson (chair), Anna James, Jeff Veatch

Committee Member Absent: Carrie Chenery

Board Members Present: Ed Baine, Shelley Butler Barlow, Greta Harris, C.T. Hill, Sharon Brickhouse Martin, Horacio Valeiras, Paolo Fermin (undergraduate student representative), Tish Long, Phil Miskovic (gradate and professional student representative), Robert Weiss (faculty representative), Preston White, Serena Young (staff representative).

Guests: Callan Bartel, Lynsay Belshe, Rosemary Blieszner, Charlene Casamento, Cyril Clarke, Al Cooper, David Crotts, Jessica Davis, Jon Deskins, Corey Earles, Jeff Earley, Kari Evans, Abbey Rowe Erwin, Laura Freeman, Ron Fricker, Mike Friedlander, Rachel Gabriele, Rebekah Gann, Cathy Grimes, , Rebekah Gunn, Miles Guth, Lindsey Haugh, Kay Heidbreder, Rachel Holloway, Elizabeth Hooper, Byron Hughes, Chris Kiwus, Sharon Kurek, Lee Learman, Caroline Lohr, Nancy Meacham, Ken Miller, Laurel Miner, Justin Noble, Kelly Oaks, Kim O'Rourke, Mark Owczarski, Eric Paterson, Jeffrey Persons, Dwayne Pinkney, Charlie Phlegar, Ellen Plummer, Katie Polidoro, Menah Pratt-Clarke, Robin Queen, Chris Rahmes, Julie Ross, Tim Sands, Frank Shushok, Charlie Sloop, Aimee Daniel Sui, John Tartor, Don Taylor, Judy Taylor, Aimée Surprenant, Tracy Vosburgh, Nick Whitesell.

<u>OPEN SESSION</u>

1. Welcome. M. Nelson, chair of the committee welcomed board and committee members.

2. Review and Approve Open Session Agenda.

The committee voted unanimously to accept the agenda as presented including all items on the Consent Agenda.

3. Consent Agenda. Approval of August 31, 2021 Meeting Minutes; Report of Reappointments to Endowed Chairs, Professorships, and Fellowships; Resolution for Exclusion of Certain Officers/Directors, Resolution to Amend Policy 1026 and the Student Code of Conduct to align with new Title IX regulations Issued by the US Department of Education, approval of degree actions: resolution to Discontinue the Ph.D. in Educational

Research and Evaluation, a resolution establishing the School of Animal Sciences, and affirmation of a SCHEV-approved department name in the Virginia Tech Carilion School of Medicine.

4. College of Science Update. R. Fricker, interim dean provided the committee an overview of the College of Science. The college includes eight departments, the School of Neuroscience, and two academies and enrolls 4,827 undergraduate students and 612 graduate students. In addition to majors, students from across the university take courses offered by the college in physical and life sciences, math, and behavioral/social sciences. The college's total research expenditures are above $36.1M and philanthropic participation and gifts are on the rise. Faculty members contribute significantly to the university's prestigious research contributions and five faculty members have been awarded early career awards from the National Science Foundation, Department of Energy, and the National Institutes of Health. College priorities include the Academy of Data Science and the Women in Science Leadership program. Goals for the college include infrastructure and capital projects, and continued growth of graduate students and a diverse faculty.

5. Council of College Deans Update. L. Learman, dean of the Virginia Tech Carilion School of Medicine and representative to the committee from the Council of College Deans, offered remarks. Dean Learman noted that students, faculty and staff are spending time together again, observing appropriate precautions, and enjoying a vibrant, engaging and 3-dimensional college experience. Additionally, reports of sexual violence and misconduct raise concern about redoubling efforts to prevent these traumatic events. Deans applaud the establishment by President Sands of the Sexual Violence Culture and Climate Work Group to advance an inclusive, outcomes-driven and accountable approach for preventing sexual violence on campus. The Council of College Deans has been engaged in advancing the university's faculty recruitment efforts including the Target of Talent and Future Faculty Diversity programs. As a follow-up to the committee's discussion in August about the future of work, Dean Learman shared college-specific efforts designed to optimize work life particularly among administrative support areas such as advising.

6. Provost's Update. C. Clarke, executive vice president and provost, updated the committee on several academic initiatives. First, Provost Clarke reviewed the manner in which the university reviews academic programs. Courses are reviewed annually by students who complete a Student Perceptions of Teaching (SPOT) survey that is a both a quantitative and qualitative assessment. In addition, courses are peer reviewed when instructors go up for tenure and/or promotion. Degrees and certificates are subject to oversight and review by college and university faculty and administrators and by the State Council for Higher Education of Virginia (SCHEV). Reviews include the termination of degrees and will include a teach-out plan. Since 2014, 13 degree programs have been discontinued or consolidated with others. Periodically, instructional methodologies and locations are also reviewed. For example, the Math Emporium is a large teaching space in Blacksburg that accommodates computer-based, self-paced, instruction for introductory mathematics courses. The emporium was established approximately 20 years ago using Pew funds to explore innovative ways to teach mathematics. Currently, students indicate that while they achieved a deeper understanding of the subject matter, there is a level of dissatisfaction that merits a comprehensive review. The Department of Mathematics is conducting a review that includes student experiences and other analyses. The review will help make a decision about whether the Math Emporium should be continued and, if so, at what scale.

Provost Clarke reported on new leadership and upcoming leadership changes. New to the university is Aimée Surprenant, dean of the Graduate School. She comes to Virginia Tech from Memorial University in Canada. Searches for college deans are underway or nearing completion these include College of Science, Pamplin College of Business, and a 2022 search is anticipated for a dean for the College of Architecture and Urban Studies. The search for a vice provost for faculty affairs is nearing completion.

Active projects and initiatives include enrollment growth planning that includes internal and external capacities and consultation with the town of Blacksburg and other surrounding, supportive communities. The university's experiential learning efforts are being shaped by a steering committee and will be taken up as a University Mission Initiative in accordance with shared governance system. Distance and online learning is being reviewed by a work group that will formulate an initial plan. The academic initiatives that comprise the university's Destination Areas have reached a new phase and will employ a project-based approach to solve substantive problems. Graduate education will benefit from continued review and leadership from Dean Surprenant. The provost and colleges continue to refine the academic budgeting model.

7. Discussion: National Security Institute. Daniel Sui, vice president for research and innovation, Eric Paterson, executive director of the National Security Institute, Laura Freeman, director of the Hume Center, and JB Persons, Ph.D. student in electrical and computer engineering offered an overview and answered questions regarding the newly established National Security Institute. The institute aims to further advance the success of the Hume Center in advancing scholarship and engaging undergraduate and graduate students in research initiatives that result in innovative, experiential education experiences. Industry and government partners are engaged with the institute and center in providing funding to grow experienced researchers who understand the interdisciplinary application, ethical, and policy dimensions of natural security. The institute has partnerships with research institutions within and external to the Commonwealth and has graduate students conducting research in multiple military and civilian locations. The National Security Institute will strategically develop in a phased manner over the course of several years.

8. Agenda Items for March ARSA committee meeting. Committee members will submit agenda topics for consideration at future meetings.

9. Adjournment.

REPORT

Reappointments to Endowed Chairs, Professorships, or Fellowships (5)

April 4, 2022

The president and executive vice president and provost have confirmed the reappointment of the following faculty to endowed chair, professorship, or fellowship appointments with a salary and/or operating supplement provided by the endowment and, if available, with funds from the eminent scholars match program.

College of Engineering (5)

Roop Mahajan	Lewis A. Hester Chair in Engineering
Wing Ng	Chris C. Kraft, Jr. Endowed Professorship
Ranga Pitchumani	George R. Goodson, Jr. Professorship in Mechanical Engineering
Danesh Tafti	William S. Cross, Jr. Endowed Professorship
Christopher Williams	Electro-Mechanical Corporation (EMC) Senior Faculty Fellowship in Advanced Manufacturing Systems

RESOLUTION FOR EXCLUSION OF CERTAIN OFFICERS/DIRECTORS

WHEREAS, Virginia Polytechnic Institute and State University (Virginia Tech) was determined by the U.S. Department of Defense (DoD) to be a facility authorized to be eligible for access to classified information or award of classified contracts in 1960, and years following, with the most recent authorization in August of 2020; and

WHEREAS, in accordance with the National Industry Security Program Operating Manual (NISPOM), Cognizant Security Agencies (CSAs) require that certain principal officers, directors, partners, regents, or trustees, and those occupying similar positions at institutions of higher education meet the personnel security clearance requirements established for the level of the institution's facility security clearance or be formally excluded; and

WHEREAS, the NISPOM permits the exclusion from the personnel clearance requirements of said principal officers et al. on the basis that these cited individuals shall not require, shall not have, and can be effectively excluded from access to all classified information disclosed to Virginia Tech, and do not occupy positions that would enable them to affect adversely corporate policies or practices in the performance of classified contracts, as determined by a CSA;

NOW, THEREFORE, BE IT DECLARED that the Virginia Tech Board of Visitors hereby formally appoints a managerial group with the authority and responsibility for the negotiation, execution, and administration of classified contracts (Key Management Personnel), consisting of the following principal officers within Virginia Tech: President, University Legal Counsel, Chief Contracting Officer, Senior Vice President for Research and Innovation, Senior Associate Vice President for Research and Innovation, Senior Contracts Officer, Facility Security Officer, and Insider Threat Program Senior Official (specified by name in Attachment A); and

BE IT RESOLVED that the President, and the said managerial group, at the present time do possess the required security clearance with the exception of the Senior Associate Vice President for Research and Innovation, who is in the process of obtaining the required security clearance and is hereby excluded pursuant to this resolution until the time eligibility for access to classified information is granted by a cognizant security agency; and

BE IT RESOLVED FURTHER that in the future, when a CSA determines that additional Virginia Tech officials must be added to said managerial group and be granted personnel clearances or excluded from classified access pursuant to the NISPOM, such requirements shall be made and approved by the Key Management Personnel, and not the Board of Visitors, unless approval by the Board of Visitors is formally required by a CSA; and

LASTLY, BE IT RESOLVED, that the appended list of all members of the Board of Visitors and certain University Principal Officers (specified by name in Attachment B) shall not require, shall not have, and can be effectively excluded from access to all classified information in the possession of Virginia Tech, and do not occupy a position that would enable them to affect adversely Virginia Tech policies or practices in the performance of classified contracts. A copy of this resolution shall be provided to CSAs as required by the NISPOM.

<u>RECOMMENDATION</u>:

That this resolution be adopted.

April 4, 2022.

ATTACHMENT A:

Key Management Personnel who must be granted personnel clearances or excluded from classified access pursuant to the NISPOM per Board of Visitors Resolution, April 4, 2022.

President	Timothy D. Sands, Ph.D.
University Legal Counsel	Kay K. Heidbreder, Esq.
Chief Contracting Officer	Timothy D. Sands, Ph.D
Senior VP for Research & Innovation	Daniel Sui, Ph.D.
Senior Associate VP for Research & Innovation	James R. Heflin, Ph.D.
Senior Contracts Officer	Trudy M. Riley
Facility Security Officer and Insider Threat Program Senior Official	John J. Talerico, III

ATTACHMENT B:

Members of the Virginia Tech Board of Visitors to be excluded per Board of Visitors Resolution, April 4, 2022.

Edward H. Baine (Vice Rector)
Shelley S. Barlow
Carrie Chenery
Greta J. Harris
C. T. Hill
Anna L. James
Letitia A. Long (Rector)
Sharon B. Martin
Melissa B. Nelson
L. Chris Petersen
Mehul P. Sanghani
Horacio A. Valeiras
Jeff E. Veatch
Preston M. White

List of Virginia Tech Principal Officers to be excluded per Board of Visitors Resolution, April 4, 2022

Executive Vice President and Provost	Dr. Cyril R. Clarke
Interim Senior Vice President and Chief Business Officer	Dr. Chris Kiwus

RESOLUTION TO APPROVE REORGANIZING THE COLLEGES OF ARCHITECTURE AND URBAN STUDIES, ENGINEERING, AND LIBERAL ARTS AND HUMAN SCIENCES AND TO APPROVE RENAMING THE COLLEGE OF ARCHITECTURE AND URBAN STUDIES AS THE COLLEGE OF ARTS, DESIGN, AND ARCHITECTURE

WHEREAS, the current organization of the College of Architecture and Urban Studies, in place since 2003, no longer reflects the integration and disciplinary strengths of all of the programs in the college as they have evolved; and

WHEREAS, aligning the arts, design, and architecture programs in one college affords administrative efficiencies and enhanced opportunities for transdisciplinary research, creative productions, instruction, and engagement and outreach across associated arts, design, and architecture disciplines (see background information included below); and

WHEREAS, the Myers-Lawson School of Construction (MLSoC), currently a joint school in the College of Architecture and Urban Studies and the College of Engineering, is more closely aligned in research, instruction, and engagement and outreach with the integration and disciplinary strengths of the Department of Civil Engineering and other departments in the College of Engineering; and

WHEREAS, the School of Public and International Affairs, currently housed in the College of Architecture and Urban Studies, is more closely aligned in research, instruction, and engagement and outreach with the integration and disciplinary strengths of the Department of Political Science and other departments in the College of Liberal Arts and Human Sciences; and

WHEREAS, the School of Performing Arts, currently housed in the College of Liberal Arts and Human Sciences, is more closely aligned in creative scholarship, instructional modalities, and engagement and outreach activities with the arts, design, and architecture schools in the College of Architecture and Urban Studies; and

WHEREAS, the architecture and design programs, currently housed together in the School of Architecture + Design, will be better served in separate schools, a School of Architecture and a School of Design, respectively, with individual missions and foci, as well as enhanced opportunities to recruit faculty and students, secure donor funding and student internships, and develop websites and marketing materials specific to their respective disciplines; and

WHEREAS, degree programs would not be changed in transferring them to different colleges; and

WHEREAS, faculty rank and tenure status would not be changed in transferring schools to different colleges; and

WHEREAS, the cost to the university would be minimal as budgets, staff, and other resources would be reallocated to correspond with the transfer of programs across colleges; and

WHEREAS, the name of the reorganized college should reflect the disciplines housed within it;

NOW, THEREFORE, BE IT RESOLVED that the Colleges of Architecture and Urban Studies, Engineering, and Liberal Arts and Human Sciences be reorganized by transferring the Myers Lawson School of Construction to the College of Engineering; the School of Public and International Affairs to the College of Liberal Arts and Human Sciences, and the School of Performing Arts to the College of Architecture and Urban Studies; and

BE IT FURTHER RESOLVED that the restructured College of Architecture and Urban Studies will include the School of Architecture, the School of Design, the School of Performing Arts, and the School of Visual Arts; and

LASTLY, BE IT RESOLVED that the College of Architecture and Urban Studies be renamed the College of Arts, Design, and Architecture to reflect the disciplines included in the new organization, with these changes effective upon approval by the State Council of Higher Education for Virginia.

RECOMMENDATION:

That the resolution restructuring the Colleges of Architecture and Urban Studies, Engineering, and Liberal Arts and Human Sciences, and renaming the College of Architecture and Urban Studies as the College of Arts, Design, and Architecture be approved, effective upon approval by the State Council of Higher Education for Virginia.

April 4, 2022

Background for Resolution on College Restructuring and Renaming of College of Architecture and Urban Studies

In the years following the 2003 college reorganizations, Virginia Tech's programs have continued to evolve. The proposed restructurings detailed in this resolution reflect many of these changes. None of the proposed school transfers affect extant degree plans; all degrees will be transferred with their existing schools. All faculty will transfer in their current schools to new colleges with their current rank and tenure status. All proposed changes are cost-neutral since budgetary and staff resources will follow each school to its proposed college location.

Since its inception as a school housed in both Colleges of Architecture and Urban Studies (CAUS) and Engineering (COE), the Myers-Lawson School of Construction (MLSoC) has been one of only three schools of construction in the United States that offer both engineering and non-engineering construction degrees. The degree programs in building construction and real estate have been housed in CAUS and the degree programs in civil and environmental engineering and environmental design and planning have been housed in COE. The proposed transfer of MLSoC entirely to the College of Engineering will achieve administrative efficiencies, better facilitate research and instructional collaboration among faculty across building construction and civil engineering disciplines, and offer students additional opportunities to pursue transdisciplinary undergraduate research and industry internships across these related disciplines.

Currently housed in the College of Liberal Arts and Human Sciences (CLAHS), the School of Performing Arts (SOPA), with its programs in theatre arts/cinema and music, has modes of instruction and creative activities that closely align with those that prevail in CAUS. Many SOPA faculty regularly collaborate with faculty in the CAUS School of Visual Arts on multi-faceted artistic productions and research. The proposed realignment of SOPA in CAUS will strengthen these ties for both faculty and students. The administrative efficiencies to be gained reflect the shared spaces for the visual and performing arts embedded in the university's Master Plan for the Creativity and Innovation District.

Over the last five decades, programs in the CAUS School of Public and International Affairs (SPIA), including Government and International Affairs, Urban Affairs and Planning, and Public Administration and Policy, have established strong national reputations and highly productive collaborations with faculty in CLAHS. An emphasis on arts, design, and architecture in the proposed restructuring of CAUS provides compelling reasons to move SPIA to CLAHS. This transfer offers opportunities to amplify greatly the depth and scope of Virginia Tech's strengths in national and cyber security, foreign affairs, public policy, urban planning, and environmental and climate justice. Adding a broadly construed stakeholder committee to SPIA's governance structure will formalize extant partnerships and curricular interconnections with CLAHS departments and research centers focusing on related scholarship and teaching. The proposed realignment will strengthen opportunities for undergraduate and graduate experiential learning and internships across the Blacksburg, Richmond, and Arlington campuses.

To accurately reflect the mission of the proposed restructured college, CAUS will be renamed the College of Arts, Design, and Architecture. Please see summary schematic below.

Summary Schematic for Resolution on College Restructuring and Renaming of College of Architecture and Urban Studies

Current College Units

College of Architecture and Urban Studies

- Myers-Lawson School of Construction
- School of Architecture + Design
- School of Public and International Affairs
- School of Visual Arts

College of Engineering

- Myers-Lawson School of Construction
- Other departments

College of Liberal Arts and Human Sciences

- School of Performing Arts
- Other schools and departments

Proposed College Units

College of Arts, Design, and Architecture

- School of Architecture
- School of Design
- School of Performing Arts
- School of Visual Arts

College of Engineering

- Myers-Lawson School of Construction
- Other departments

College of Liberal Arts and Human Sciences

- School of Public and International Affairs
- Other schools and departments

Provost's Update

ACADEMIC, RESEARCH, AND STUDENT AFFAIRS COMMITTEE

April 4, 2022

Cyril Clarke, executive vice president and provost, will provide an update.

Panel Discussion: Health Sciences

ACADEMIC, RESEARCH, AND STUDENT AFFAIRS COMMITTEE

April 4, 2022

Dan Sui, vice president for research and innovation, and Mike Friedlander, vice president for health sciences, will lead a discussion of partnerships and opportunities for further growth in health sciences at Virginia Tech.

Mapping the Way Forward

AAU metrics: A tool to measure Virginia Tech strengths and gaps

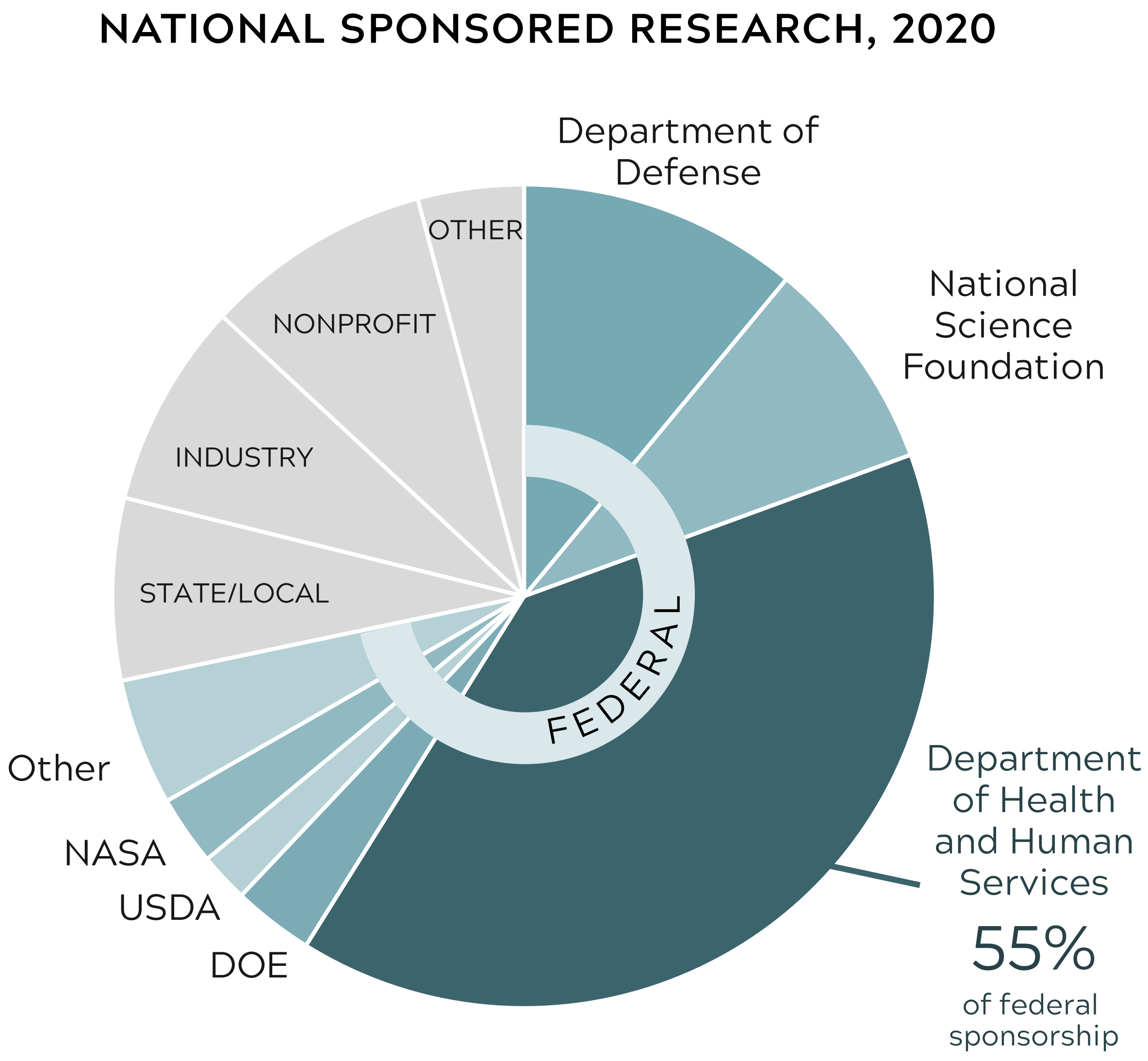
Phase I Indicators

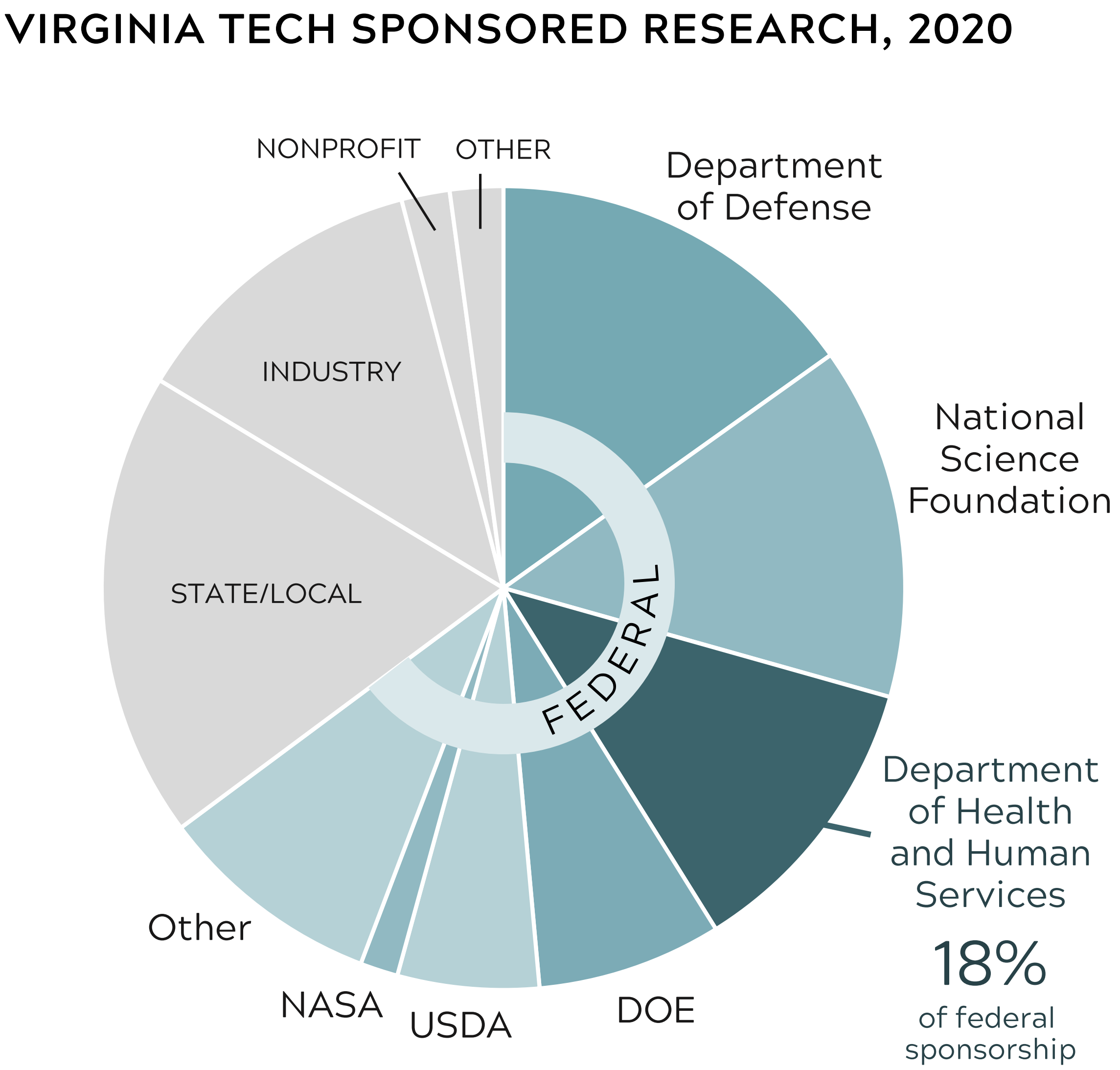
- Competitively funded federal research support
- Membership in the National Academies (NAS, NAE, IOM)
- Faculty awards, fellowships, and memberships
- Citations

Phase II Indicators

- USDA, state, and industrial research funding
- Doctoral education
- Number of postdoctoral appointees
- Undergraduate education

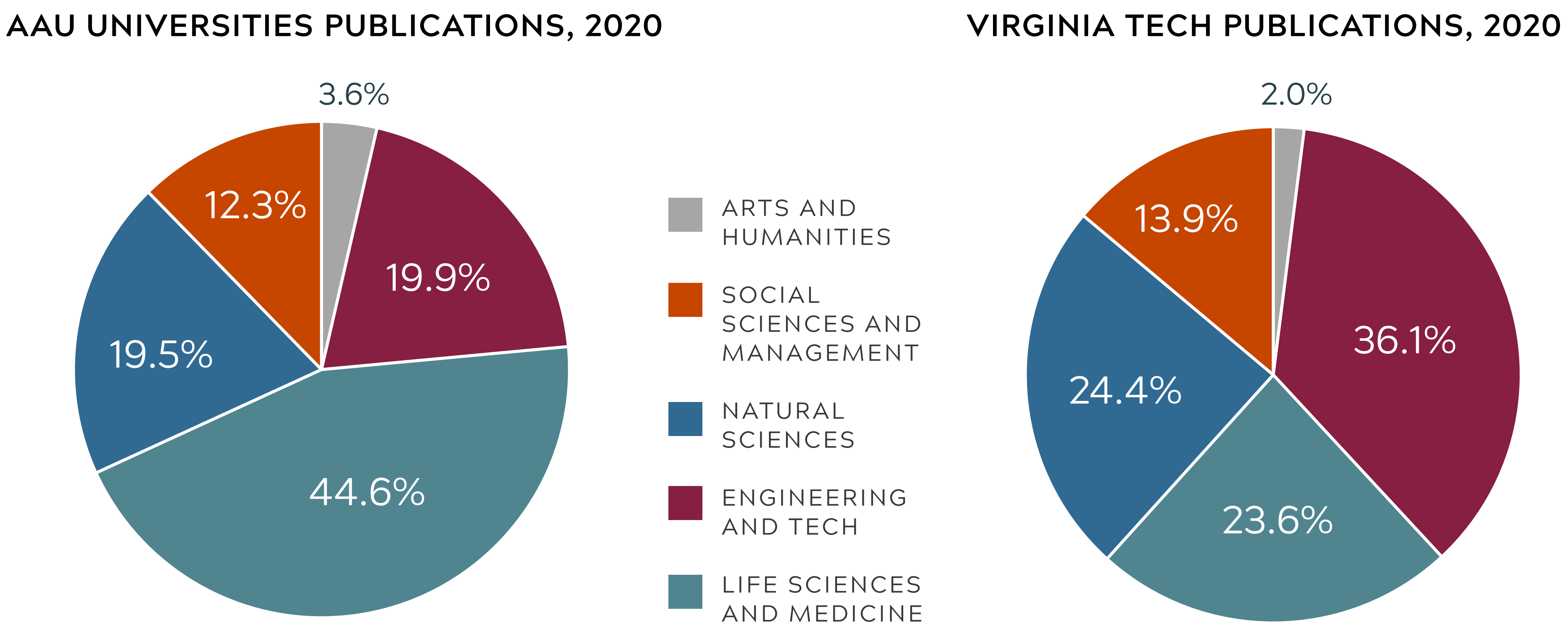
Research expenditures by sponsor





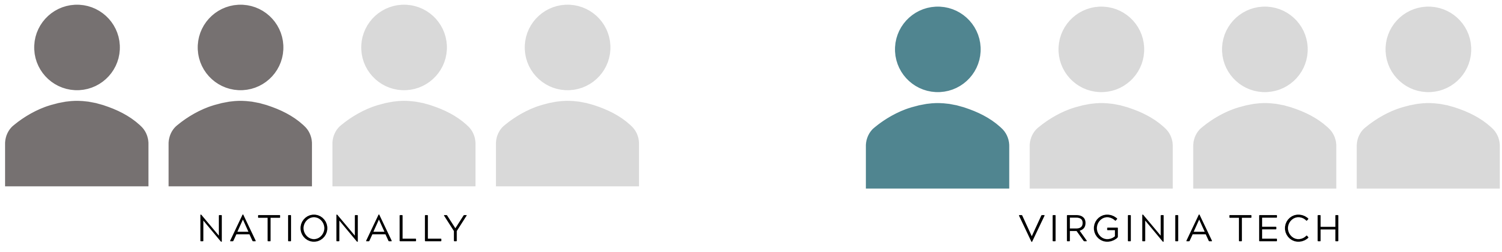
Publications by field of science

Data source: SciVal publications by Subject Area, 2018-2020.

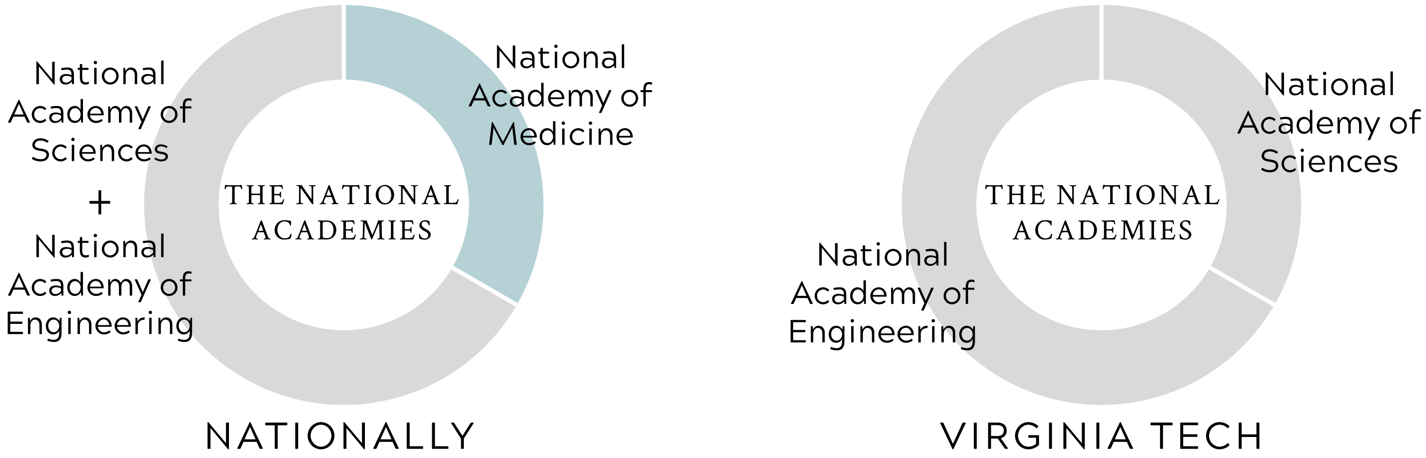


Research talent is nationally dominated by those in health and biomedical areas

- 50% of postdocs nationally are in health and biosciences, compared to 25% at Virginia Tech



- National Academy of Medicine members comprise 1/3 of the National Academies membership nationally. Virginia Tech has 0 members in the National Academy of Medicine.



An investment in health and biomedical sciences is:

- Strategically aligned
- Optimized for progress

Michael J. Friedlander, Ph.D.
Virginia Tech Vice President for Health Sciences and Technology
Executive Director, Fralin Biomedical Research Institute at VTC
Sr. Dean for Research, VTC School of Medicine

VIRGINIA TECH

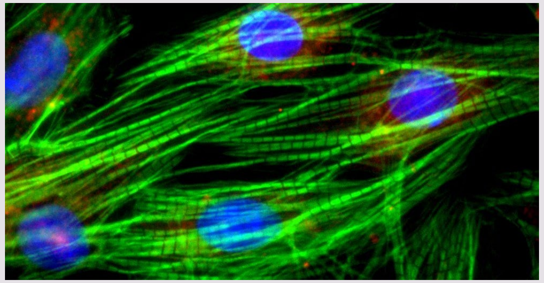
Presentation BOV
April 4, 2022

FRALIN BIOMEDICAL RESEARCH INSTITUTE AT VTC
VIRGINIA TECH

Cardio-Metabolic Disorders

FBRI Center for Vascular and Heart Research
FBRI Metabolism and Obesity Program
FBRI Center for Health Behaviors Research


Jessica Pfleger, Ph.D.

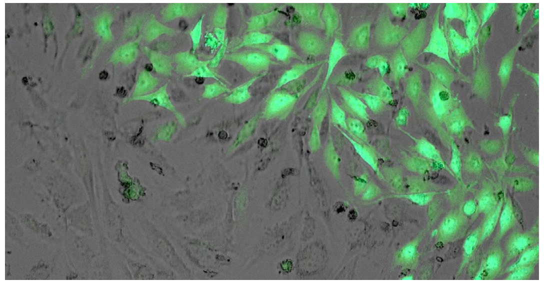



Alex DiFeliceantonio, Ph.D.

One Health: Human-Animal Health Nexus

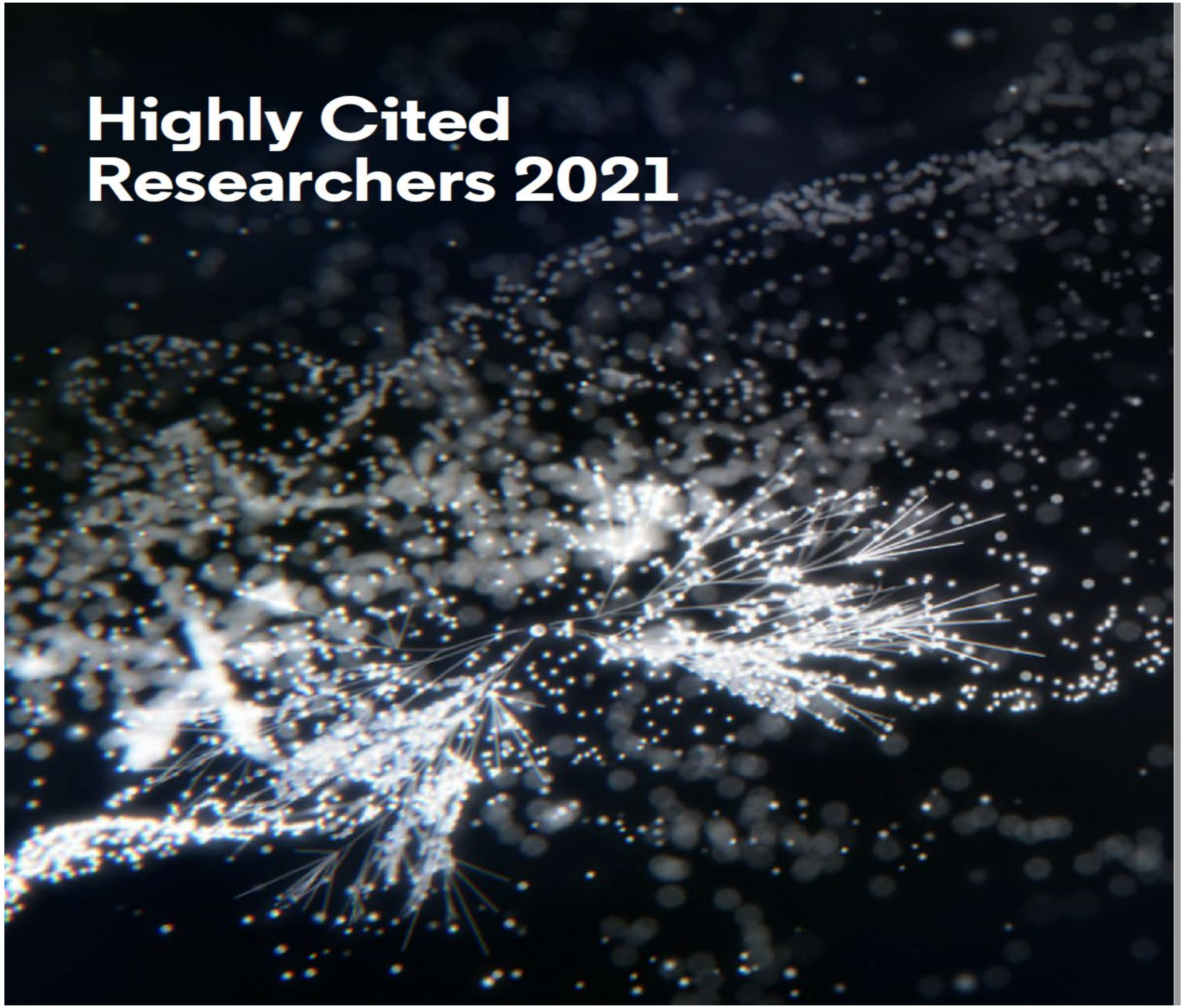
FBRI Center for Human Neuroscience Research
VT Cancer Research Alliance
VT Animal Cancer Care and Research Center


Shana Klahn, DVM




Rob Gourdie, Ph.D.

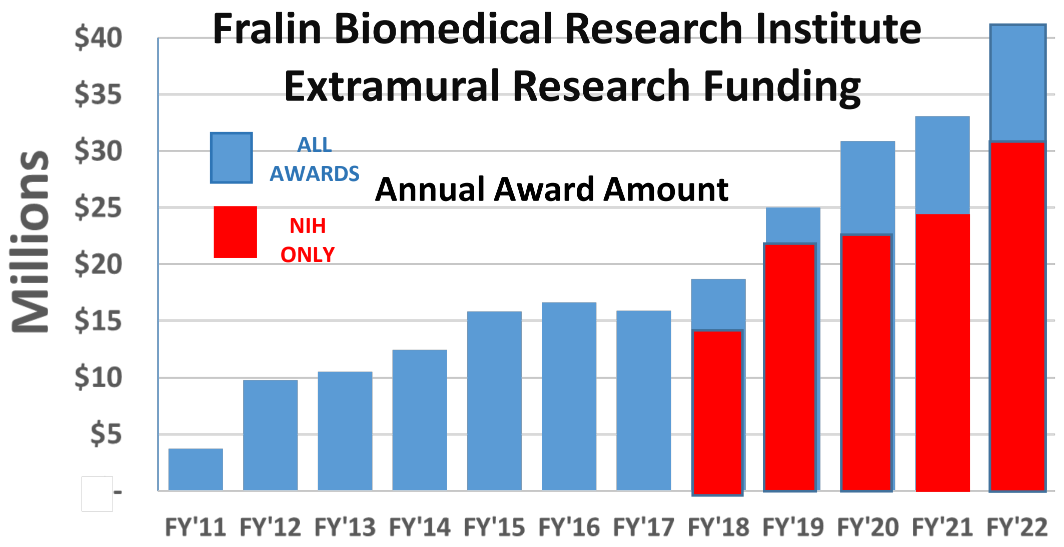
FRALIN BIOMEDICAL RESEARCH INSTITUTE AT VTC
VIRGINIA TECH

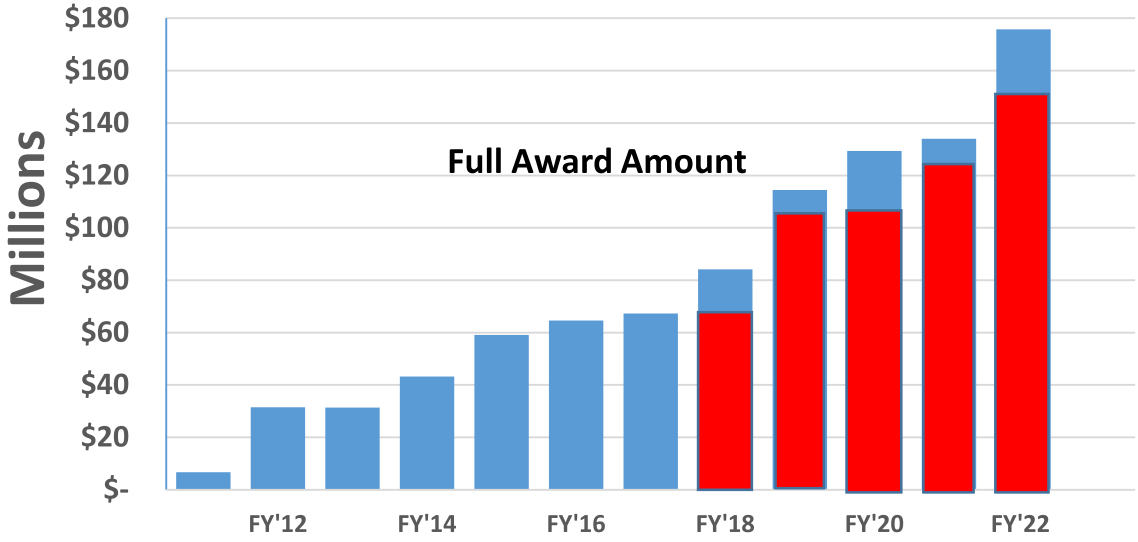


Top 0.1% of world's most highly cited researchers in all fields
FBRI's Warren Bickel for cross-field interdisciplinary research

- In FY21, 103 new NIH grants submitted @$35M annual; $159M total

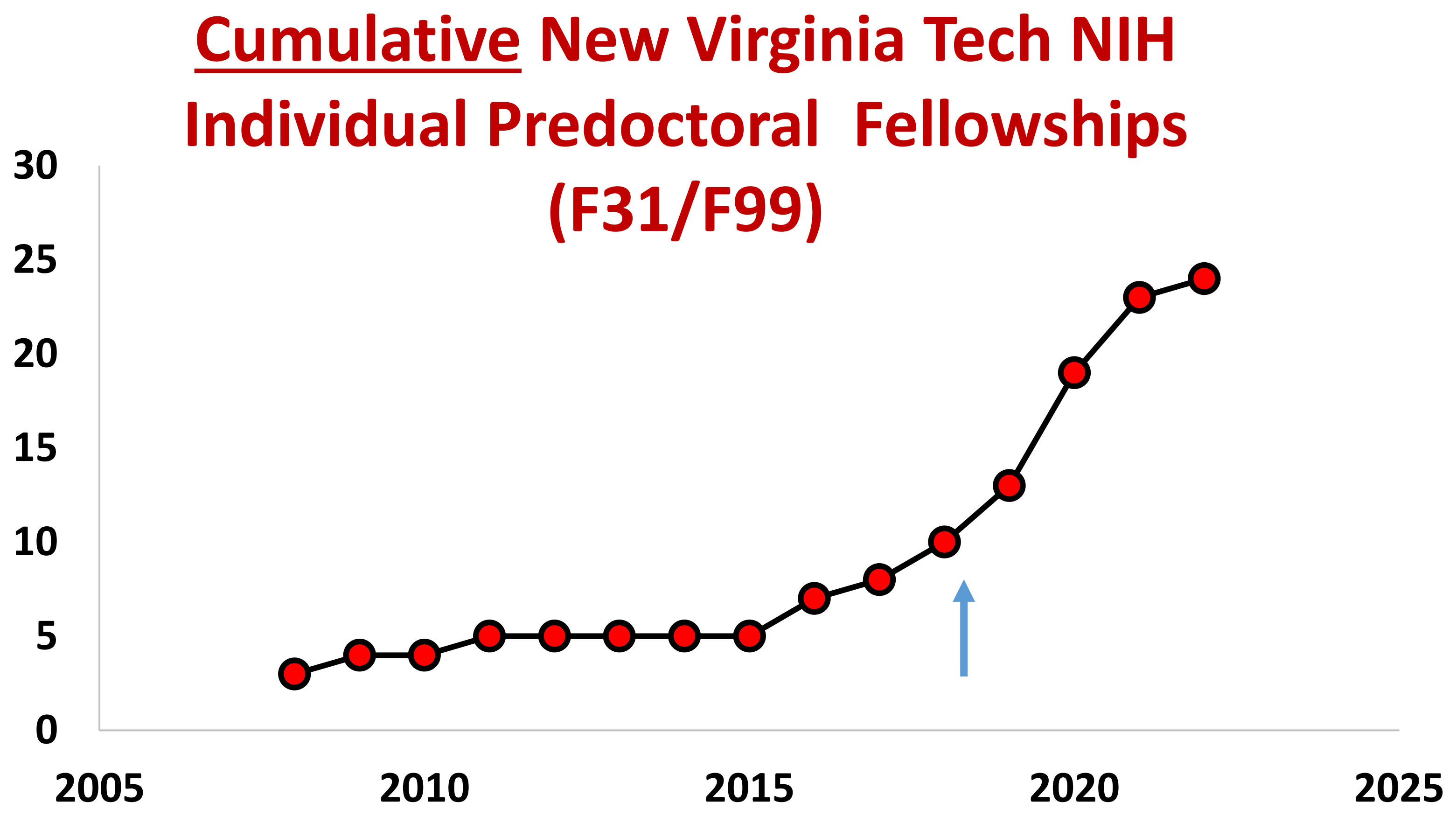
- From FY21, 20 new grants awarded so far @$7M annual; $34M total





FRALIN BIOMEDICAL RESEARCH INSTITUTE AT VTC
VIRGINIA TECH.

Translational Biology, Medicine and Health (TBMH) Graduate Students Elevate VT's Profile at NIH



- 77 VT students submitted 119 applications
- Of those, 34 were TBMH students who submitted 51 applications
- 24 awards have been made to VT
- 14/24 awards to TBMH students
- TBMH success rate by applications submitted = 27%; by number of students funded = 41%)

Translation to Commercialization


Rob Gourdie, Ph.D.

FirstString Research — *Wound healing therapeutic peptide*

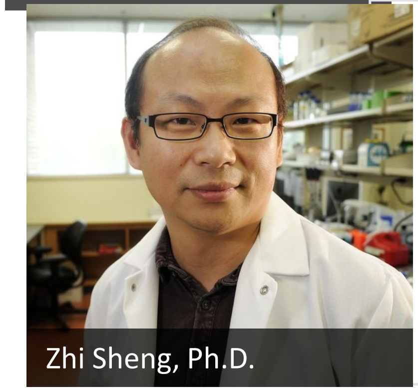
Tiny Cargo — *Next-generation exosome drug delivery*


Sarah Snider, Ph.D.

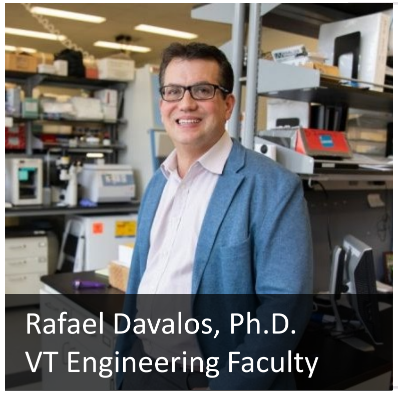
Applying behavioral economics in advanced diagnostics for substance use disorders


Samy Lamouille, Ph.D.

Acomhal Research — *Advancing treatments for aggressive cancers*


Zhi Sheng, Ph.D.

Overcoming chemoresistance in aggressive, treatment-resistant cancers

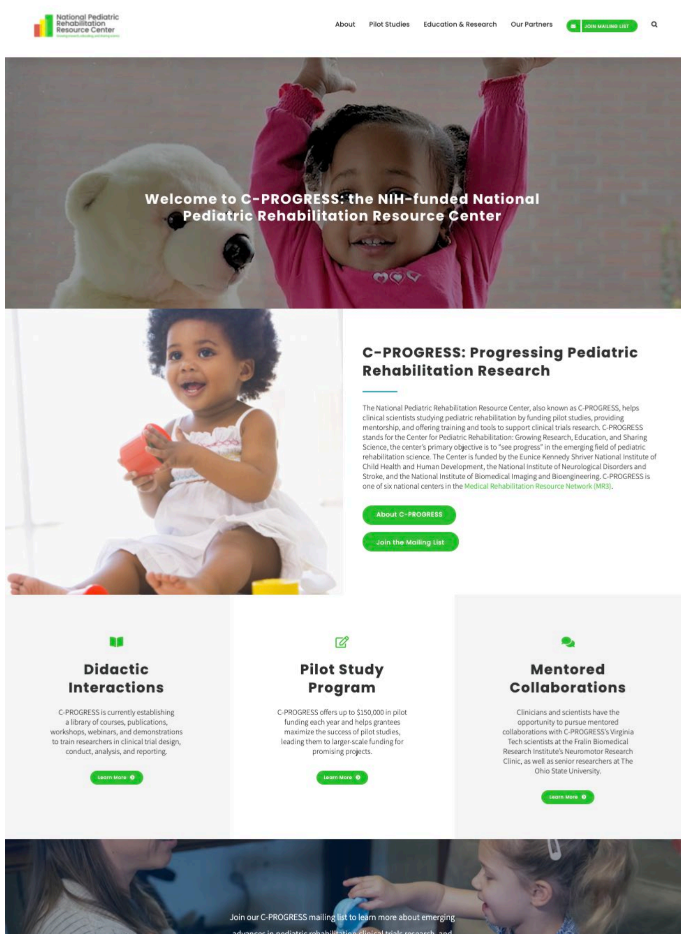

Rafael Davalos, Ph.D.
VT Engineering Faculty

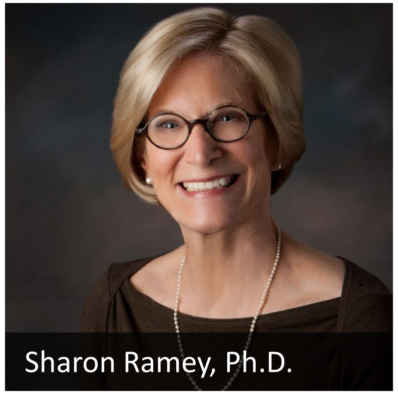
CytoRecovery™ — *Cell Separation and Recovery Technology*

VoltMed — *Irreversible electroporation to treat cancer*

Children's Health Research

FBRI Neuromotor Research Clinic
National Pediatric Rehabilitation Resource Center, headquartered at Fralin Biomedical





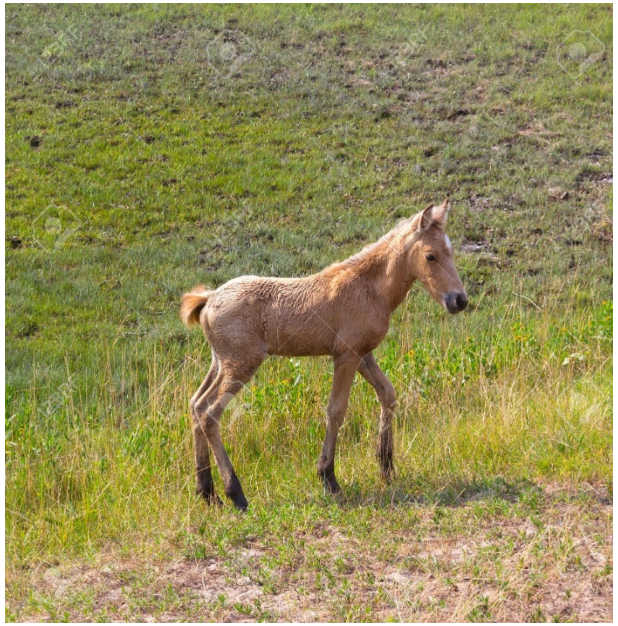
Sharon Ramey, Ph.D.

Stephanie DeLuca, Ph.D.

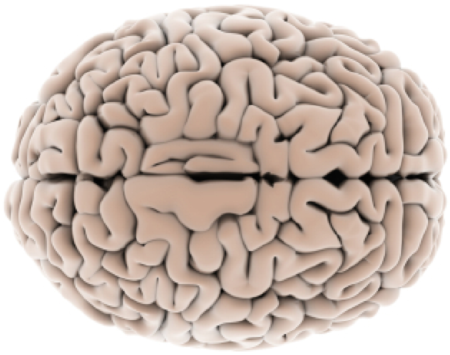
Strategies of Development

Altricial

Precocial



VT research on childhood disorders that impact lifespan brain and behavioral health



- developmental disabilities
- early-life quality education
- pediatric brain cancers
- seizure disorders
- brain injuries including pediatric strokes
- nutritional deficiencies
- substance abuse in adolescence
- childhood infections

Developmental Neurogenetics Research

Complete loss of the X-linked gene CASK causes severe cerebellar degeneration

Paras A Patel,[1] Julia V Hegert,[2] Ingrid Cristian,[3] Alicia Kerr,[1] Leslie E W LaConte,[1] Michael A Fox,[1,4] Sarika Srivastava,[1,5] Konark Mukherjee [1,6]

Journal of Medical Genetics, February, 2022

RESEARCH ARTICLE | 04 MAY 2021

Selective disruption of trigeminal sensory neurogenesis and differentiation in a mouse model of 22q11.2 deletion syndrome

In collection: The RAS Pathway

Beverly A. Karpinski, Thomas M. Maynard, Corey A. Bryan, Gelila Yitsege, Anelia Horvath, Norman H. Lee, Sally A. Moody, Anthony-Samuel LaMantia

Konark Mukherjee

Anthony Lamantia

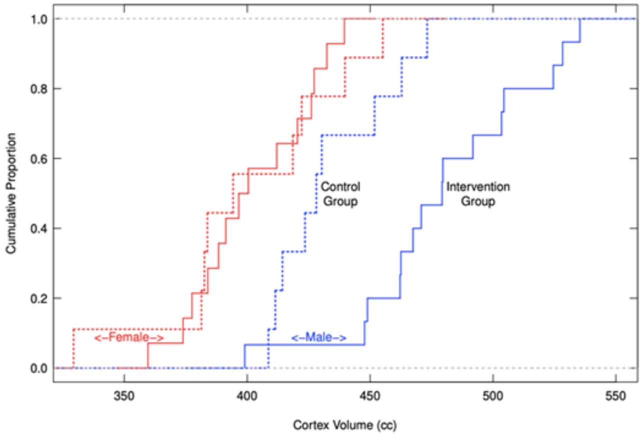
nature COMMUNICATIONS

Nat Commun. 2018; 9: 4705. PMCID: PMC6246600
Published online 2018 Nov 20. doi: 10.1038/s41467-018-07138-5 PMID: 30459305

Early childhood investment impacts social decision-making four decades later

› J Cogn Neurosci. 2021 May 1;33(6):1197-1209. doi: 10.1162/jocn_a_01709.

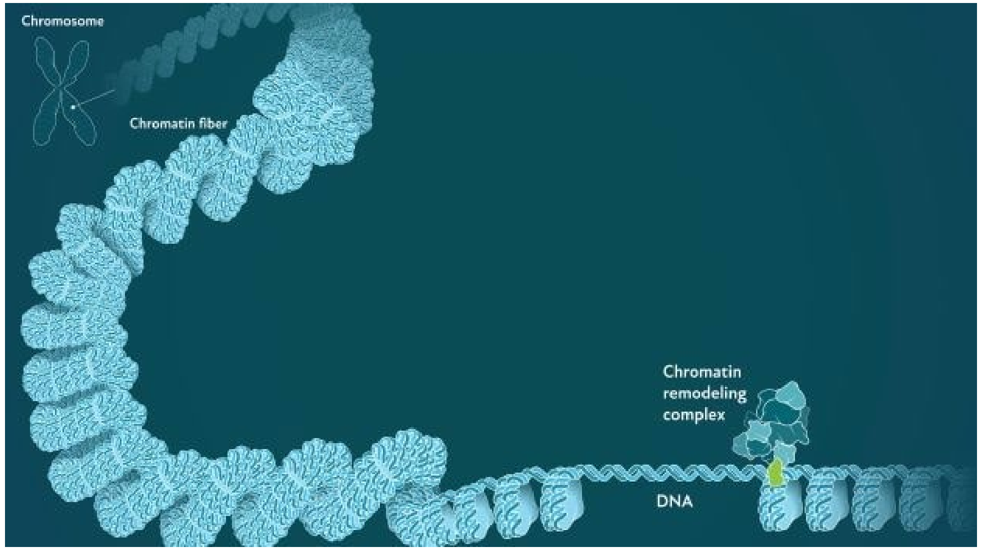
Randomized Manipulation of Early Cognitive Experience Impacts Adult Brain Structure

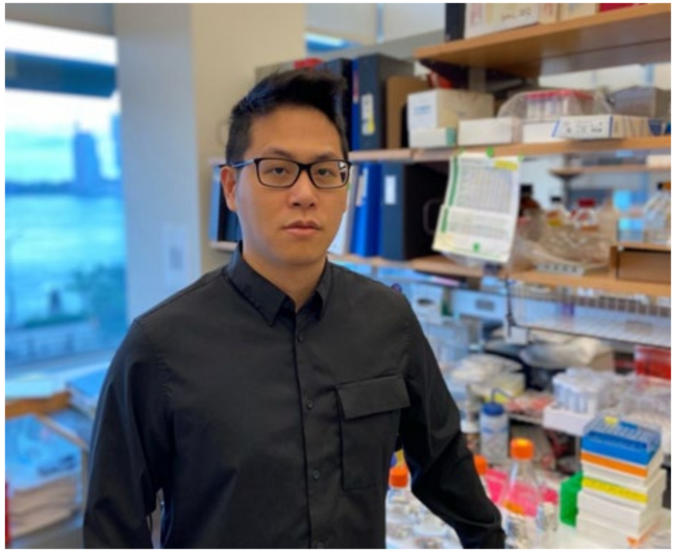


Craig Ramey

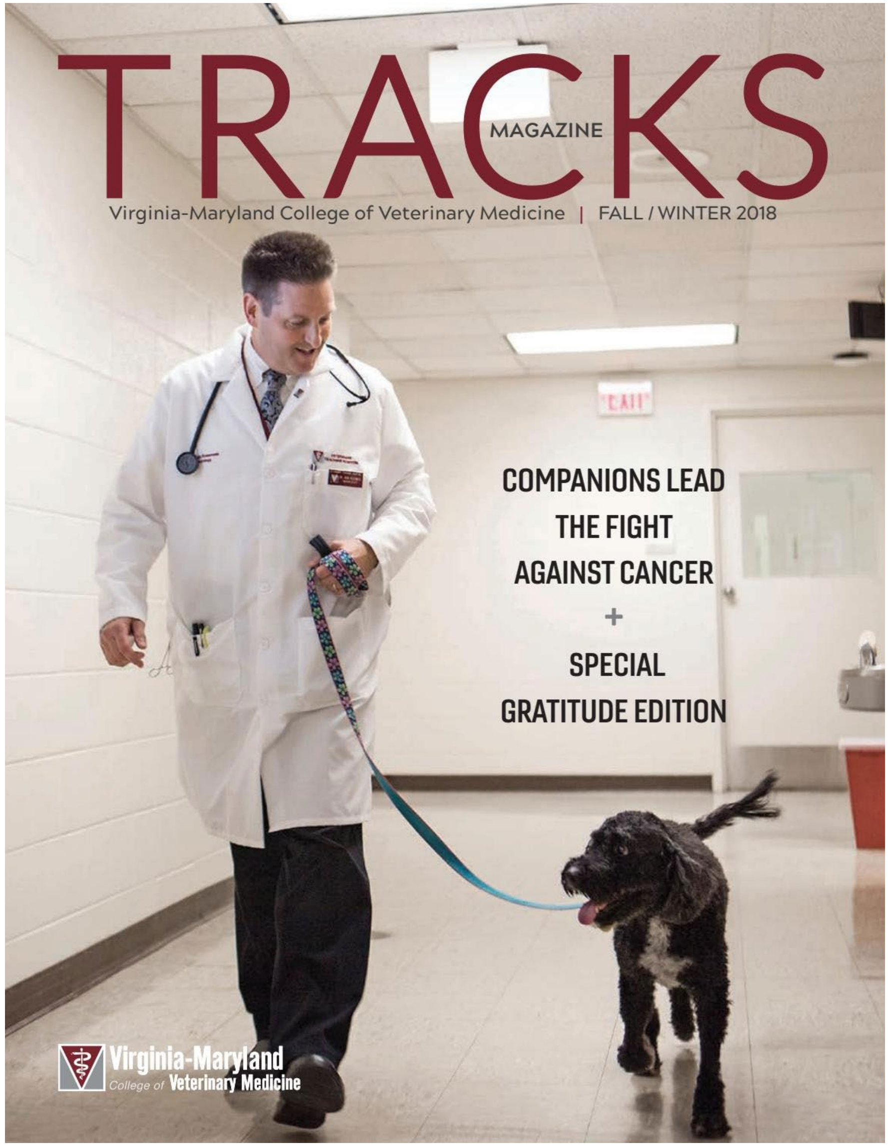
Diffuse Intrinsic Pontine Glioma (DIPG)
(2% survival in children)

AMERICAN childhood CANCER ORGANIZATION THECURESTARTSNOW®





Jia-Ray Yu



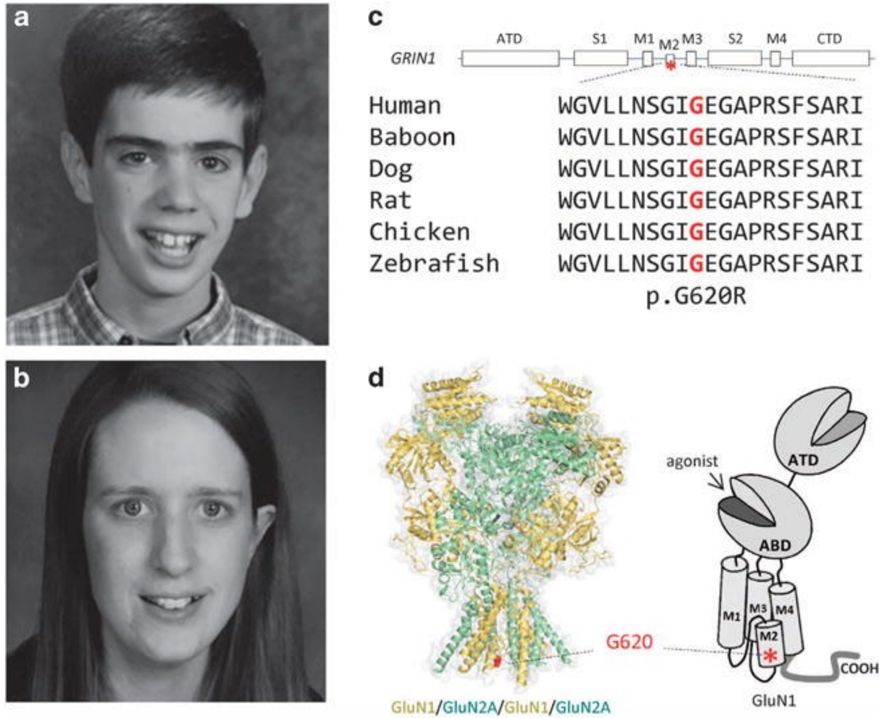
VT CVM Neurologist, John Rossmeisl Comparative Molecular Life History of Spontaneous Canine and Human Gliomas
Amin, SB,….. Rossmeisl, J….,Verhaak, RGW, *Cancer Cell;* 2020

"<u>Canine gliomas</u> showed high similarity with <u>human pediatric glioma</u> per robust aneuploidy, mutational rates, relative timing of mutations, and DNA-methylation patterns."

DRAVET SYNDROME FOUNDATION
Raising hope & changing lives through research

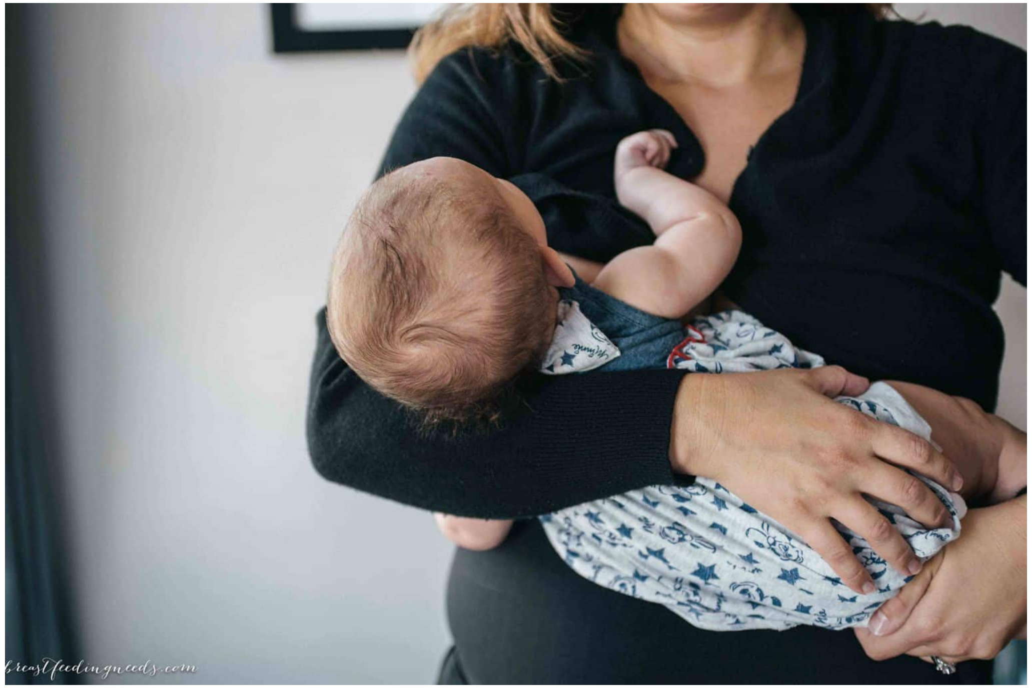
Dravet's Syndrome Foundation funds FBRI Researcher's innovative work on intractable seizure disorder

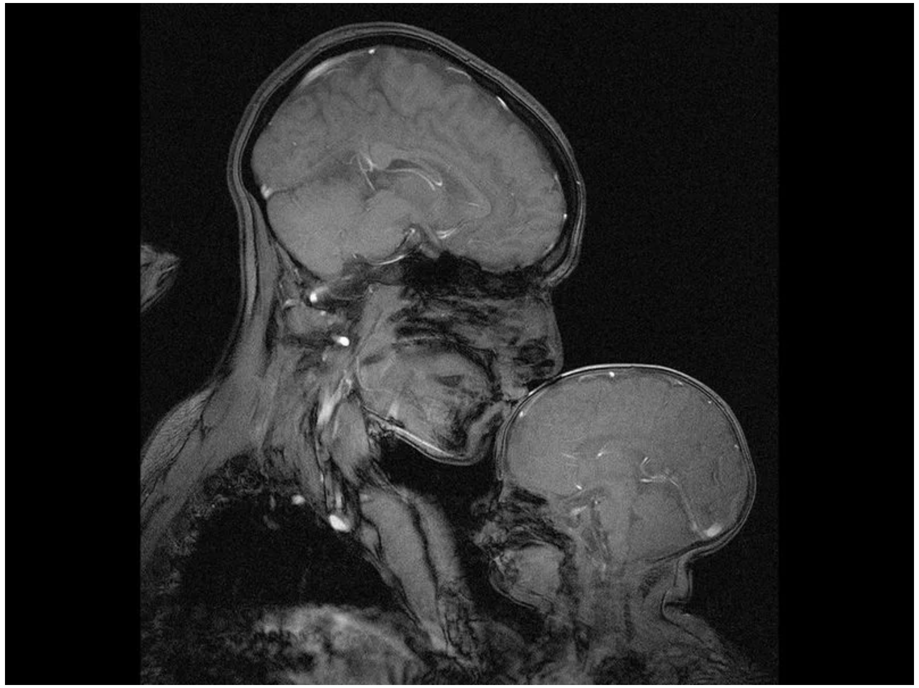
Sharon Swanger
Molecular pharmacology of brain developmental disorders and seizures



VTC Fralin Biomedical Research Institute

FBRI's Dr. Brittany Howell studies gut-brain-behavior axis development, and the biological pathways of early experience and maternal influence on infant neurodevelopment.





Identifying and preventing substance abuse and progression to addiction in adolescents

Pearl
Chiu

Observational Study > Proc Natl Acad Sci U S A. 2020 Dec 15;117(50):31729-31737.
doi: 10.1073/pnas.1919111117. Epub 2020 Nov 30.

Valuation of peers' safe choices is associated with substance-naïveté in adolescents

Dongil Chung [1 2], Mark A Orloff [1 3], Nina Lauharatanahirun [1 4], Pearl H Chiu [5 3 4], Brooks King-Casas [5 3 4]

Brooks
King-Casas

Executive functioning and substance use in adolescence: Neurobiological and behavioral perspectives

Jungmeen Kim-Spoon [1], Rachel E Kahn [2], Nina Lauharatanahirun [3], Kirby Deater-Deckard [4], Warren K Bickel [3], Pearl H Chiu [3], Brooks King-Casas [3]

COVID-19 impact on heart and brain development

Jamie Smyth

ABSL3 Facility - FBRI

Children’s National Research and Innovation Campus
Washington, DC

Virginia Tech & Children’s National Hospital
Pediatric Brain Cancer Research Partnership

VIRGINIA TECH

Children’s National Hospital

Children's National Hospital

2021 Rankings of over 250 Children's Hospitals in the U.S.

The New York Times

Sept. 15, 2009

The government of Abu Dhabi is giving $150 million to the Children's National Medical Center in Washington, with the aim of developing tools and processes to reduce the pain children experience before, during and after surgery.

Children's National Hospital and NIAID launch large study on long-term impacts of COVID-19 and MIS-C on kids: $40 million

NIH-funded multi-year study will look at impacts on children's physical health and quality of life

July 20, 2021

Children's National Hospital Wins $12.8M NIH Grant for Pediatric Mendelian Genomics Research Center

Jul 15, 2021 | staff reporter

Pediatric cancer

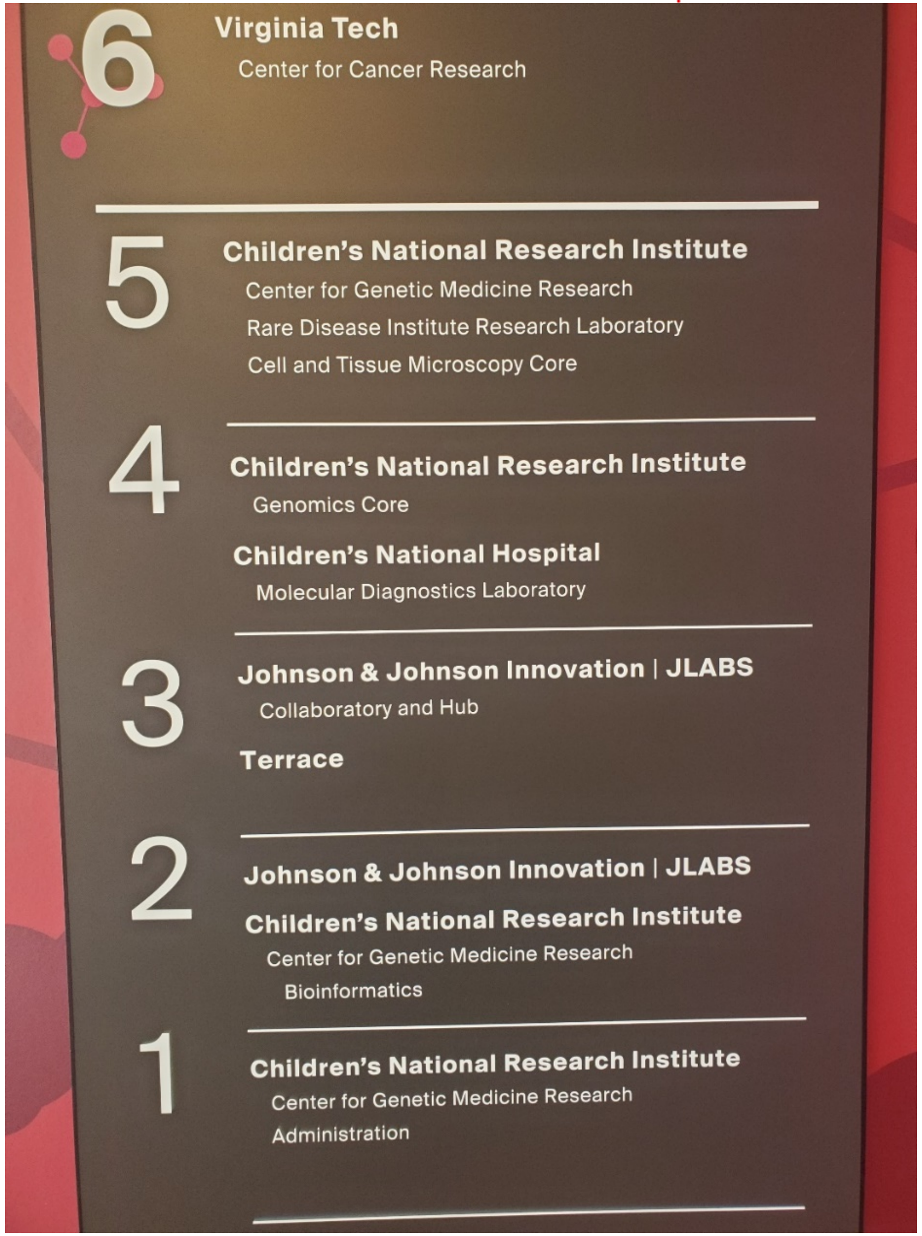
1. Children's Hospital of Philadelphia
2. Dana-Farber/Boston Children's Cancer and Blood Disorders Center
3. Cincinnati Children's Hospital Medical Center
4. Texas Children's Hospital
5. Children's National Hospital

Neonatology

1. Children's National Hospital
2. Children's Hospital Los Angeles
3. Lucile Packard Children's Hospital Stanford
4. UCSF Benioff Children's Hospitals, San Francisco and Oakland
5. Rady Children's Hospital (San Diego)

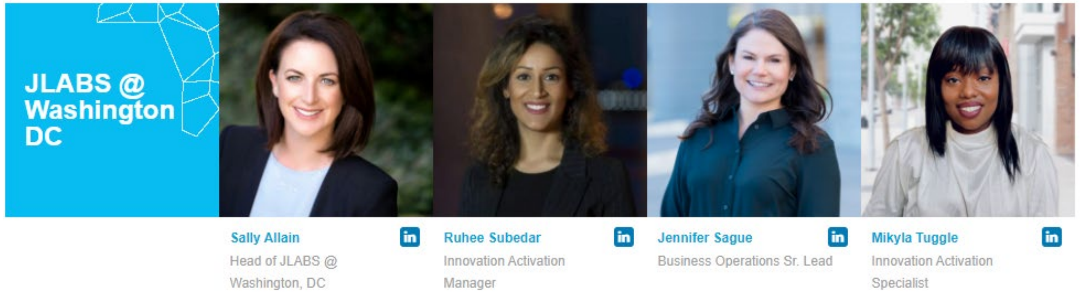
VIRGINIA TECH

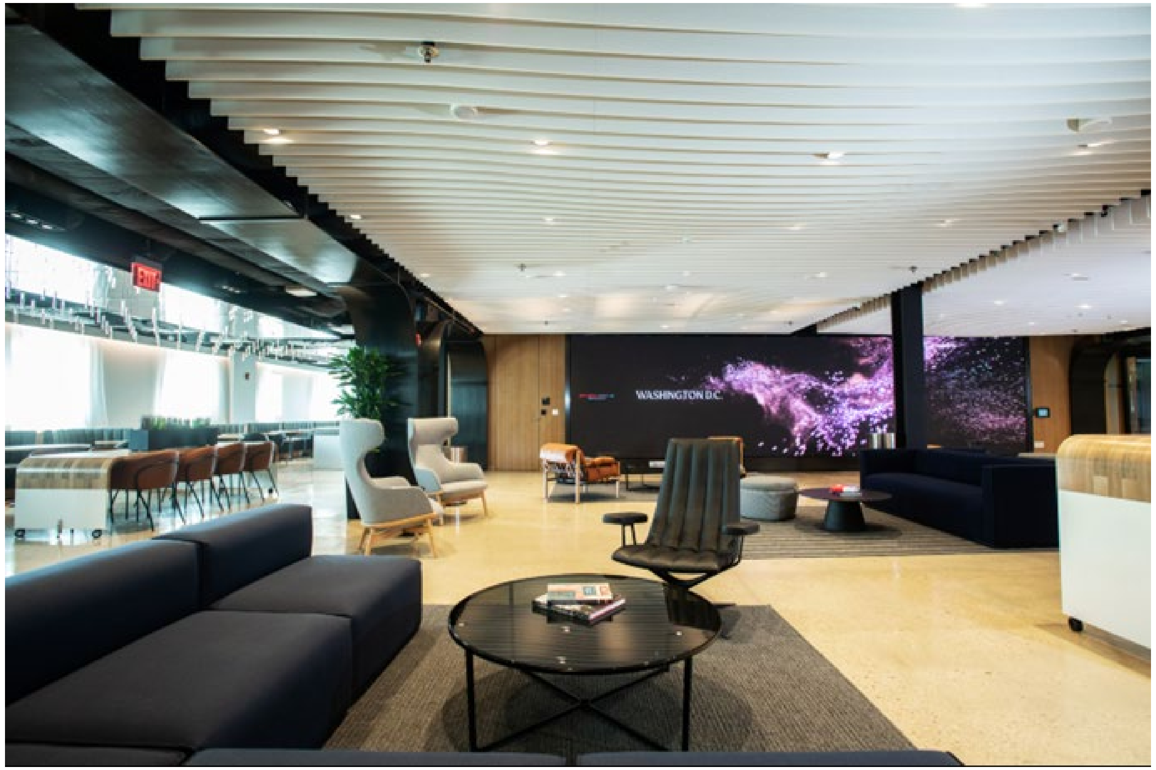
Children's National Hospital



Johnson and Johnson JLabs
Children's National Research and Innovation Campus
Washington DC

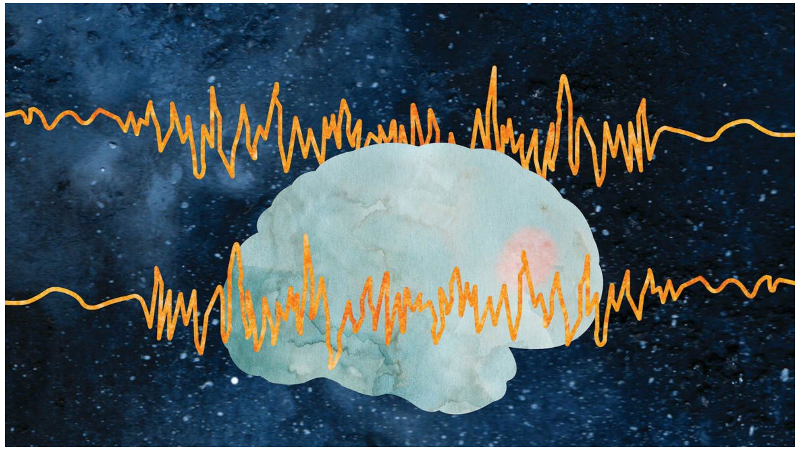
Beerse, Belgium	San Diego, CA
Boston, MA	San Francisco, CA
Houston, TX	Shanghai, China
New York, NY	Toronto, Canada
Philadelphia, PA	Washington, DC

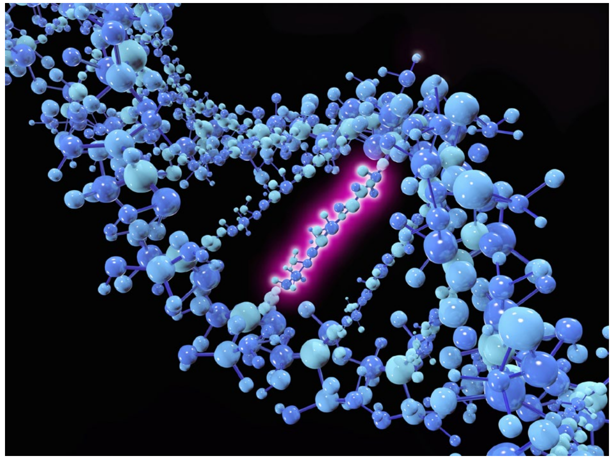




New Faculty recruitments Currently Underway at Fralin Biomedical Research Institute

(Building on the Adaptive Brain Destination Area)





Developmental Neuroscience

Pediatric seizure disorders

Pediatric Brain Cancer

Genetic therapeutic targets

Metabolism and Obesity

Genetic basis of metabolic disease susceptibility

Insights into lifespan health through pediatrics

VIRGINIA TECH

Children's National

New collaborative – Virginia Tech, Children's National, Howard University, NIH

NIH National Institutes of Health

HOWARD UNIVERSITY 1867

3-D health trajectories and related childhood predictors among older adults in China

Artificial intelligence in cancer research, diagnosis and therapy

RESEARCH ARTICLE

Long-Term Outcomes Associated with Traumatic Brain Injury in Childhood and Adolescence: A Nationwide Swedish Cohort Study of a Wide Range of Medical and Social Outcomes

ARTIFICIAL INTELLIGENCE

Artificial Intelligence–Assisted Prediction of Late-Onset Cardiomyopathy Among Childhood Cancer Survivors

Childhood maltreatment predicts adult inflammation in a life-course study

Obesity Etiology

Predicting adult obesity from childhood obesity: a systematic review and meta-analysis

M. Simmonds,[1] A. Llewellyn,[1] C. G. Owen[2] and N. Woolacott[1]

Pediatric Markers of Adult Cardiovascular Disease

nature cancer ARTICLES

https://doi.org/10.1038/s43018-021-00172-1

Check for updates

Prospective pan-cancer germline testing using MSK-IMPACT informs clinical translation in 751 patients with pediatric solid tumors

Opportunities going forward

- Major advances to improve the lives and health of all children
- Healthy beginnings through science based interventions
- Increased HHS funding (including NIH)
- Major foundation partnerships and funding
- Increased national donor visibility
- Consilience of strengths in biomedical and health science, computation, engineering, social sciences and veterinary medicine
- Growth of the health science partnership between VT and the Children's National Hospital
- Health sciences commercialization opportunities for VT faculty and students through Jlabs collaboration
- Enhanced VT presence in the nation's capitol
- Linkage of research and education activities between VT sites in Roanoke, Bburg and Alexandria with Children's National in DC
- New training and mentoring opportunities for undergraduate, graduate and medical students
- New opportunities for advances in diversity and inclusion for faculty, staff and students through DC partnerships

Upcoming major funding opportunities in 2022

- NIH Faculty Institutional Recruitment for Sustainable Transformation (FIRST) grant application with Children's National partners (@$15-20M)

- Chan Zuckerberg Biohub grant application with Children's National Hospital, Howard University and the NIH (@$250M)

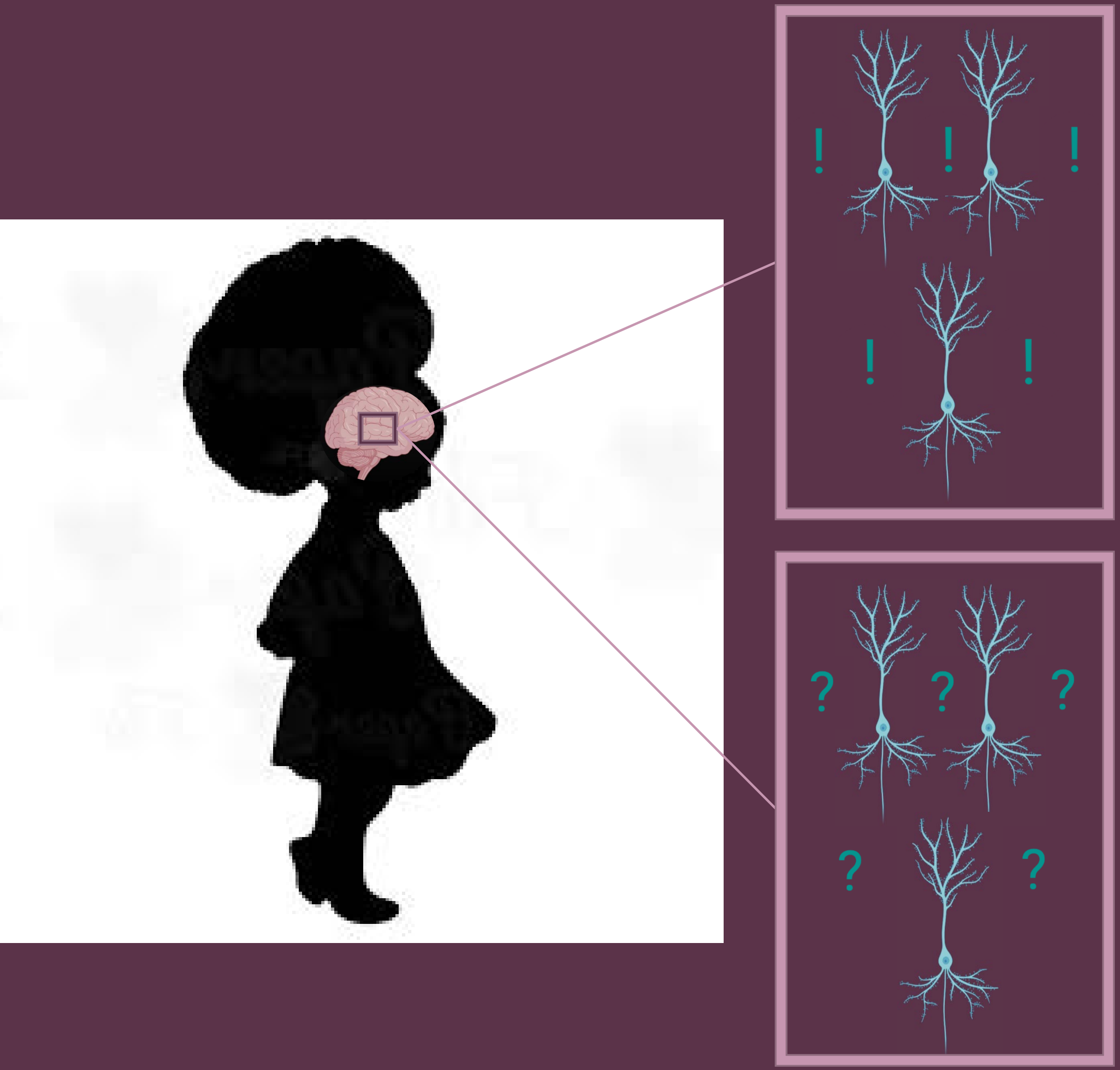
- NIMH Silvio Conte mental health P30 Center grant (@$17M)

Niesha Savory

Natalie Melville

Jia-Ray Yu

Social Memory Development

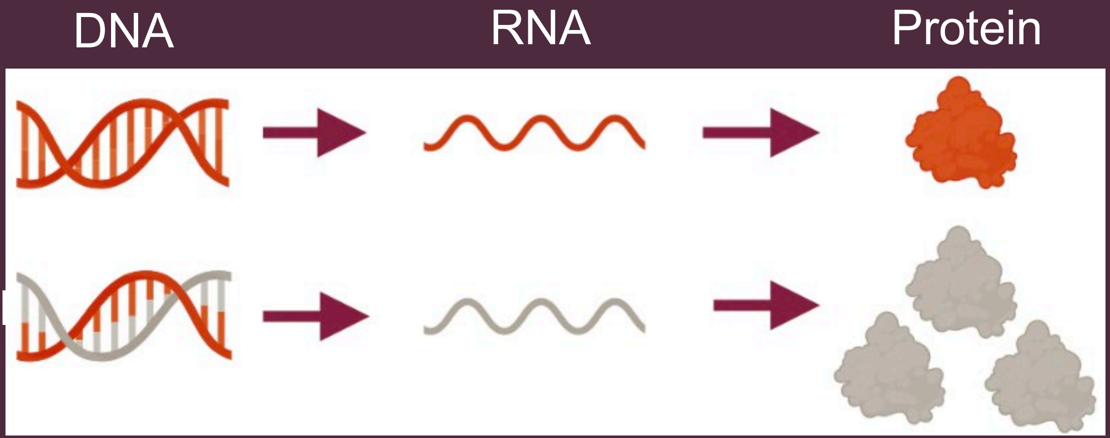


- Who?
- Familiar (Grandparents) = Relaxed Behavior

- Who?
- Unfamiliar (Stranger) = Hesitant Behavio

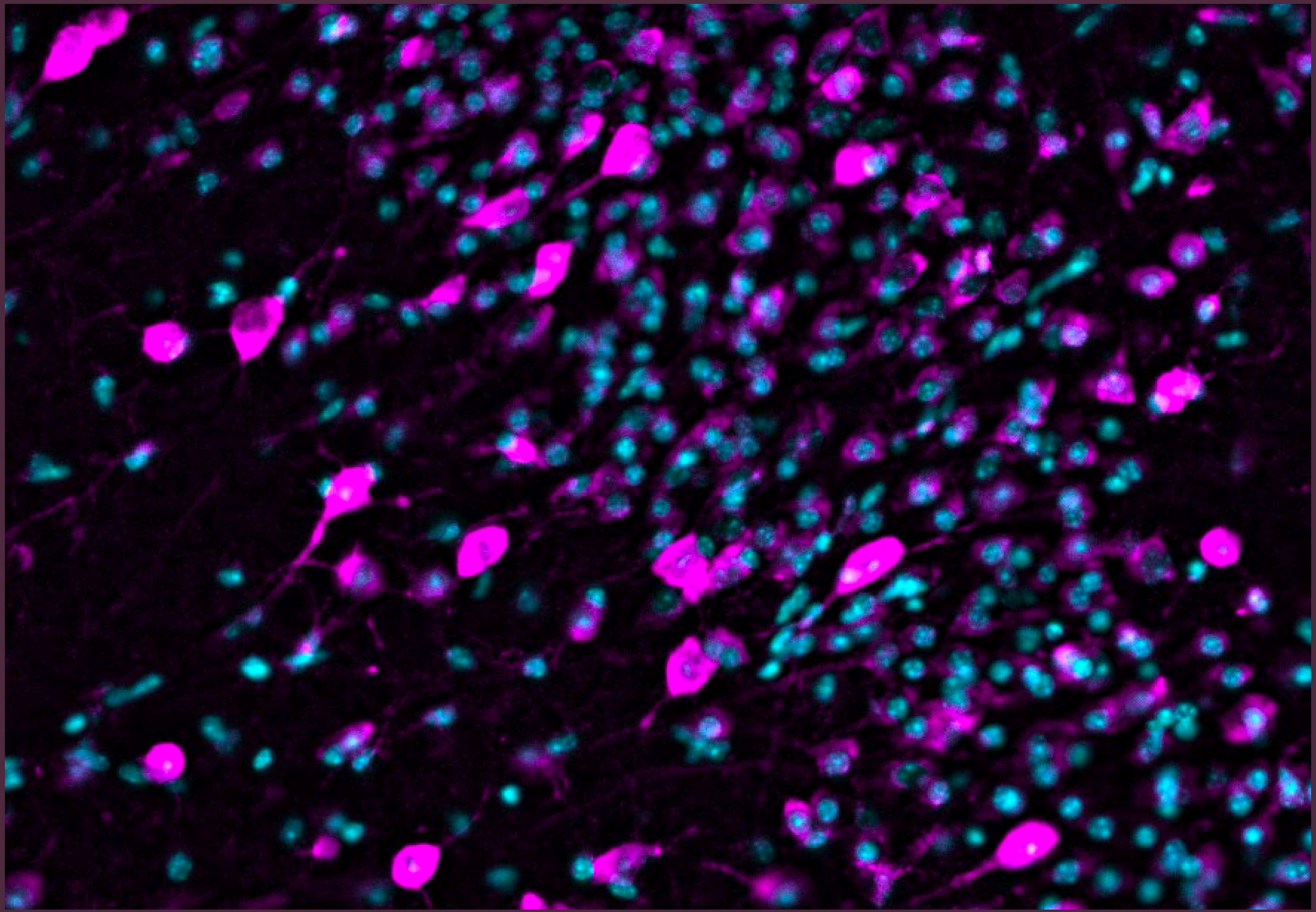
Normal

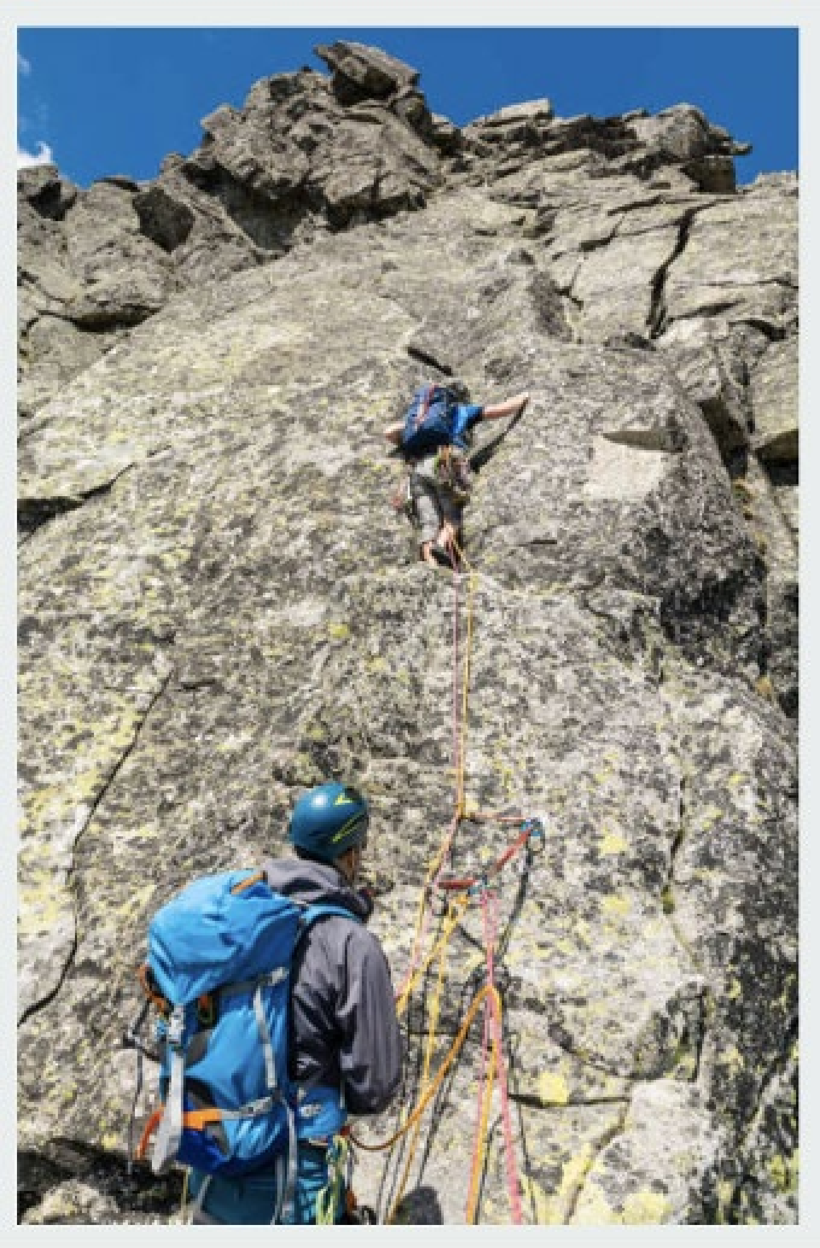
Neurodevelopmental Disorder



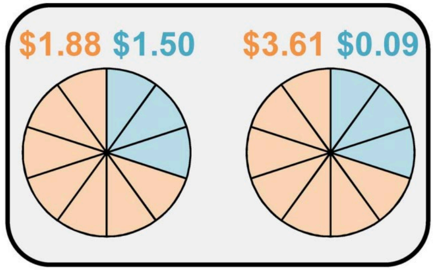
Magenta = All newly made proteins in a cell

Cyan = Nucleus of cells containing DNA



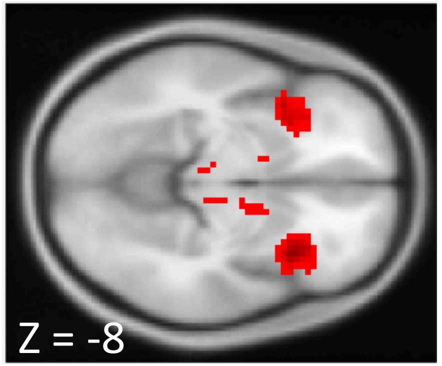


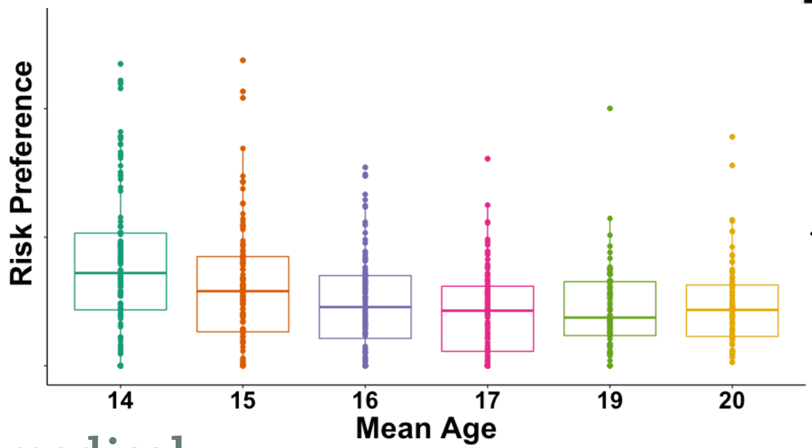
Why do some adolescents make unhealthy risky decisions?



$$E[U] = p^1 * x_1^\alpha + p^2 * x_2^\alpha$$

$$\hat{p} = \frac{1}{1 + \ e^{-\beta(E[U\, safe]-E[U\, risky])}}$$





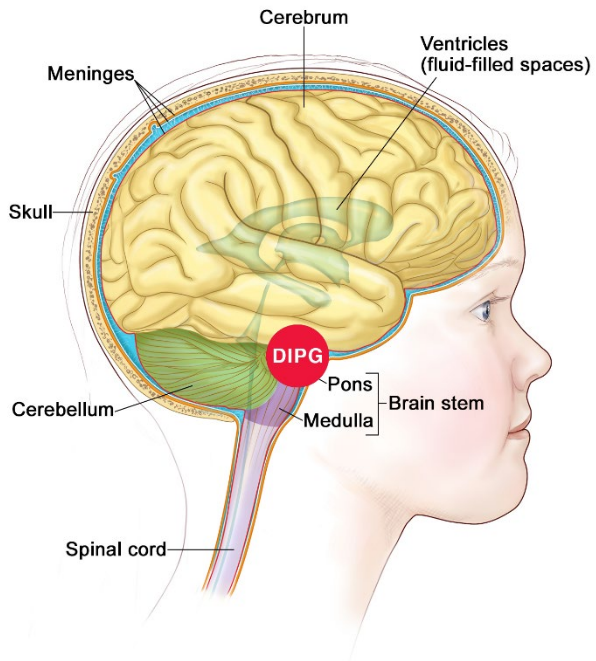
VTC Fralin Biomedical Research Institute

VIRGINIA TECH

Children's health challenges

Developmental disorders
Cancer
- Leukemia & Lymphoma
- Brain (CNS) cancers

Diffuse Intrinsic Pontine Glioma (DIPG)



No effective therapy approved to date

Identify cancer dependency genes
> Basic research - understand why?
> Targeting strategies
> Preclinical models
> Clinical Trials

Children's National Partnership
- Access to clinical resources
- Secure federal funding

Children's National Research & Innovation Campus (CNRIC) in Washington, DC

Jia-Ray Yu, Ph.D.
Assistant Professor,
Fralin Biomedical Research Institute at VTC
Children's National Research & Innovation Campus

FRALIN BIOMEDICAL RESEARCH INSTITUTE AT VTC
VIRGINIA TECH.

The Chair of the Academic, Research, and Student Affairs Committee will discuss possible agenda items for future meetings.

The Chair of the Academic, Research, and Student Affairs Committee will adjourn the committee meeting.

Open Session Agenda

BUILDINGS AND GROUNDS COMMITTEE

Monday, April 4, 2022

Bus departs for tour at 8:00 a.m. from the Lobby of the Inn at Virginia Tech and Skelton Conference Center.

Open session meeting begins at 10:00 a.m. in the Solitude Room of the Inn at Virginia Tech and Skelton Conference Center.

	Agenda Item	**Reporting Responsibility**
1.	Tour of Holden Hall and the Data & Decision Sciences Building	Chris Kiwus
2.	Welcome	Shelley Butler Barlow, Chair
3.	Consent Agenda a. Approval of the Minutes from the November 8, 2021 Meeting * b. Resolution to Approve the New River Valley Passenger Rail Station Authority Agreement * c. Resolution to Approve Appointments to the New River Valley Passenger Rail Station Authority * d. Resolution to Approve an Appointment to the Montgomery Regional Solid Waste Authority * e. Resolution to Approve the Disposition of University Building No. 0350 (Lumenhaus) * f. Resolution to Approve an Easement to Atmos Energy Corporation in Support of Increased Gas Lines and Gas Line Capacity on Virginia Tech's Main Campus g. Acceptance of the Capital Project Status Report	Shelley Butler Barlow, Chair
4.	Update on Agricultural Facilities	Alan Grant
5.	Update on Parking and Transportation	Lynsay Belshe Jeri Baker
6.	Overview of Facilities Accessibility Projects	Kelly Oaks Wendy Halsey
7.	Discussion of Strategic Facilities Investment Programs	Chris Kiwus
8.	Future Agenda Items and Closing Remarks	Shelley Butler Barlow, Chair

♦ Discusses Enterprise Risk Management topic(s).

*** Requires full Board approval.**

Open Session Briefing Report

BUILDINGS AND GROUNDS COMMITTEE

Monday, April 4, 2022

Bus departs for tour at 8:00 a.m. from the Lobby of the Inn at Virginia Tech and Skelton Conference Center.

<u>Open Session Tour</u>

1. **Tour of Holden Hall and the Data & Decision Sciences Building:** The Committee will assemble in the lobby of the Inn for a tour of Holden Hall and the Data & Decision Sciences Building construction site.

Monday, April 4, 2022

Open session meeting begins at 10:00 a.m. in the Solitude Room of the Inn at Virginia Tech and Skelton Conference Center.

<u>Open Session Meeting</u>

2. **Welcome:** The Committee Chair will convene the meeting and provide welcoming remarks.

3. **Consent Agenda:** The Committee will consider for approval the items listed on the Consent Agenda.

   a. **Approval of the Minutes from the November 8, 2021 Meeting:** The Committee will review for approval the minutes from the November 8, 2021 meeting.

   * b. **Resolution to Approve the New River Valley Passenger Rail Station Authority Agreement:** The Committee will review for approval a resolution regarding the university's participation in and authorization of the execution of an agreement establishing the New River Valley Passenger Rail Station Authority. The General Assembly recently authorized the creation of a regional passenger rail station authority and the university has been invited to join it on an equal basis with the County of Floyd, the County of Giles, the County of Montgomery, the County of Pulaski, the City of Radford, the Town of Blacksburg, the Town of Christiansburg, the Town of Pulaski, and Radford University. Joining the authority will create economic growth and development for the university. The comfort, convenience, and welfare of the university community requires the development of facilities and the creation of the New River Valley Passenger Rail Station Authority will facilitate development of such necessary facilities. The resolution commits the university to participating in the establishment of the New River Valley Passenger Rail Station Authority,

♦ **Discusses Enterprise Risk Management topic(s).**
* **Requires full Board approval.**

authorizes that the university administration may commit resources, procure services, and enter into agreements that further the progress of the formation and operation of the authority, and authorizes the execution of an agreement establishing the respective rights and obligations of the members regarding the authority consistent with the provisions of the Code of Virginia.

* c. **Resolution to Approve Appointments to the New River Valley Passenger Rail Station Authority:** The Committee will review for approval a resolution to appoint Lynsay M. Belshe, Vice President for Enterprise Administrative and Business Services, and Christopher H. Kiwus, (in his role as) Vice President for Campus Planning, Infrastructure, and Facilities, and as the Virginia Tech representatives and members on the New River Valley Passenger Rail Station Authority Board of Directors.

* d. **Resolution to Approve an Appointment to the Montgomery Regional Solid Waste Authority:** The Committee will review for approval a resolution to reappoint Christopher H. Kiwus, (in his role as) Vice President for Campus Planning, Infrastructure, and Facilities, as the Virginia Tech representative and member on the Montgomery Regional Solid Waste Authority Board of Directors.

* e. **Resolution to Approve the Disposition of University Building No. 0350 (Lumenhaus):** The Committee will review for approval a resolution authorizing the disposal of Building No. 0350. The 800 gross square foot facility is located within the North Academic District of main campus, at 1317 Perry Street, Blacksburg. Constructed in 2009 for the Solar Decathlon Home competition, Lumenhaus is the third such solar competition house designed and built as part of a research program begun in 2002. After competitions and touring, the house was installed adjacent to Cowgill Hall. It is beyond its useful life as an experimental and teaching structure, and is in need of maintenance and repair. The university wishes to dispose and surplus the building before it falls into further disrepair. Appurtenant elements will be removed and the site will be restored. The disposal and clearing of this site supports key elements of the Campus Master Plan. The university will obtain required reviews and approvals prior to the disposition of this structure.

* f. **Resolution to Approve an Easement to Atmos Energy Corporation in Support of Increased Gas Lines and Gas Line Capacity on Virginia Tech's Main Campus:** The Committee will review for approval a resolution authorizing authorizing the Senior Vice President and Chief Business Officer to execute an easement to Atmos Energy Corporation for the installation of a gas line in the area of Plantation Road located in the Town of Blacksburg, Montgomery County, Virginia, in support of Virginia Tech's access to natural gas service.

g. **Acceptance of the Capital Project Status Report:** The Committee will review for acceptance the quarterly capital project status report.

♦ Discusses Enterprise Risk Management topic(s).
*** Requires full Board approval.**

4. **Update on Agricultural Facilities:** The Committee will receive an update from Alan Grant, Dean of the College of Agriculture and Life Sciences, on agricultural facilities planning and construction.

5. **Update on Parking and Transportation:** The Committee will receive an update from Lynsay Belshe, Vice President for Enterprise Administrative and Business Services, and Jeri Baker, Senior Director of Transportation Services, on parking and transportation.

6. **Overview of Facilities Accessibility Projects:** The Committee will receive an update from Kelly Oaks, Associate Vice President for Equity and Accessibility, and Wendy Halsey, Assistant Vice President for Facilities Operations, on accessibility improvements to campus facilities.

7. **Discussion of Strategic Facilities Investment Programs:** Chris Kiwus, Interim Senior Vice President and Chief Business Officer and Vice President for Campus Planning, Infrastructure, and Facilities, will discuss the university's strategic facilities investment programs. These programs include operations and maintenance, customer requested renovations, facilities renewal, maintenance reserve, and capital project.

8. **Future Agenda Items and Closing Remarks:** The Committee will discuss potential topics for inclusion on future meeting agendas.

♦ Discusses Enterprise Risk Management topic(s).
*** Requires full Board approval.**

Tour of Holden Hall and the Data & Decision Sciences Building

BUILDINGS AND GROUNDS COMMITTEE

April 4, 2022

The Committee will tour Holden Hall and the Data & Decision Sciences Building construction site.

Welcome

BUILDINGS AND GROUNDS COMMITTEE

April 4, 2022

The Buildings and Grounds Committee Chair will open with welcoming remarks.

Consent Agenda

BUILDINGS AND GROUNDS COMMITTEE

April 4, 2022

The Committee will consider for approval and acceptance the items listed on the Consent Agenda.

Consent Agenda

a. Approval of the Minutes from the November 8, 2021 Meeting

* b. Resolution to Approve the New River Valley Passenger Rail Station Authority Agreement

* c. Resolution to Approve Appointments to the New River Valley Passenger Rail Station Authority

* d. Resolution to Approve an Appointment to the Montgomery Regional Solid Waste Authority

* e. Resolution to Approve the Disposition of University Building No. 0350 (Lumenhaus)

* f. Resolution to Approve an Easement to Atmos Energy Corporation in Support of Increased Gas Lines and Gas Line Capacity on Virginia Tech's Main Campus

g. Acceptance of the Capital Project Status Report

*** Requires full Board approval.**

UNAPPROVED

BOARD OF VISITORS BUILDINGS AND GROUNDS COMMITTEE MINUTES

November 7, 2021

The Buildings and Grounds Committee of the Board of Visitors of Virginia Polytechnic Institute and State University met on Sunday, November 7, 2021 at 10:00 a.m. for a walking tour of the Blacksburg campus. The tour originated and ended at the Lobby of the Inn at Virginia Tech and Skelton Conference Center (901 Prices Fork Road, Blacksburg). A quorum of the Buildings and Grounds Committee was present.

Board of Visitors Members

Present:
Shelly Butler Barlow (Committee Chair)
Ed Baine
C.T. Hill
Chris Petersen
Horacio Valeiras
Preston White

Absent:
Tish Long (Rector)
Sharon Brickhouse Martin
Carrie Chenery
Greta Harris
Anna James
Melissa Nelson
Mehul Sanghani
Jeff Veatch

Constituent Representative(s) Present:
Paolo Fermin (Undergraduate Student Representative)

Also present were the following Virginia Tech staff members:
Ms. Lynsay Belshe, Mr. Tyler Bray, Mr. Juan Espinoza, Ms. Christina Franusich, Dr. Chris Kiwus, Ms. Leyla Kolbai, Mr. Jack Leff, Ms. Meghan Marsh, Dwyn Taylor, Ms. Maddie Tchong, Mr. Jon Clark Teglas

<u>Open Session Tour</u>

The Committee assembled in the lobby of The Inn for a walking tour of campus led by Juan Espinoza, Associate Vice Provost for Enrollment and Degree Management and Director of Undergraduate Admissions.

The tour concluded at 11:16 a.m.

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♦ Discusses Enterprise Risk Management topic(s).
*** Requires full Board approval.**

The Buildings and Grounds Committee and the Finance and Resource Management Committee of the Board of Visitors of Virginia Polytechnic Institute and State University convened on Sunday, November 7, 2021 at 5:31 p.m. in joint open session in Latham Ballroom A and B of the Inn at Virginia Tech and Skelton Conference Center (901 Prices Fork Road, Blacksburg). A quorum of the Joint Committee was present.

Board of Visitors Members

Present:
Tish Long (Rector)
Ed Baine (Vice Rector)
Sharon Brickhouse Martin
Shelly Butler Barlow
Greta Harris
C.T. Hill
Melissa Nelson
Chris Petersen
Mehul Sanghani
Horacio Valeiras
Preston White

Absent:
Carrie Chenery
Anna James
Jeff Veatch

Constituent Representative(s) Present:
Robert Weiss (Faculty Representative)
Serena Young (Staff Representative)
Paolo Fermin (Undergraduate Student Representative)
Phil Miskovic (Graduate Student Representative)

Also present were the following Virginia Tech staff members:
President Timothy Sands, Ms. Kim O’Rourke (Secretary to the Board), Ms. Callan Bartel, Ms. Lynsay Belshe, Mr. Eric Brooks, Mr. Bob Broyden, Ms. Charlene Casamento, Dr. Cyril Clarke, Mr. Al Cooper, Mr. David Crotts, Mr. John Cusimano, Mr. Corey Earles, Mr. Jeff Earley, Ms. Kari Evans, Ms. Kay Heidbreder, Ms. Elizabeth Hooper, Dr. Chris Kiwus, Ms. Sharon Kurek, Mr. Jack Leff, Mr. Rob Mann, Ms. Nancy Meacham, Mr. Ken Miller, Mr. Justin Noble, Mr. Mark Owczarski, Dr. Dwayne Pinkney, Dr. Ellen Plummer, Dr. Menah Pratt-Clarke, Mr. Chris Rahmes, Mr. John Tarter, Dr. Don Taylor, Mr. Dwyn Taylor, Mr. Jon Clark Teglas, Ms. Tracy Vosburgh

Joint Open Session with the Finance and Resource Management Committee

* 1. **Ratification of the 2022-2028 Capital Outlay Plan:** The Committees reviewed for ratification the 2022-2028 Capital Outlay Plan. This is a proposed ratification of the 2022-2028 Capital Outlay Plan (Plan) approved at the March 2021 meeting, where the Committees approved the university’s list of potential projects for inclusion in the Plan and authorized the university to develop and submit the final Plan in accordance with future guidance from the state. In response to the instructions and guidance from the state, adjustments to the Plan included the insertion of a planning project for the Virginia Tech-Carilion School of Medicine and

♦ **Discusses Enterprise Risk Management topic(s).**
* **Requires full Board approval.**

Fralin Biomedical Research Institute Expansion. This project was added to the General Fund priorities to provide opportunities to further explore discussions with Carilion Clinic, the City of Roanoke, and the commonwealth for this initiative. The other changes were technical in nature. As required by the instructions, only a portion of the projects were submitted in the funding request to the state. The General Fund projects submitted may be used by the state to update its capital outlay plan and to make funding decisions in the 2022 budget session. Under the university's Management Agreement for Capital Projects, projects funded entirely with nongeneral funds may be approved by the Board on an as-needed basis. The Committees recommended the 2022-2028 Capital Outlay Plan to the full Board for ratification.

* 2. **Approval of Resolution to Amend a Long-term Lease for the Virginia Tech Research Center – Arlington (VTRC-A):** The Committees reviewed for approval a resolution to amend a long-term lease for the Virginia Tech Research Center – Arlington. The VTRC-A building, located at 900 Glebe Road in Arlington, Virginia, was constructed by the Virginia Tech Foundation (Foundation) on behalf of the university to expand research and development in the Greater Washington D.C. Metro area. The university currently leases levels two through six of the building, approximately 104,800 square feet, from the Foundation. The Virginia Tech Applied Research Corporation (VT-ARC) is an affiliated university-related corporation that currently leases the entire seventh level of the building from the Foundation.

The seventh level includes a mix of offices, meeting rooms, and other spaces for VT-ARC's research and robust technology portfolio. In order to streamline and simplify the business agreements between the organizations the plan calls for the university to amend its existing lease to assume the lease of the seventh level of the VTRC-A, and for VT-ARC to lease space as needed from the university. The university has developed an entirely nongeneral fund resource plan to support the $1.54 million annual lease for the seventh level and VT-ARC's outstanding loan balance due to the Foundation. The lease will reflect the standard break-even arrangement between the Foundation and the university. The terms for the lease would provide for up to ten years of occupancy, the present value of which would be approximately $11 million and would exceed the capital project threshold of $3 million. This request is for authorization to amend the university's lease with the Foundation to include the seventh level space. The Committees recommended the Resolution to Amend a Long-term Lease for the Virginia Tech Research Center – Arlington to the full Board for approval.

The meeting adjourned at 5:47 p.m.

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November 8, 2021

The Buildings and Grounds Committee of the Board of Visitors of Virginia Polytechnic Institute and State University reconvened on Monday, November 8, 2021 at 8:31 a.m. in open session in Latham Ballroom C, D, E, and F of the Inn at Virginia Tech and Skelton Conference Center (901 Prices Fork Road, Blacksburg). A quorum of the Buildings and Grounds Committee was present.

Board of Visitors Members

Present:	**Absent:**
Tish Long (Rector)	Carrie Chenery
Shelly Butler Barlow (Committee Chair)	Ed Baine
Greta Harris	Sharon Brickhouse Martin
C.T. Hill	Anna James
Chris Petersen	Melissa Nelson
Mehul Sanghani	Jeff Veatch
Horacio Valeiras	Preston White

Constituent Representative(s) Present:
Robert Weiss (Faculty Representative)

Also present were the following Virginia Tech staff members:
President Timothy Sands, Ms. Kim O'Rourke (Secretary to the Board), Mr. Mac Babb, Ms. Lynsay Belshe, Dr. Rosemary Bleiszner, Mr. Bob Broyden, Mr. Corey Earles, Ms. Alisha Ebert, Mr. Mark Gess, Dr. Martha Glass, Dr. Alan Grant, Ms. Wendy Halsey, Mr. Patrick Hilt, Ms. Elizabeth Hooper, Ms. Mary-Ann Ibeziako, Dr. Frances Keene, Mr. Chris Kiel, Mr. Nathan King, Dr. Chris Kiwus, Ms. Sharon Kurek, Ms. Kayla Lambert, Ms. Jamie Lau, Mr. Jack Leff, Mr. Rob Mann, Ms. Meghan Marsh, Ms. Liza Morris, Dr. Saied Mostaghimi, Ms. Heidi Myers, Mr. Justin Noble, Ms. Katie Poliodoro, Ms. Susan Richardson, Mr. Dwyn Taylor, Mr. Jon Clark Teglas, Ms. Emily Vollmer, Ms. Tracy Vosburgh, Mr. Nick Whitesell

<u>Open Session</u>

1. **Welcome:** The Committee Chair convened the meeting and provided welcoming remarks.

2. **Consent Agenda:** The Committee approved the items listed on the Consent Agenda.

   a. **Approval of the Minutes from the August 30, 2021 Meeting**: The Committee approved the minutes from the August 30, 2021 meeting.

   * b. **Resolution to Approve the Demolition of University Building No. 0185J (Equipment Storage Building):** The Committee reviewed for approval a

♦ **Discusses Enterprise Risk Management topic(s).**
* **Requires full Board approval.**

resolution to demolish University Building No. 0185J (Equipment Storage Building). This facility is a 1,200 gross square foot metal building. It is located in the Athletics and Recreation District of Virginia Tech's Blacksburg campus in Montgomery County, Virginia. Constructed in 1999, the building stored track and field equipment. Analysis of the low utilization rate of the structure and condition of the structure, and the need for a buildable site for a Baseball Pitching Lab in close proximity to English Field and the Weaver Baseball Center, revealed that the highest and best use of the existing building site is the Baseball Pitching Lab. Demolition of the existing storage building creates the opportunity for better utilization of the site and will enhance the baseball program's mission and support recruitment efforts. The university will obtain review from the Department of Historic Resources and the Art and Architecture Review Board, and any required approvals prior to the demolition of this structure. The Committee recommeded the resolution to the full Board for approval.

* c. **Resolution to Approve the Demolition of University Building No. 0748 (Tobacco Barn Number 3):** The Committee reviewed for approval a resolution to demolish University Building No. 0748 (Tobacco Barn Number 3). This facility is a 1,296 gross square foot wood framed barn. It is located at the Southwest Virginia Agricultural Research and Extension Center, 12326 VPI Farm Road, Glade Spring, Virginia. Constructed in 1953, the building was used for curing tobacco and housed small individual chambers for heated curing units. It has not been used for this purpose since the early 1980's, and has more recently been utilized for storage. The existing building has undergone age- and weather-related structural damage, is no longer viable for use as a storage building, and is beyond its useful life. Demolition of the existing building creates the opportunity for expanding pasture access for research programs, and improved utilization of the adjacent structures and site. The university will obtain review from the Department of Historic Resources and the Art and Architecture Review Board, and any required approvals prior to the demolition of this structure. The Committee recommended the resolution to the full Board for approval.

d. **Acceptance of the Sustainability Annual Report:** The Committee accepted the sustainability annual report. Virginia Tech serves as a model community for a sustainable society and is committed to advancing sustainability in academics (curriculum & research), engagement, operations, planning, and administration. The university maintains a gold rating from the Association for Advancement of Sustainability in Higher Education (AASHE) using the Sustainability Tracking, Assessment, and Rating System (STARS).

e. **Acceptance of the Capital Project Status Report:** The Committee accepted the quarterly capital project status report.

♦ Discusses Enterprise Risk Management topic(s).
*** Requires full Board approval.**

* 3. **Resolution to Approve an Easement to Suffolk CSG LLC in Support of Developing a Community Solar Project on Property Adjacent to the Tidewater Agricultural Research and Extension Center:** The Committee reviewed for approval an access easement to Suffolk CSG LLC in support of developing a community solar project on property adjacent to the Tidewater Agricultural Research and Extension Center. The university desires to grant the approximately 10,650 square feet access easement in support of the City of Suffolk's project to increase the availability of renewable solar energy. The Committee recommended the resolution to the full Board for approval with Chair Shelley Butler Barlow abstaining and Horacio Valeiras voting no.

4. **Overview of Properties Outside Montgomery County:** The Committee received a briefing from Bob Broyden, Associate Vice President for Campus Planning and Capital Financing, and Heidi Myers, Executive Director of Real Estate Management, on the university's properties outside Montgomery County. Virginia Tech's physical facilities include a wide range of assets. The university's 85 property holdings outside of Montgomery County include approximately 1.6 million square feet of space and approximately 5,000 acres of land. These properties are spread across two countries, multiple states, and the Commonwealth of Virginia. For context, the university has approximately 12 million square feet of space on the main campus and surrounding communities within the county. The main campus land area is 2,600 acres, and the university also owns the 1,800-acre Kentland Farm.

5. **Update on Agricultural Facilities:** The Committee received an update from Alan Grant, Dean of the College of Agriculture and Life Sciences, on agricultural facilities planning and construction. Dean Grant highlighted the progress of several capital and non-capital investments that will have significantly positive programmatic impact.

♦ 6. **Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistic Act Report:** The Committee, joined by Rector Tish Long, received the annual campus security and fire safety report for Virginia Tech that is compiled and published by the Virginia Tech Police Department. Presented by Lynsay Belshe, Vice President for Enterprise Administrative and Business Services, and Mac Babb, Chief of Police, this annual report is required by the Higher Education Opportunity Act and the Jeanne Clery Disclosure of Campus Security Policy and Campus Crimes Statistics Act. The purpose of the report is to provide information about security on campus, to include: campus and community crime statistics, fire statistics and safety information, policy information, safety tips, resource phone numbers, and a brief overview of the many services the university provides.

7. **Design Preview for the Life, Health, Safety, Accessibility, and Code Compliance Project:** The Committee approved the design preview for the Life, Health, Safety, Accessibility, and Code Compliance Project presented by Liza Morris, Assistant Vice President and University Architect. Ensuring the safety, health, and accessibility of the campus environment is critical to the long-term success of the university and its service to the Commonwealth. This project is the first priority of three high priority

♦ Discusses Enterprise Risk Management topic(s).
*** Requires full Board approval.**

accessibility initiatives identified by the university in the Life, Health, Safety, Accessibility, and Code Compliance category of the 2018-2024 Capital Outlay Plan. The project is scoped to create a new accessible route on an existing primary pedestrian corridor which will support equal access to key Education and General funded facilities in the North Academic District. The project is in the preliminary design phase with construction anticipated to begin June of 2022 and attain substantial completion June of 2023. The university received $3.1 million in life, health, safety, accessibility, and code compliance funding from the state towards the project.

8. **Future Agenda Items and Closing Remarks:** The Committee discussed potential topics for inclusion on future meeting agendas.

The meeting adjourned at 9:53 a.m.

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RESOLUTION TO APPROVE THE NEW RIVER VALLEY PASSENGER RAIL STATION AUTHORITY AGREEMENT

The Committee will review for approval a resolution regarding the university's participation in and authorization of the execution of an agreement establishing the New River Valley Passenger Rail Station Authority. The General Assembly recently authorized the creation of a regional passenger rail station authority and the university has been invited to join it on an equal basis with the County of Floyd, the County of Giles, the County of Montgomery, the County of Pulaski, the City of Radford, the Town of Blacksburg, the Town of Christiansburg, the Town of Pulaski, and Radford University.

Joining the authority will create economic growth and development for the university. The comfort, convenience, and welfare of the university community requires the development of facilities and the creation of the New River Valley Passenger Rail Station Authority will facilitate development of such necessary facilities.

The resolution commits the university to participating in the establishment of the New River Valley Passenger Rail Station Authority, authorizes that the university administration may commit resources, procure services, and enter into agreements that further the progress of the formation and operation of the authority, and authorizes the execution of an agreement establishing the respective rights and obligations of the members regarding the authority consistent with the provisions of the Code of Virginia.

RESOLUTION TO APPROVE THE
NEW RIVER VALLEY PASSENGER RAIL STATION AUTHORITY AGREEMENT

WHEREAS, in Chapter 38 of Title 33.2 of the Code of Virginia, 1950 as amended, the General Assembly has authorized the creation of a regional passenger rail station authority, which will be named the New River Valley Passenger Rail Station Authority; and

WHEREAS, Virginia Polytechnic Institute and State University has been invited to join the New River Valley Passenger Rail Station Authority on an equal basis with the County of Floyd, the County of Giles, the County of Montgomery, the County of Pulaski, the City of Radford, the Town of Blacksburg, the Town of Christiansburg, the Town of Pulaski, and Radford University; and

WHEREAS, joining the New River Valley Passenger Rail Station Authority will create economic growth and development for Virginia Polytechnic Institute and State University; and

WHEREAS, the comfort, convenience, and welfare of the university community requires the development of facilities and the creation of the New River Valley Passenger Rail Station Authority will facilitate development of the necessary facilities; and

WHEREAS, the Board of Visitors of Virginia Polytechnic Institute and State University reviewed the attached New River Valley Passenger Rail Station Authority Agreement and determines that participation in the New River Valley Passenger Rail Station Authority is in the best interest of Virginia Polytechnic Institute and State University; and

NOW, THEREFORE, BE IT RESOLVED, Virginia Polytechnic Institute and State University commits to participating in the establishment of the New River Valley Passenger Rail Station Authority; and

FURTHER, BE IT RESOLVED, that the administration of Virginia Polytechnic Institute and State University may commit resources, procure services, and enter into agreements that further the progress of the formation and operation of the New River Valley Passenger Rail Station Authority; and

FURTHER, BE IT RESOLVED, that the Board of Visitors of Virginia Polytechnic Institute and State University authorizes the execution of an agreement establishing the respective rights and obligations of the members regarding the New River Valley Passenger Rail Station Authority consistent with the provisions of Chapter 38 of Title 33.2 of the Code of Virginia, 1950 as amended.

RECOMMENDATION:
That the resolution regarding participation in and authorization of the execution of an agreement establishing the New River Valley Passenger Rail Station Authority be approved.

April 4, 2022

NEW RIVER VALLEY
PASSENGER RAIL STATION AUTHORITY AGREEMENT

WHEREAS, in compliance with, Chapter 38 of Title 33.2 of the Code of Virginia, 1950 as amended (the "Act"), the undersigned governing bodies of the creating political subdivisions and institutions of higher education (the "Members") have determined that the economic growth and development of the localities and the comfort, convenience and welfare of their citizens, students, and/or faculty require the development of Facilities (as defined in the Act); and,

WHEREAS, such governing bodies have further determined that joint action through a regional passenger rail station authority will facilitate the development of the needed Facilities, and by adoption of concurrent ordinances and resolutions, as applicable, have created the New River Valley Passenger Rail Station Authority, a public body politic and corporate created pursuant to the Act.

NOW THEREFORE, the Members hereby agree to establish the respective rights and obligations of the Members regarding the Authority consistent with the Act as follows:

I. NAME

The name of the Authority is the "New River Valley Passenger Rail Station Authority," and the address of its principal office is 6580 Valley Center Dr, Suite 124, Radford, VA 24141.

II. PARTIES TO THE NEW RIVER VALLEY PASSENGER RAIL STATION AUTHORITY AGREEMENT

The initial Members of the Authority are:

The County of Floyd, Virginia
The County of Giles, Virginia
The County of Montgomery, Virginia
The County of Pulaski, Virginia
The City of Radford, Virginia
The Town of Blacksburg, Virginia
The Town of Christiansburg, Virginia
The Town of Pulaski, Virginia
Virginia Tech
Radford University

Each Member is a political subdivision of the Commonwealth of Virginia or an eligible institution of higher education, and authorized by the Act to participate in the Authority.

III. BOARD OF THE AUTHORITY

There shall be two (2) representatives appointed by each Member to serve on the Board of Directors of the Authority which shall exercise the powers of the Authority. Representatives of the Members shall be appointed, serve, and be governed by the provisions of the Act and other applicable law. The initial terms of office of such representatives shall begin on the date of the written certification from the Secretary of the Commonwealth that the ordinances and resolutions adopted by the Members for creation of the Authority have been filed with the Secretary of the Commonwealth. Subsequent appointments shall be for terms of four years, except appointments to fill vacancies, which shall be for the unexpired terms. The terms of office of all representatives appointed to serve on the Board of Directors shall begin and end on the same date. Each representative to the Board, before entering upon the discharge of the duties of the office, shall take and subscribe to the oath prescribed in § 49-1 of the Code of Virginia, 1950, as amended.

IV. FINDINGS AND PURPOSE FOR WHICH THE AUTHORITY IS CREATED

The Members hereby agree to the following findings and purposes for which the Authority is created:

A. The creation of a regional passenger rail station authority will enable the Members to share the costs of developing, owning and operating an economic development asset that would be cost prohibitive to individual Members.

B. The Authority will directly benefit and enhance the economic base of the Members by allowing development, ownership, and operation of a facility on a cooperative basis.

C. The exercise of the powers of the Authority shall be for the benefit of the inhabitants of the Commonwealth, for the increase of commerce in the geographic area of the Members, and for the promotion of the safety, health, welfare, convenience, and prosperity of the inhabitants of the geographic region included within the Members (the "Region").

V. FACILITIES

The Authority may exercise any and all powers as allowed by the Act and other applicable law, including developing Facilities.

VI. PARTICIPATION AGREEMENTS

The Authority may enter into participation agreements with one or more Members by which Facilities may be constructed and developed in the Region **("Participation Agreements").** Such Participation Agreements may include participation by public and private entities that are not Members.

Each Member may participate in the development of each proposed Facility **(a "Project")** in accordance with the terms of the applicable Participation Agreement. Payment of the costs of a Project and receipt of any Project revenues by Members shall be in accordance with the terms of the Participation Agreement. The Authority may finance a Project through the issuance of "bonds" as defined in the Act **("Bonds")**. Such Bonds shall be limited obligations of the Authority to be paid solely from revenues and receipts of that particular Project received by the Authority and from revenues that may be received by the Authority pursuant to any Participation Agreement or other agreement related to the Project being financed (which may include financial contributions from Members who have entered into the applicable Participation Agreement), and may be secured by collateral encumbered or pledged in support of the financing **("Project Based Financing")**. Project Based Financing is approved and consented to by the Members. Any individual Member may, at its discretion and as allowed by law, choose to enter into or not enter into a specific Participation Agreement in support of any particular Project. Any Member Locality not entering into a Participation Agreement in support of a Project shall have no monetary obligation or other duty or responsibility in relation to that Project.

VII. GENERAL OPERATIONS OF THE AUTHORITY

The general business of the Authority shall be conducted by the Board of Directors of the Authority, provided, such Board may create an executive committee and such other advisory committees as the Board may choose, including project committees. The Authority shall, from time to time, establish such fees as shall be necessary to be paid by the Members to support the general activities of the Authority. In accordance with the Act, a quorum of the Board shall exist when a majority of Members are represented by at least one representative to the Board, and the affirmative vote of a quorum of the Board, meaning a majority vote of all Members, shall be necessary for the Board to take any action. Conflicting votes cast by two (2) representatives to the Board from a single Member shall not count as a vote of such Member.

VIII. POWERS OF THE AUTHORITY

The Authority is vested with the powers of a body corporate, including the power to sue and be sued in its own name, plead and be impleaded, and adopt and use a common seal and alter the same as may be deemed expedient. The Authority shall have all rights, duties and powers provided by the provisions of the Act, as amended, including the power to issue Bonds for any valid purpose.

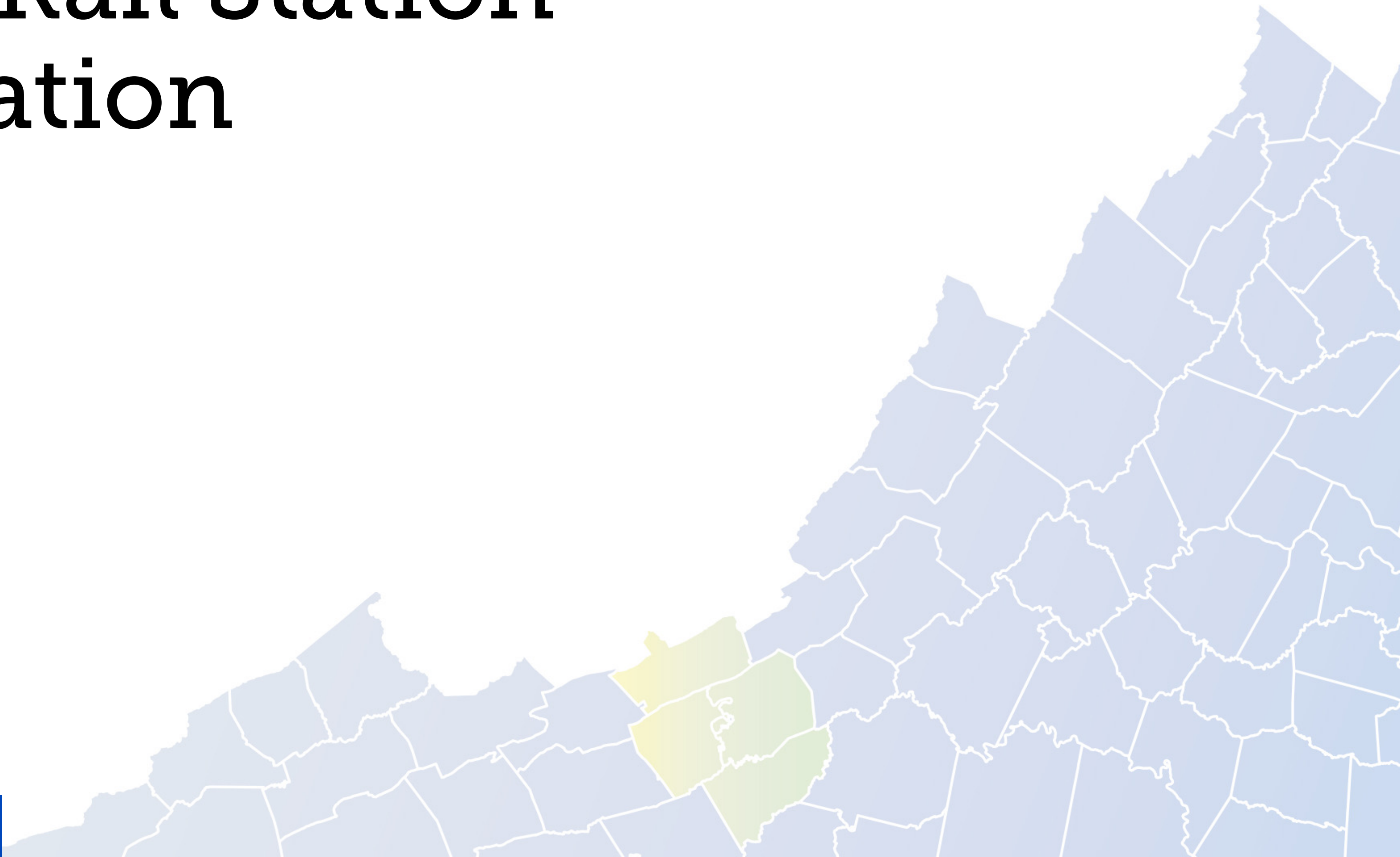
IN WITNESS WHEREOF, the Governing Bodies identified, by authorized action, have caused this Agreement to be executed, and their respective seals to be affixed hereto and attested by their respective clerks or secretaries commencing this ____ day of _____________, 2021.

SIGNATURES TO FOLLOW:

The County of Floyd, Virginia	The Town of Blacksburg, Virginia
The County of Giles, Virginia	The Town of Christiansburg, Virginia
The County of Montgomery, Virginia	The Town of Pulaski, Virginia
The County of Pulaski, Virginia	Virginia Tech
The City of Radford, Virginia	Radford University

NRV Passenger Rail Station Authority Formation

Fall, 2021



Presentation Overview

- NRV Passenger Rail Progress to Date
- Current Stage – Authority Formation
- Next Steps

Ridership and Station Location Study

- Completed in January 2016
- Projected ridership of 40,000 per year
- Identified preferred station location
  - 29 sites ranked, narrowed to 3
  - MPO Policy Board selected site adjacent to Christiansburg Aquatic Center

Station Ownership & Maintenance Study

- Evaluated 6 Organization Models
  - Host locality; Host locality + Public/Private Partners; Transportation Authority; Limited Liability Company (LLC); Corporation; Authority.

- Strong consensus to establish an authority to own/operate a facility

Station Cost Factors

State Investment

Operations

- Amtrak staff, management, ticket services
- Fuel
- Food and beverage
- Equipment: maintenance, cleaning
- Leases
- Insurance
- Performance payments
- Alternative transportation (during service disruptions)

Capital Construction & Equipment

- Track construction
- Signal systems
- Grade separations & roadway crossings
- Locomotives
- Traincars
- Long-term track maintenance

Platforms

- Tactile strip & surfaces
- ADA compliance
- Stormwater treatmeant
- Lighting
- Utilities
- Cleaning
- Litter/garbage collection
- Insurance

Local Investment

Stations

- Maintenance
- Utilities
- Janitorial services
- Parking
- Landscaping
- Insurance
- Security

Connectivity

- Land use & economic activity
- Public roads, sidewalks, & bike lanes
- Public transit

State Revenues

- Tickets
- Food & beverage
- State Support

Local Revenues

- Rent
- Parking
- Tax Revenues

Station Ownership & Maintenance Study

- Approximately $360,000 annual operation cost
  - 30-year debt service for $4.25M site construction
  - $250,000 Furnishings, Fixtures & Equipment
  - $70,000 building/grounds maintenance

- Revenue derived from authority members based on:
  - Population, ridership, proximity to station

Station Ownership & Maintenance Study

<table>
<tr><th colspan="10">Simplification-Based Scenario #1: Locally Preferred Revenue Plan</th></tr>
<tr><td>Montgomery County</td><td>Town of Blacksburg</td><td>Virginia Tech</td><td>Town of Christiansburg</td><td>Pulaski County</td><td>Town of Pulaski</td><td>City of Radford</td><td>Radford University</td><td>Giles County</td><td>Floyd County</td></tr>
<tr><td colspan="4">78.00% (19.5%)</td><td>3.00%</td><td>1.00%</td><td colspan="2">14.50% (7.25%)</td><td>1.75%</td><td>1.75%</td></tr>
<tr><td colspan="4">$69,746</td><td>$10,730</td><td>$3,576</td><td colspan="2">$25,931</td><td colspan="2">$6,259</td></tr>
</table>

NRV Passenger Rail Station Authority (NRV-PRSA)

- Enabling Legislation took effect July 1, 2021
- Allows local governments and higher education institutions in PDC 4 (New River Valley) to establish/operate authority
- Establishment through passing an ordinance and executing an agreement

NRV Passenger Rail Station Authority (NRV-PRSA)

- Potentially 10 members: 8 local government, 2 higher education
- Each member has 2 appointees to the board
- NRVRC identified as the administrative entity at start

NRV Passenger Rail Station Authority (NRV-PRSA)

- Financial Investment
  - General administrative at start
  - Shift into capital project financing + operations + administrative

- Participation Agreement Structure
  - Isolates financial liability to those opting to participate with capital project(s)

Next Steps

- Establish the NRV PRSA - members pass ordinance and execute agreement in October/November
- State leadership is working on determining station location
- Authority formation sends strong message of commitment to state leadership
- Discuss opportunities for state/federal investment in station costs

NRVRC
new river valley regional commission
6580 Valley Center Drive | Suite 124 | Radford, VA 24141 | 540-639-9313
NRVRC.ORG

MEMORANDUM

To: **NRV Local Governments and Higher Education Institutions**

From: **Kevin R. Byrd, Executive Director**

Date: **September 24, 2021**

Re: **NRV Passenger Rail Station Authority Formation**

Currently, local governments and higher education institutions in the New River Valley are taking action to create the New River Valley Passenger Rail Station Authority (NRV PRSA). The Authority will provide the organizational structure necessary for public bodies to jointly own and operate a passenger rail station in the region. In order to establish the NRV PRSA, members will need to adopt the ordinance and execute the agreement attached to this memo. These actions are taking place across the New River Valley during the October and November timeframe. If any potential member of the authority would like a presentation, I am available to meet with boards and councils to provide an overview and discuss questions.

Background

In 2013, a regional public-private coalition was convened by the Blacksburg Partnership with the intention of returning passenger rail service to the New River Valley. The coalition represents a unique partnership between business, government, legislative and higher education leaders with support from all corners of the region. The initial meetings of the coalition were fact-finding oriented and included presentations from leadership with the Virginia Department of Rail and Public Transit (DRPT) and leaders in Roanoke and Lynchburg that were successful in reintroducing passenger rail service in their communities. These briefings led to the development of a roadmap of information needed to make the case for passenger rail service returning to the New River Valley.

In 2015, the New River Valley Metropolitan Planning Organization (NRV MPO) funded a study performed by the New River Valley Regional Commission (NRVRC) to calculate the anticipated ridership and identify a potential station location to serve the region. The results of the study conservatively estimate ridership to be 40,000 per year, a number attractive to DRPT, which manages contracts for rail service in the Commonwealth, and Amtrak. The study process initially identified 29 potential station sites between Montgomery County, the City of Radford, and Pulaski County. Criteria was applied based on DRPT operating information, such as parking requirements, to help narrow the list down to three sites. The NRV MPO Policy Board reviewed the three sites and identified the top site at the time as a location adjacent to the Christiansburg Aquatic Center on Franklin

Street. The ultimate station location remains to be determined given the Commonwealth's ongoing negotiations with Norfolk & Southern which owns the rail lines.

In 2019, the NRV MPO again worked with the NRVRC on the next phase of the project, a Station Ownership and Maintenance Study. This process evaluated six organizational models that could be utilized to own and operate a passenger rail station. The organizational models included host locality ownership, host locality and public/private partners, transportation authority, limited liability company (LLC), corporation, and an authority to be enabled by the Virginia General Assembly. Through the planning process strong consensus was apparent to pursue enabling legislation to form an authority that would allow local governments and higher education institutions to jointly own and operate the facility. This would be the first authority-owned passenger rail station in Virginia and for good reason. The highest volume of ridership is not likely to originate in the host community where the station may be located, as is the case for most other stations. Given high levels of ridership expected from Virginia Tech, Blacksburg, Montgomery County, Radford University and surrounding New River Valley communities, joint ownership and operations became logical.

The Station Ownership and Maintenance Study also examined equitable cost-sharing for the participants of an authority. Several models were evaluated that took into account population, proximity to the station, and potential ridership. The preferred model is a blend of all three inputs. The potential financial obligation of authority members was modeled based on developing the station at the preferred location adjacent to the Christiansburg Aquatic Center. The approximate annual operating cost is $360,000 which includes 30-year debt service for $4.25M site construction, $250,000 for furnishings, fixtures and equipment, and $70,000 for building/grounds maintenance. The table below illustrates how the potential costs could be shared among authority members when using the financial model from the study.

Simplification-Based Scenario #1: Locally Preferred Revenue Plan									
Montgomery County	*Town of Blacksburg*	*Virginia Tech*	*Town of Christiansburg*	*Pulaski County*	*Town of Pulaski*	*City of Radford*	*Radford University*	*Giles County*	*Floyd County*
78.00% (19.5% per)				3.00%	1.00%	14.50% (7.25% per)		1.75%	1.75%
$69,746.06	$69,746.06	$69,746.06	$69,746.06	$10,730.16	$3,576.72	$25,931.23	$25,931.23	$6,259.26	$6,259.26

In 2021 Governor Northam signed the New River Valley Passenger Rail Station Authority legislation into law (VA Code 33.2-38) which enables formation of the Authority by local governments and higher education institutions in Planning District 4 also known as the New River Valley. At this time the authority can be created and begin working with state leadership to further advance reintroducing passenger rail service to the New River Valley.

It is important to note, by organizing the authority there are no financial commitments being made for capital projects such as constructing the station. Capital projects conducted through the authority will be organized through Participation Agreements that specifically identify the members committing to the project and their financial obligation. Capital projects will be determined at a later date once more information is available about the station location and the cost to construct/operate the facility.

More information about NRV Passenger Rail and progress made to date can be found at www.nrvrail2020.blacksburgpartnership.org

RESOLUTION TO APPROVE APPOINTMENTS TO THE NEW RIVER VALLEY PASSENGER RAIL STATION AUTHORITY

The university is requesting approval to appoint Lynsay M. Belshe, Vice President for Enterprise Administrative and Business Services, and Christopher H. Kiwus, Vice President for Campus Planning, Infrastructure, and Facilities, and as the Virginia Tech representatives and members on the to-be-formed New River Valley Passenger Rail Station Authority Board of Directors.

RESOLUTION TO APPROVE APPOINTMENTS TO THE NEW RIVER VALLEY PASSENGER RAIL STATION AUTHORITY

WHEREAS, the powers, rights, and duties of the New River Valley Passenger Rail Station Authority (the Authority) may be exercised by a Board of Directors; and

WHEREAS, the governing body of each member shall appoint two representatives to serve four (4) year terms on the Board of Directors of the Authority; and

WHEREAS, Virginia Tech desires to appoint Lynsay M. Belshe, Vice President for Enterprise Administrative and Business Services, and Christopher H. Kiwus, Vice President for Campus Planning, Infrastructure, and Facilities, as the university's representatives for a term of four (4) years; and

WHEREAS, the initial terms of office of the directors of the Authority shall begin upon the certification by the Secretary of the Commonwealth and the creation and constitution of the Authority as provided by in Chapter 38 of Title 33.2 of the Code of Virginia, 1950 as amended, (Certification); and

NOW, THEREFORE, BE IT RESOLVED, that Lynsay M. Belshe, Vice President for Enterprise Administrative and Business Services, and Christopher H. Kiwus, Vice President for Campus Planning, Infrastructure, and Facilities, be appointed as the university's representatives to and members of the New River Valley Passenger Rail Station Authority Board of Directors for a term of four years beginning on the date of the Certification.

RECOMMENDATION:

That the resolution recommending that Lynsay M. Belshe, Vice President for Enterprise Administrative and Business Services, and Christopher H. Kiwus, Vice President for Campus Planning, Infrastructure, and Facilities be appointed as the university's representatives to and members of the New River Valley Passenger Rail Station Authority Board of Directors be approved.

April 4, 2022

RESOLUTION TO APPROVE AN APPOINTMENT TO THE MONTGOMERY REGIONAL SOLID WASTE AUTHORITY

The university is requesting approval to reappoint Christopher H. Kiwus, Vice President for Campus Planning, Infrastructure, and Facilities, as the Virginia Tech representative and member on the Montgomery Regional Solid Waste Authority Board of Directors.

RESOLUTION TO APPROVE AN APPOINTMENT TO THE MONTGOMERY REGIONAL SOLID WASTE AUTHORITY

WHEREAS, the Montgomery Regional Solid Waste Authority (the Authority) consists of five directors who are responsible for the management and operation of the Authority; and,

WHEREAS, one director is appointed by each of the four political subdivisions, and the other director is appointed jointly by all governing bodies; and,

WHEREAS, it is necessary to reappoint members of its Board of Directors in accordance with the amended Articles of Incorporation; and,

WHEREAS, Christopher H. Kiwus, Vice President for Campus Planning, Infrastructure, and Facilities, currently serves as the university's representative; and,

WHEREAS, Virginia Tech desires to reappoint Christopher H. Kiwus, Vice President for Campus Planning, Infrastructure, and Facilities, as the university's representative for a term of four years in accordance with the Authority's Articles of Incorporation, as amended;

NOW, THEREFORE, BE IT RESOLVED, that Christopher H. Kiwus, Vice President for Campus Planning, Infrastructure, and Facilities be named the university's representative and member on the Montgomery Regional Solid Waste Authority Board of Directors for a term beginning on July 1, 2022 and expiring June 30, 2026.

RECOMMENDATION:
That the resolution recommending that Christopher H. Kiwus, Vice President for Campus Planning, Infrastructure, and Facilities be named the university's representative and member on the Montgomery Regional Solid Waste Authority Board of Directors be approved.

April 4, 2022

RESOLUTION ON DISPOSITION OF UNIVERSITY BUILDING NO. 0350 (LUMENHAUS)

The university requests approval for the disposition of Building No. 0350 (Lumenhaus). The 800 gross square foot facility is located within the North Academic District of main campus, at 1317 Perry Street, Blacksburg, Virginia.

Constructed in 2009 for the Solar Decathlon Home competition, Lumenhaus is the third such solar competition house designed and built as part of a research program begun in 2002. After competitions and touring, the house was installed adjacent to Cowgill Hall. It is beyond its useful life as an experimental and teaching structure, and is in need of maintenance and repair. The university wishes to dispose and surplus the building before it falls into further disrepair. Appurtenant elements will be removed and the site will be restored. The disposal and clearing of this site supports key elements of the Campus Master Plan. The university will obtain review from the Department of Historic Resources and the Art and Architecture Review Board, and any required approvals prior to the demolition of this structure.

RESOLUTION ON DISPOSITION OF UNIVERSITY BUILDING NO. 0350 (LUMENHAUS)

WHEREAS, under the 2006 Management Agreement between the Commonwealth of Virginia and the university, the Board of Visitors has the authority to approve the disposition of any building or land; and

WHEREAS, the building is located in the North Academic District of Virginia Tech's Blacksburg campus at 1317 Perry Street, is 800 gross square feet, is beyond its useful life as an experimental and teaching structure; and

WHEREAS, the university desires to prepare the area for alignment with the adopted Campus Master Plan; and

WHEREAS, the university will obtain review from the Department of Historic Resources and the Art and Architecture Review Board, and any required approvals prior to the demolition of this structure;

NOW, THEREFORE, BE IT RESOLVED that the Board of Visitors approve the disposal of Building No. 0350, located at the main campus of Virginia Tech in Blacksburg, Virginia, in accordance with the applicable statues of the Code of Virginia (1950), as amended.

RECOMMENDATION:

That the above resolution authorizing the disposal of Building No. 0350 be approved.

April 4, 2022

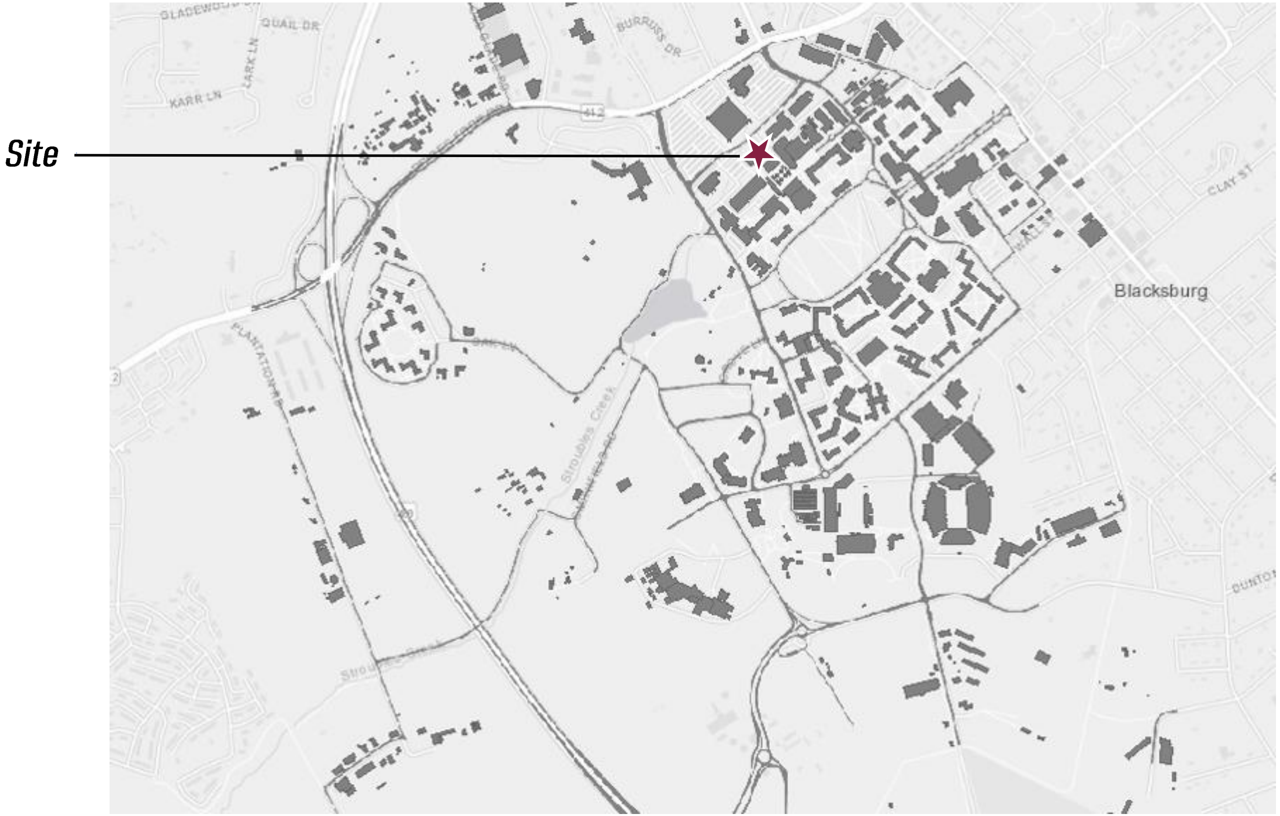
Disposition of University Building No. 0350 (Lumenhaus)

Board of Visitors Resolution for Disposition

Liza L.C. Morris, NCARB
Assistant Vice President for Planning and University Architect

April 4, 2022

PROJECT LOCATION

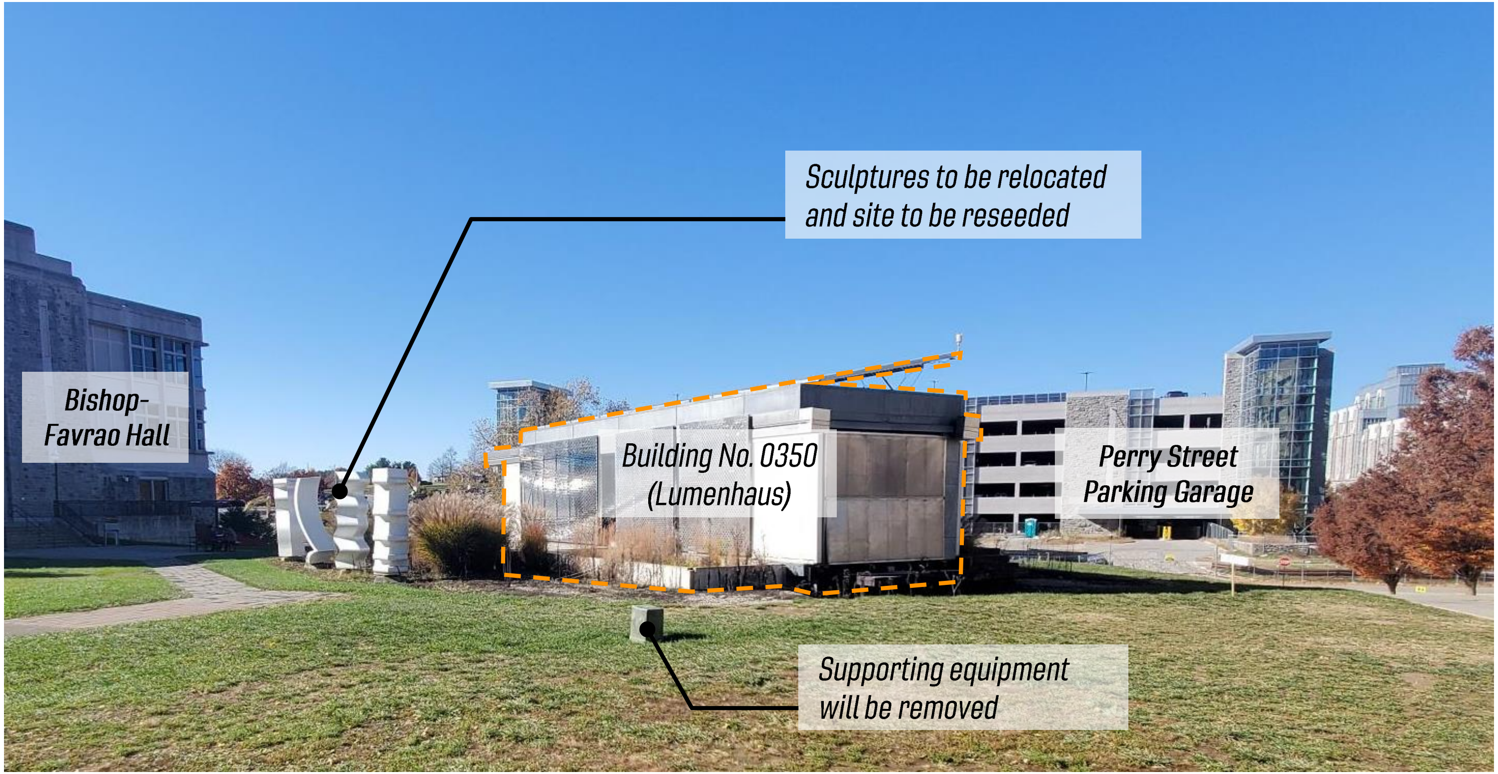


SITE

Building No. 0350
(Lumenhaus)

N

EXISTING CONDITIONS



View to the Northwest

EXISTING CONDITIONS


View to the south


View to the northeast


Entry Facade


Interior view

/ BUILDING NO. 0350 (LUMENHAUS)

RECOMMENDATION

That the resolution authorizing the disposition of university Building No. 0350 (Lumenhaus) be approved.

RESOLUTION FOR AN EASEMENT TO
ATMOS ENERGY CORPORATION
IN SUPPORT OF INCREASED GAS LINES AND GAS LINE CAPACITY
ON VIRGINIA TECH'S MAIN CAMPUS

Atmos Energy Corporation has requested Virginia Polytechnic Institute and State University ("Virginia Tech") grant an easement to Atmos for the installation of a gas line in the area of Plantation Road located in the Town of Blacksburg, Montgomery County, Virginia, in support of Virginia Tech's access to natural gas service.

RESOLUTION FOR AN EASEMENT TO ATMOS ENERGY CORPORATION IN SUPPORT OF INCREASED GAS LINES AND GAS LINE CAPACITY ON VIRGINIA TECH'S MAIN CAMPUS

WHEREAS, Atmos has identified an increased need for natural gas in support of Virginia Tech's initiatives, programs and departments, including the Main Campus area of Plantation Road; and

WHEREAS, the installation by Atmos and subsequent Virginia Tech use of the gas line will alleviate the increasing natural gas needs of Virginia Tech; and

WHEREAS, Atmos has requested Virginia Tech grant an easement on Virginia Tech land near the area of Plantation Road which easement area would contain approximately 87,375 square feet as more particularly shown and described on the attached drawing entitled Plat of Easement for Atmos Energy Corporation dated September 3, 2021 and made by Hurt & Proffitt; and

WHEREAS, Virginia Tech desires to grant the approximately 87,375 square feet access easement in support of increased access to natural gas resources for Virginia Tech; and

NOW, THEREFORE BE IT RESOLVED, that the Senior Vice President and Chief Business Officer, his successors and/or assigns, be authorized to execute a Deed of Easement to Atmos as described herein, in accordance with applicable Virginia Tech policies and procedures as permitted by the Higher Education Restructuring Act and the Management Agreement with the Commonwealth of Virginia, and the Code of Virginia (1950), as amended.

RECOMMENDATION:

That the above resolution authorizing the Senior Vice President and Chief Business Officer to execute an easement to Atmos for the purposes stated and described herein be approved.

April 4, 2022

Tax Parcel No. 070905
Tract No. 208-00001-00310

PREPARED BY: Virginia Polytechnic Institute and State University
Real Estate Management (MC0163)
230 Sterrett Drive
Blacksburg, VA 24061

Exempted from recordation taxes and fees
under Sections 58.1-811(A)(3),
58.1-811(C)(3), 17.1-266 and 17.1-279(E)
of the Code of Virginia (1950), as amended

DEED OF EASEMENT

This Deed of Easement is dated the _____ day of ________________, 2022, by and between VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY, an institution of higher education and agency of the Commonwealth of Virginia, hereinafter called Grantor, and ATMOS ENERGY CORPORATION, a Texas and Virginia corporation with its principal office at 5420 LBJ Freeway, Suite 1800, Dallas, Texas 75240, hereinafter called Grantee.

WITNESSETH

That for the sum of One Dollar ($1.00) and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in accordance with Section 23.1-1002 of the Code of Virginia (1950), as amended, Grantor grants unto Grantee, its successors and assigns, the perpetual right, privilege, and easement of right-of-way, five thousand, eight hundred twenty-five feet (5,825’) in length, fifteen feet (15’) in width, seven and a half feet (7.5’) on each side of the centerline, to lay, erect, construct, operate, maintain and repair a pipeline or pipelines, constructed of a combination of 8” Steel and 8” HDPE pipe, and the appurtenances thereto and all equipment, accessories and appurtenances necessary in connection therewith, hereinafter called facilities, for the purpose of the transportation of oil, gas, lignite and other fluids or substances, or any of them, and the products thereof, together with such above ground drips, valves, fittings, meters, pressure relief facilities, aerial markers, graphite and steel anodes, rectifier poles and other devices for the control of pipeline corrosion, and other appurtenances as may be necessary or convenient in the operation of said lines, over, across, under and upon, the lands of the Grantor situated in the Prices Fork Magisterial District, County of Montgomery, Virginia, said right-of-way being shown on the Plat of Easement for Atmos Energy Corporation, prepared by Hurt & Proffitt, dated September 3, 2021, which is attached to and made a part of this Deed of Easement as Exhibit A; being part of that same real estate acquired by Grantor by deed dated April 26, 2010, recorded in the Clerk’s Office, Circuit Court of Montgomery County, Virginia, in Deed Book 2010 Page 003159.

This easement is subject to all existing easements, rights-of-way, covenants, encumbrances and restrictions of record, and is further subject to the following conditions:

A. The facilities constructed shall remain the property of Grantee. Grantee shall have the right to inspect, rebuild, remove, repair, improve, and make such changes, alterations, additions to or extensions of its facilities within the boundaries of said right-of-way as are consistent with the purpose expressed herein. All construction, maintenance, equipment and facilities shall comply with all applicable laws, ordinances, codes and regulations. Grantee will be responsible for any and all costs associated with the improvements. All work will be scheduled with the Facilities Operation Control Center at (540) 231-4300. The improvements will be completed in a good workmanlike manner and limited to the areas shown on Exhibit A.

B. Upon completion of any activity by Grantee upon the right-of-way, Grantee shall restore the right-of-way as nearly to its original condition as practicable, including backfilling of trenches, reseeding or resodding of lands, replacement of equipment and facilities of Grantor, removal of trash and debris, and removal of any of Grantee's equipment, accessories or appurtenances not consistent with the construction, maintenance or operation of said facilities or the exercise of any rights or privileges expressed herein. Grantee shall maintain said right-of-way and facilities in such repair as not to endanger or otherwise limit the enjoyment or use of Grantor's property and adjacent properties.

C. Grantee shall contact the Virginia Tech University Arborist to discuss any trees, shrubbery or other natural obstructions that interfere with or threaten the efficient and safe operation, construction or maintenance of said facilities. The Grantor retains all rights and decision-making authority regarding whether to trim, cut and remove trees, shrubbery or other natural obstructions that Grantee feels may need to be trimmed, cut, or removed to install said Grantee facilities. All trees cut shall remain the property of Grantor. All brush, branches, and other debris resulting from any cutting, trimming, or clearing of said right-of-way shall be removed from lands of Grantor and disposed by Grantee. All work shall be constructed under ATMOS' Department of Environmental Quality approved annual standards and specifications for erosion and sediment control and stormwater management.

D. Grantee shall have the right of ingress to and egress from said right-of-way over the lands of Grantor as may be necessary to exercise Grantee's rights herein. Grantee shall exercise such right in such manner as shall not occasion injury or inconvenience to Grantor. Grantee shall at Grantor's election pay for or repair any injury to any of Grantor's land, structures, roads, fences, and other improvements caused by Grantee, its employees, agents or contractors. Grantee shall notify Grantor immediately of any such injury and shall make said payment or repair within thirty (30) days after such election by Grantor; provided, however, that if such injury results in an on-going hazardous condition or a material loss of use of Grantor's property (such as, by way of illustration and not by limitation, a disruption of any utilities or loss of access to Grantor's property) then Grantee shall immediately remedy the hazardous condition or material loss of use.

E. Grantor, its successors and assigns, may use said right-of-way for any purpose not inconsistent with the rights hereby granted, provided such use does not interfere with the safe and efficient construction, operation or maintenance of said facilities, and further provided that such use is not inconsistent with any laws, ordinances or codes pertaining to the construction, operation or maintenance of said facilities and to which the Grantor is subject.

F. Grantee covenants and agrees to indemnify, defend and hold Grantor, its employees and agents, harmless from and against any claims of injury to any persons or property and from and against any other liability of any nature whatsoever to the full extent authorized by Virginia law resulting from the installation, operation, maintenance, replacement, repair, removal or use of any of Grantee's facilities or the connection to other utility facilities on or adjacent to said easement, or in any way arising out of Grantee's exercise of any rights herein granted.

G. Grantee shall complete the work, activities, and requirements set forth in this agreement in accordance with the attached timeline, Exhibit B. Once the project is completed, If Grantee at any time discontinues use of all or any portion of the easement herein conveyed for a period of one year, all of the Grantee's rights and interest in said easement or portion thereof shall immediately terminate and revert to Grantor, its successors and assigns, and Grantee shall at its expense remove any facilities and restore Grantor's property as nearly to its original condition as practicable and, on written request by Grantor, Grantee shall quitclaim and release same.

H. This easement of right-of-way, and the use thereof, is intended to be used solely for the benefit of the lands of Grantor. No other use shall be permitted without the express written consent of Grantor, which consent Grantor shall be under no obligation to give. Consent shall be evidenced by an amendment to this Deed of Easement, approved and executed with the same formality as this Deed of Easement, and shall be subject to all conditions therein set out.

I. If Grantor at any time deems it necessary or advisable to relocate for Grantor’s convenience any of Grantee’s facilities installed and used pursuant to this Deed of Easement, Grantee shall relocate such facilities to a route or place acceptable to Grantor, provided Grantor for no additional consideration shall grant unto Grantee such easement as may be necessary to effect such relocation, subject to the same rights, privileges and conditions, as herein set forth, and Grantor shall reimburse Grantee the reasonable, direct costs of such relocation. Upon relocation of any of the facilities from any portion of the easement hereby granted, the easement for or over that portion of the land no longer used by Grantee shall automatically terminate and all rights, title and interest therein shall revert to Grantor.

J. Grantor’s buildings that currently have connections to the gas lines along the easement shall remain connected and active. At no time shall these gas lines be disconnected or made inactive. Grantee shall add gas line connections to Grantor’s properties along Plantation Road, Blacksburg, Virginia, in the future at Grantor’s request at no cost to Grantor. Grantee will be responsible for any and all costs associated with adding this gas line connection.

K. Grantee shall communicate with the Grantor to ensure that all of the easement areas that have animals are secure and that, if needed, temporary fencing is built to keep the animals out of the construction area.

L. Access to the Smithfield Horse Center shall remain open with the ability for ingress and egress at all times during construction.

WITNESS the following signatures and seals.

Grantor:

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

By ____

Christopher H. Kiwus
Interim Senior Vice President and Chief Business Officer

Grantee:

ATMOS ENERGY CORPORATION

By __________________________________

Ryan Austin
Vice President of Technical Services

Commonwealth of Virginia,
County of Montgomery, to-wit:

I, _______________________, a Notary Public in and for the jurisdiction aforesaid, certify that the foregoing instrument was acknowledged before me this _____ day of _______________, 2022, by Christopher H. Kiwus, Interim Senior Vice President and Chief Business Officer, on behalf of the institution.

____
Notary Public

My commission expires: ______________________

Commonwealth of Virginia,
City/County of __________________, to-wit:

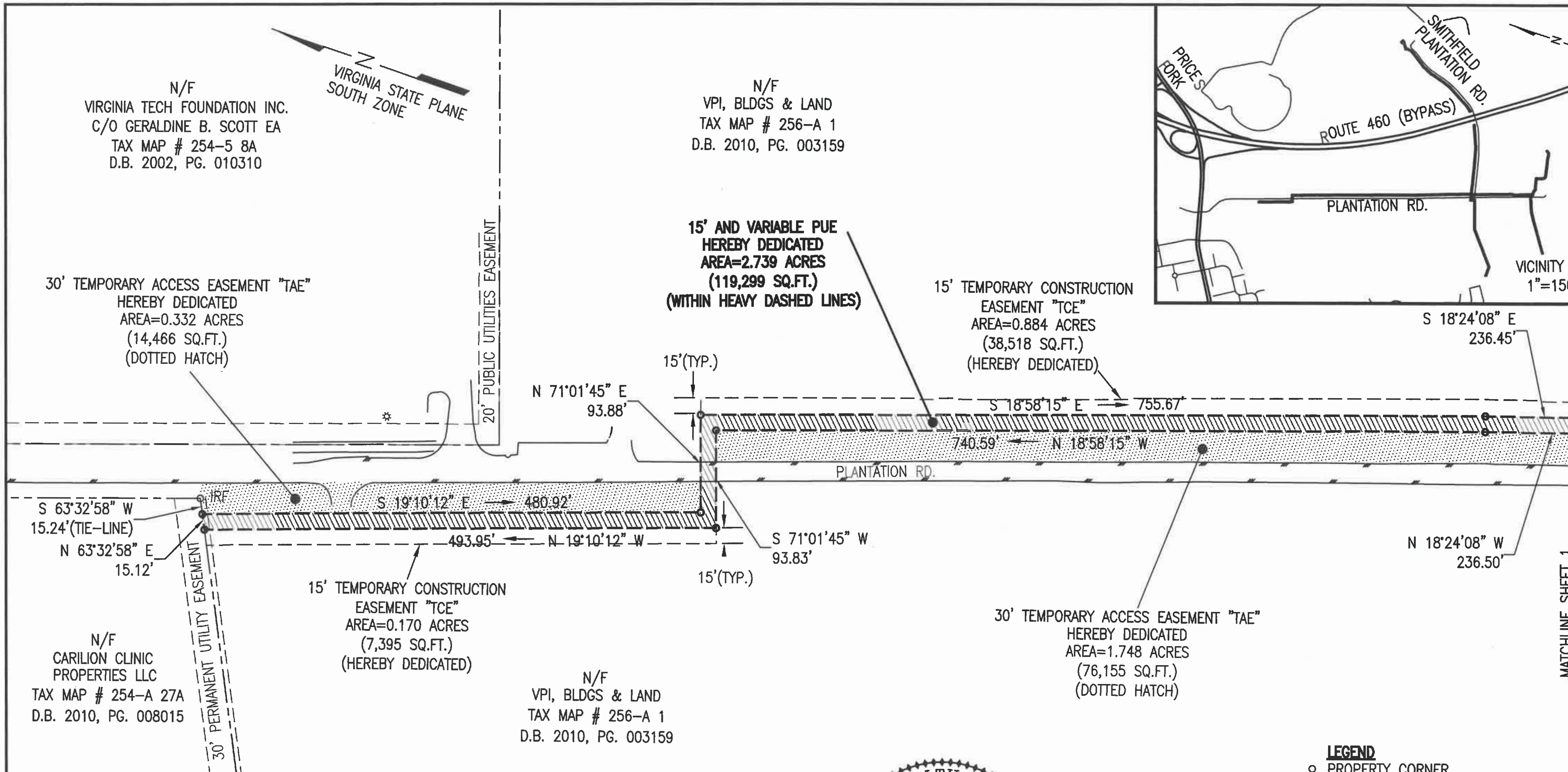
I, ___________________, a Notary Public in and for the jurisdiction aforesaid, certify that the foregoing instrument was acknowledged before me this _____ day of _______________, 2022, by Ryan Austin, Vice President of Technical Services, on behalf of the corporation.

____
Notary Public

My commission expires: ______________________

Office of the Attorney General
Approved as to form and legal sufficiency:

____
Special Assistant Attorney General



NOTES:

1. THIS PLAT WAS PREPARED WITHOUT THE BENEFIT OF A TITLE REPORT, AND THEREFORE MAY NOT AGREE WITH DEEDS AND PLATS OF RECORD OR SHOW ALL ENCUMBRANCES UPON THE PROPERTY SURVEYED.
2. THIS SURVEY DOES NOT REPRESENT A BOUNDARY SURVEY.
3. REFERENCES: TM 256-A 1, D.B. 2010, PG. 003159
4. PROPERTY ADDRESS: TM 256-A 1; 615 SOUTHGATE DRIVE, BLACKSBURG
5. OWNER ADDRESS:
6. 15' PERMANENT UTILITY EASEMENT IS CENTERED ON GAS LINE WITH 10' ON EITHER SIDE AS SHOWN HEREON.
7. TEMPORARY ACCESS EASEMENT LOCATED BETWEEN NEAREST EDGE OF PAVEMENT AND NEAREST PERMANENT UTILITY EASEMENT LINE.

COMMONWEALTH OF VIRGINIA
CHRISTOPHER B. KAKNIS
Lic. No. 2359
9/3/21
LAND SURVEYOR

LEGEND

- PROPERTY CORNER
- EASEMENT POINT
- RIGHT OF WAY
- PROPERTY LINE
- NEW EASEMENT LINE
- TEMPORARY CONSTRUCTION EASEMENT

PLAT OF EASEMENT
FOR
ATMOS ENERGY CORPORATION
SHEET 1 OF 6
TOWN OF BLACKSBURG
PRICES FORK MAGISTERIAL DISTRICT
MONTGOMERY COUNTY, VIRGINIA

HURT & PROFFITT
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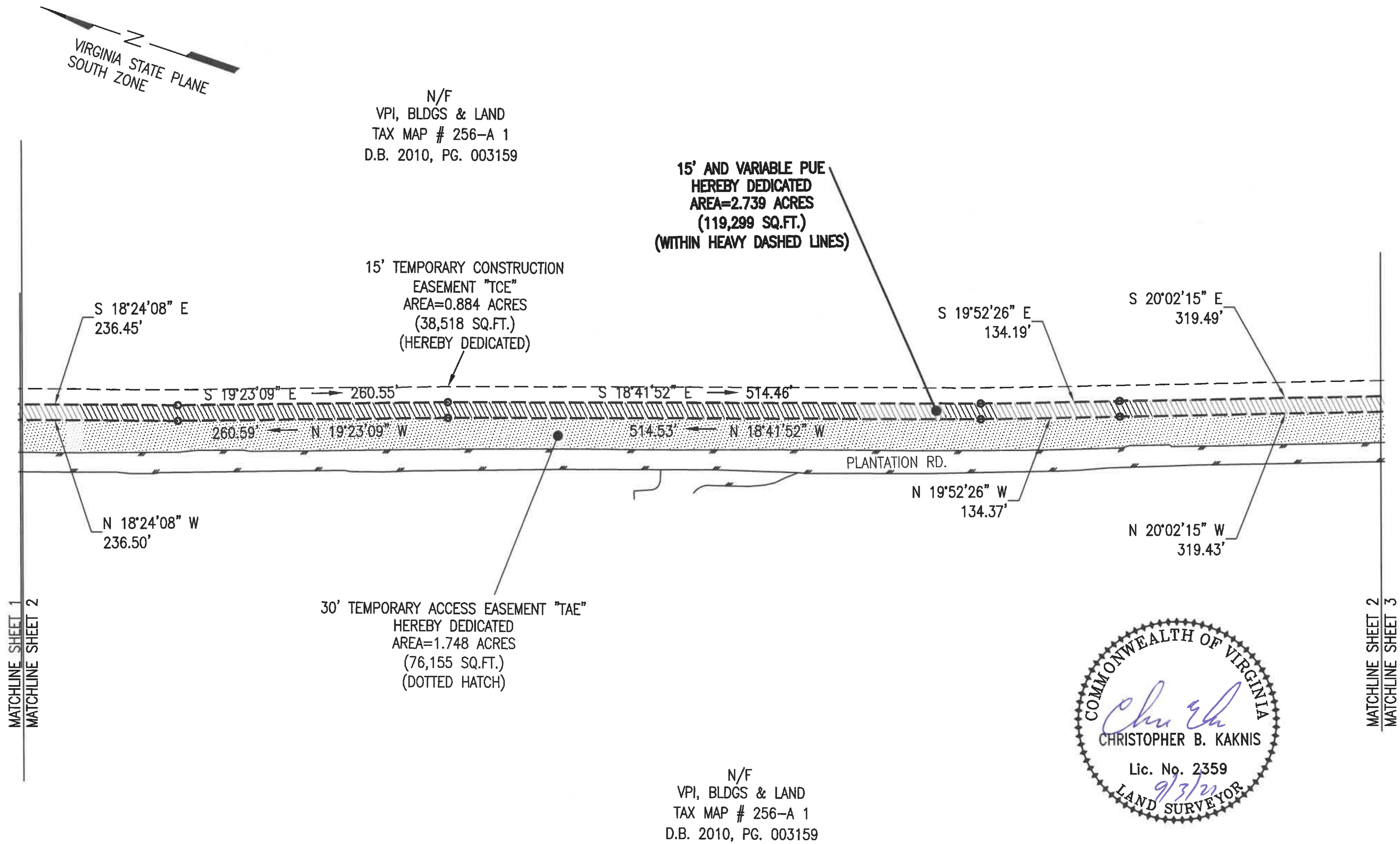
540.552.5729 FAX

INDEX No. B- 201028_r3

Scale	Date	Drawing No
1"=100'	03 SEPT 21	20201028



PLAT OF EASEMENT
FOR
ATMOS ENERGY CORPORATION
SHEET 2 OF 6
TOWN OF BLACKSBURG
PRICES FORK MAGISTERIAL DISTRICT
MONTGOMERY COUNTY, VIRGINIA

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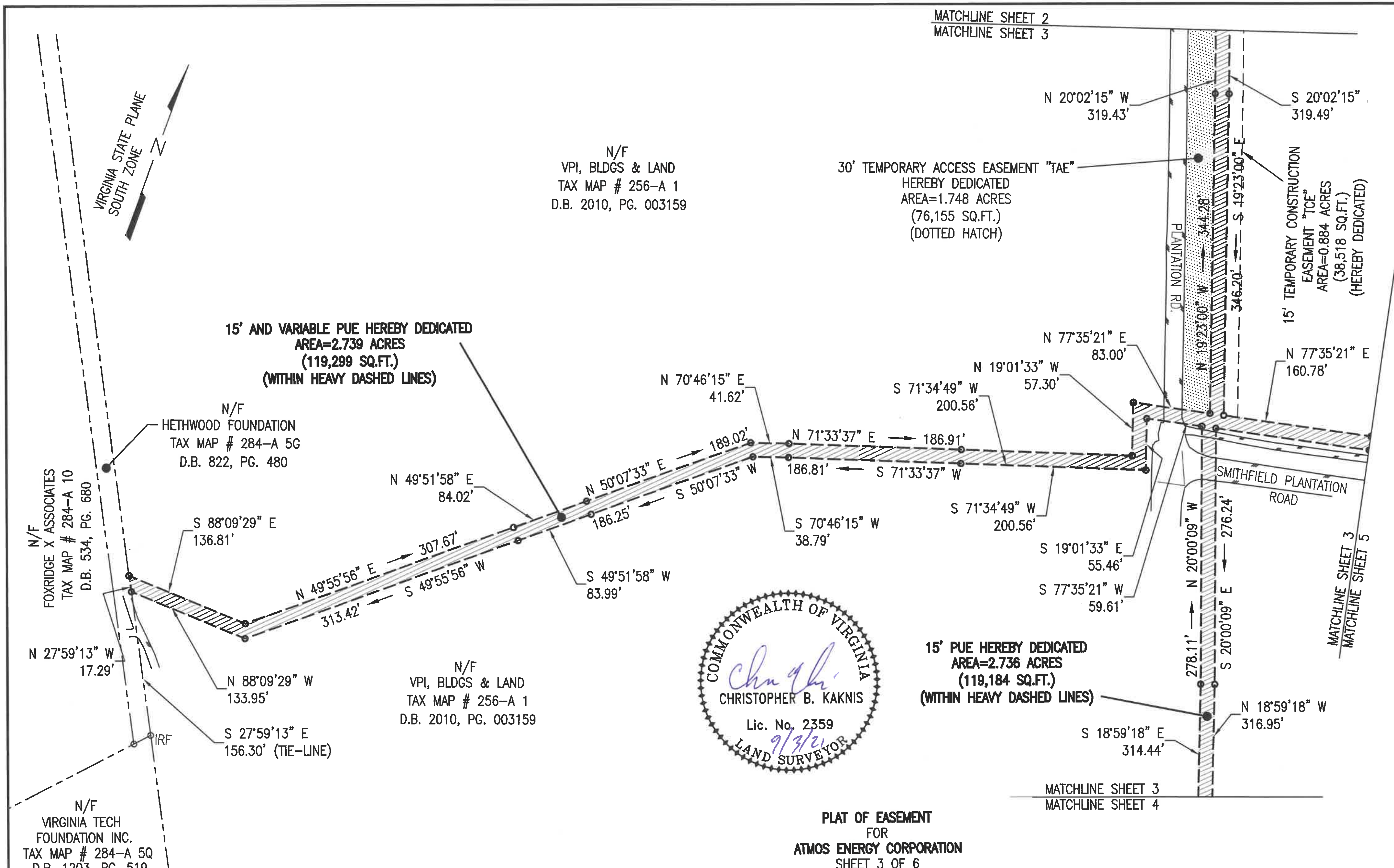

PLAT OF EASEMENT
FOR
ATMOS ENERGY CORPORATION
SHEET 3 OF 6
TOWN OF BLACKSBURG
PRICES FORK MAGISTERIAL DISTRICT
MONTGOMERY COUNTY, VIRGINIA

INDEX No. B-201028_r3

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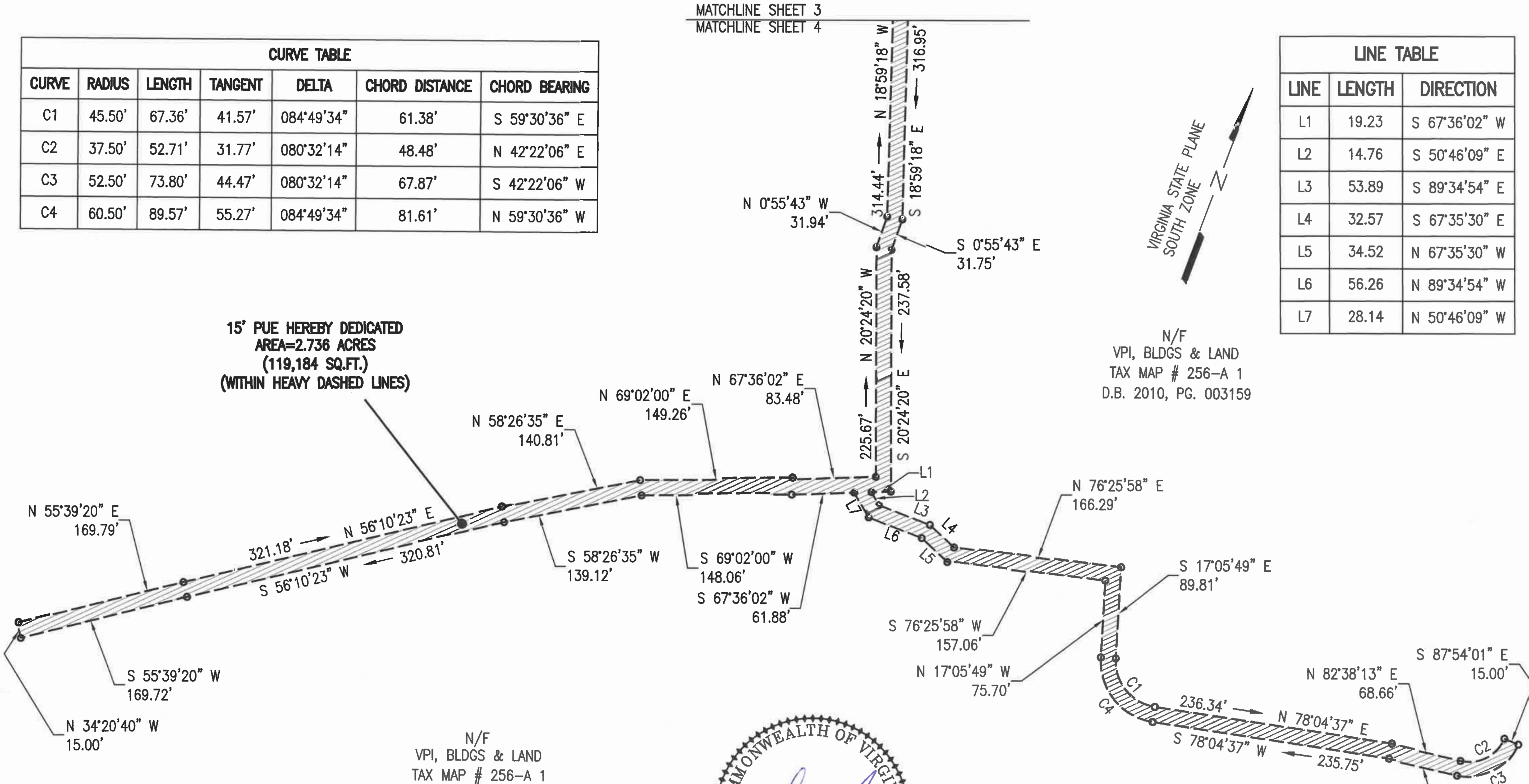
Scale	Date	Drawing No
1"=100'	03 SEPT 21	20201028

CURVE TABLE

CURVE	RADIUS	LENGTH	TANGENT	DELTA	CHORD DISTANCE	CHORD BEARING
C1	45.50'	67.36'	41.57'	084°49'34"	61.38'	S 59°30'36" E
C2	37.50'	52.71'	31.77'	080°32'14"	48.48'	N 42°22'06" E
C3	52.50'	73.80'	44.47'	080°32'14"	67.87'	S 42°22'06" W
C4	60.50'	89.57'	55.27'	084°49'34"	81.61'	N 59°30'36" W

LINE TABLE

LINE	LENGTH	DIRECTION
L1	19.23	S 67°36'02" W
L2	14.76	S 50°46'09" E
L3	53.89	S 89°34'54" E
L4	32.57	S 67°35'30" E
L5	34.52	N 67°35'30" W
L6	56.26	N 89°34'54" W
L7	28.14	N 50°46'09" W



COMMONWEALTH OF VIRGINIA
CHRISTOPHER B. KAKNIS
Lic. No. 2359
9/3/21
LAND SURVEYOR

PLAT OF EASEMENT
FOR
ATMOS ENERGY CORPORATION
SHEET 4 OF 6
TOWN OF BLACKSBURG
PRICES FORK MAGISTERIAL DISTRICT
MONTGOMERY COUNTY, VIRGINIA

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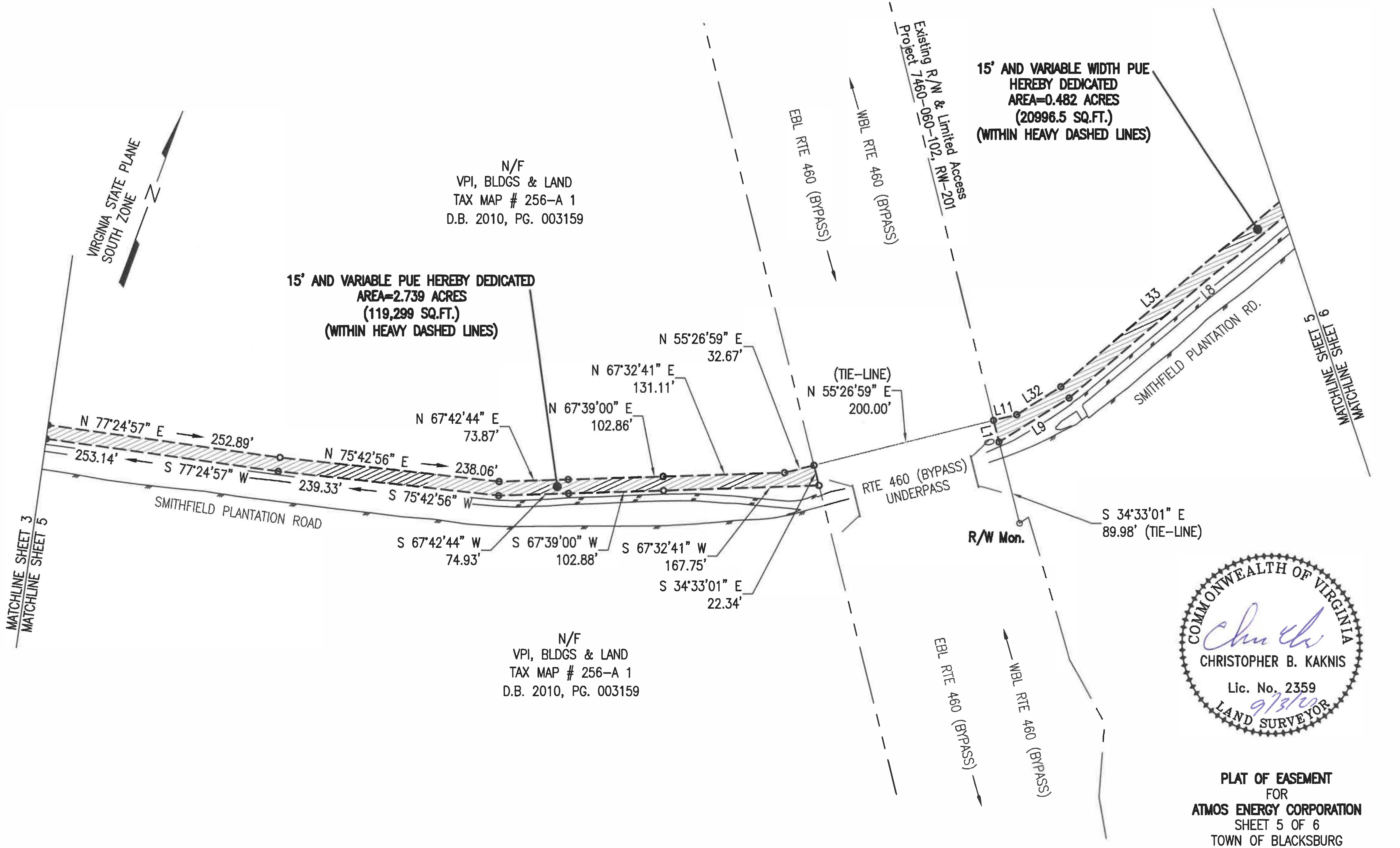

PLAT OF EASEMENT
FOR
ATMOS ENERGY CORPORATION
SHEET 5 OF 6
TOWN OF BLACKSBURG
PRICES FORK MAGISTERIAL DISTRICT
MONTGOMERY COUNTY, VIRGINIA

Scale	Date	Drawing No.
1"=100'	03 SEPT 21	20201028

INDEX No. B- 201028_r3

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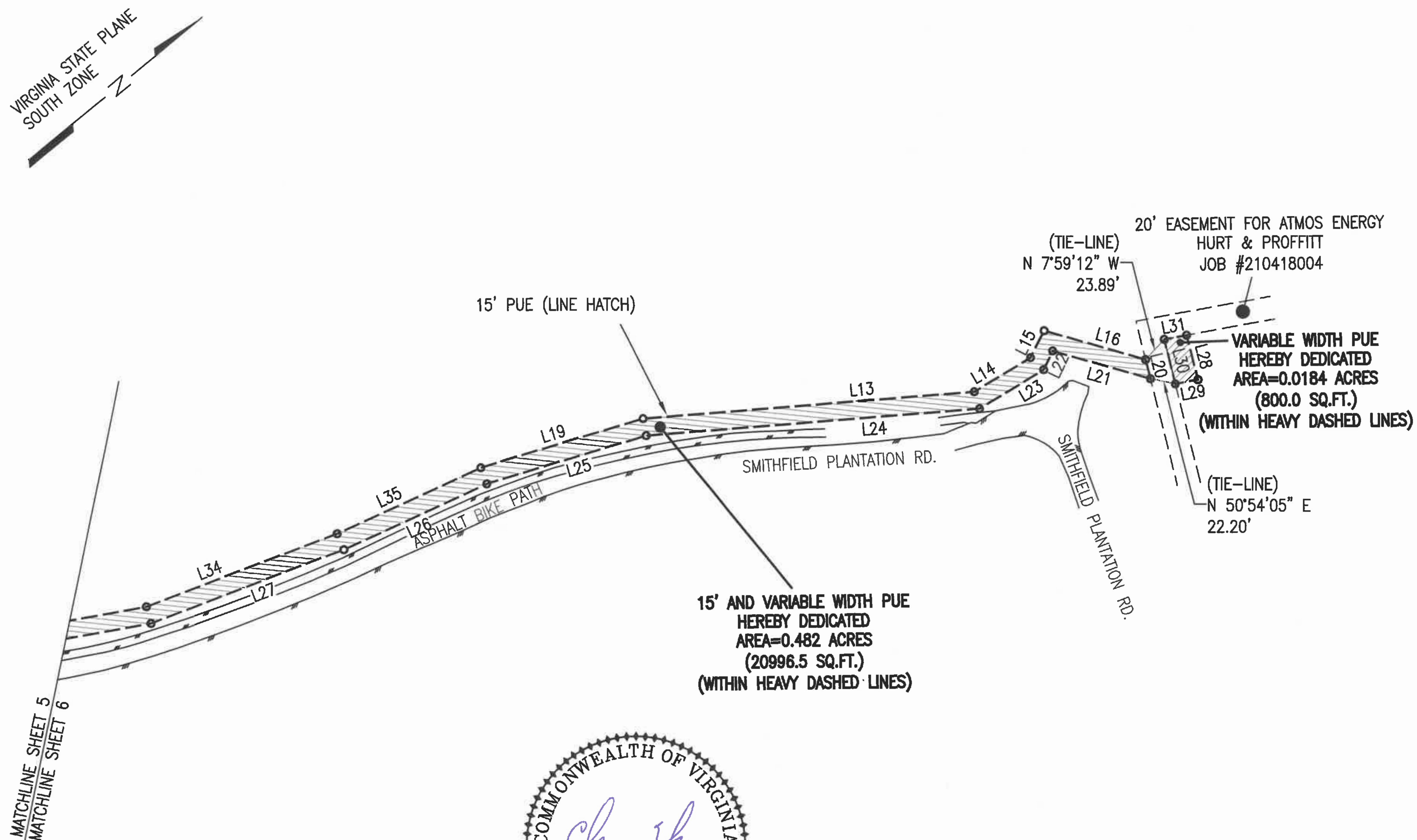

COMMONWEALTH OF VIRGINIA
CHRISTOPHER B. KAKNIS
Lic. No. 2359
9/3/21
LAND SURVEYOR

LINE TABLE		
LINE	LENGTH	DIRECTIO
L8	377.76	S 29°09'31
L9	88.88	S 37°21'09
L10	23.82	N 34°33'01
L11	25.50	N 55°26'59
L13	290.85	N 34°42'30
L14	57.75	N 8°20'24"
L15	26.34	N 23°27'59
L16	92.55	N 55°01'56
L19	148.41	N 22°35'31
L20	17.29	S 64°48'58
L21	89.30	S 55°01'56
L22	18.10	S 25°04'01
L23	65.77	S 8°20'24"
L24	292.78	S 34°42'30
L25	145.80	S 22°35'31
L26	137.39	S 14°46'20
L27	181.10	S 18°36'01
L28	40.00	S 64°48'58
L29	20.04	S 28°52'55
L30	40.00	N 64°48'58
L31	20.04	N 28°52'55
L32	56.17	N 37°04'03
L33	375.30	N 29°09'31
L34	179.21	N 18°36'01
L35	137.91	N 14°46'20

PLAT OF EASEMENT
FOR
ATMOS ENERGY CORPORATION
SHEET 6 OF 6
TOWN OF BLACKSBURG
PRICES FORK MAGISTERIAL DISTRICT
MONTGOMERY COUNTY, VIRGINIA

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Exhibit B

Phase 1

Time: April – November 2022*

Pipe Footage: 4,000' of 8" HPDE

Location: Along the easement on Plantation Rd. from North edge of VT property to Smithfield Rd.

Easement Exhibit Sheets 1&2

Phase 2

Time: February – June 2023*

Pipe Footage: 2,200' of 8"HDPE

Location: Adjacent to Stroubles Creek and along Smithfield Plantation Rd up to the west side of US-460

Easement Exhibit Sheets 3&5

Phase 3

Time: October 2023 – September 2024*

Pipe Footage: 1,750' of 6" Steel

Location: Starting at the west side of US-460 on Smithfield Plantation Rd, Pipe will run along the easement route on Smithfield Plantation Rd up to and including the new Regulator Station.

Easement Exhibit Sheets 5&6

* Timeline is based on the Virginia Tech Board of Visitors approving the granting of the easement at its April 2022 meeting.

CAPITAL PROJECTS UPDATE

PREPARED FOR THE BUILDINGS AND GROUNDS COMMITTEE OF THE BOARD OF VISITORS
APRIL 2022

Project Portfolio

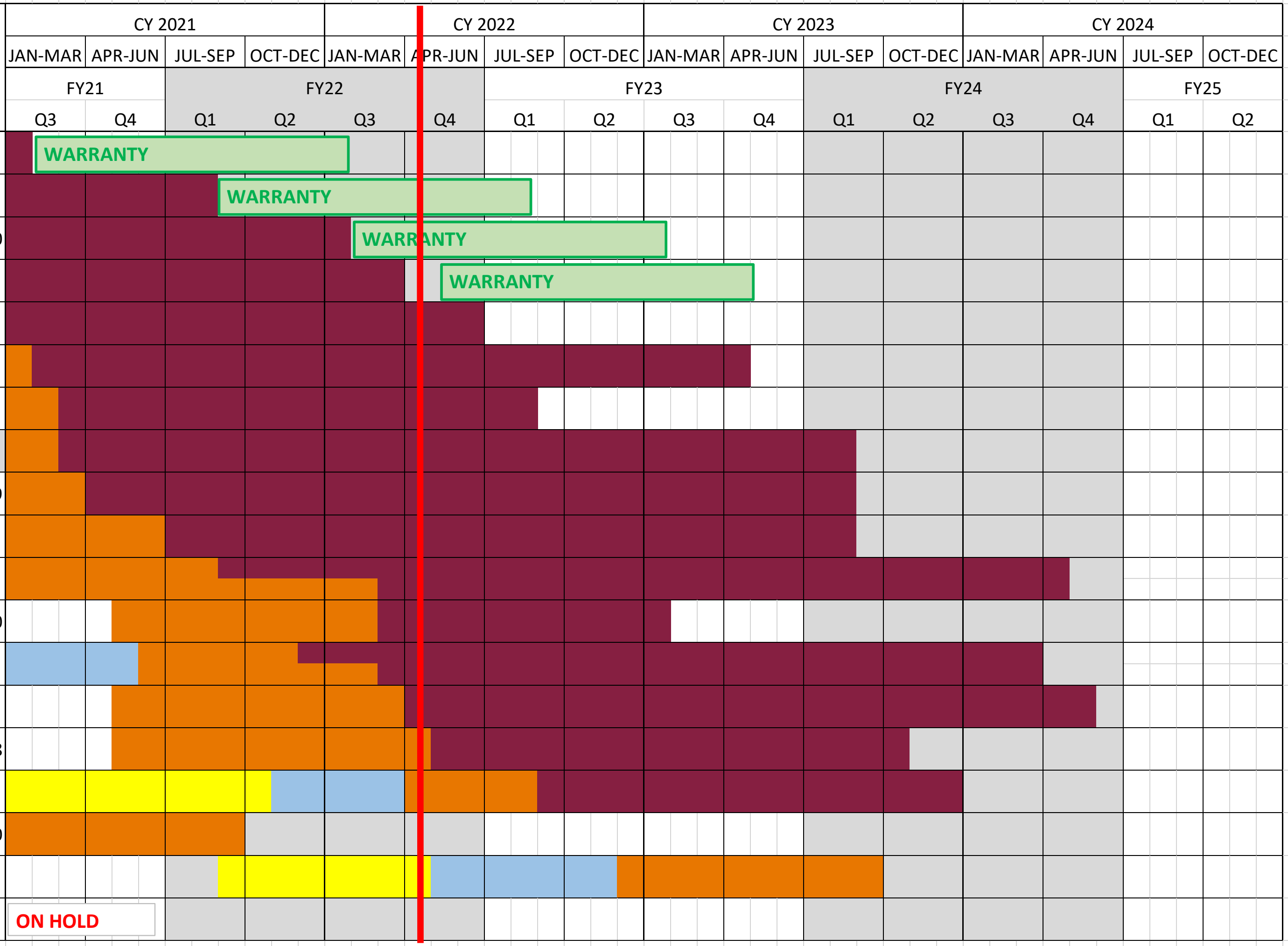
- 19 BOV-authorized projects -- active and complete (w/in 1-year warranty phase)
- Total value of ~$1B
- Adds ~1.7M gross square feet (GSF) of new construction
- Renovates nearly 300K GSF of existing space

Capital Construction Executive Summary (Progressive)

Date Prepared: 14 MAR 2022

Legend: Schematic Design Phase | Preliminary Design Phase | Working Drawings Phase | Construction Phase

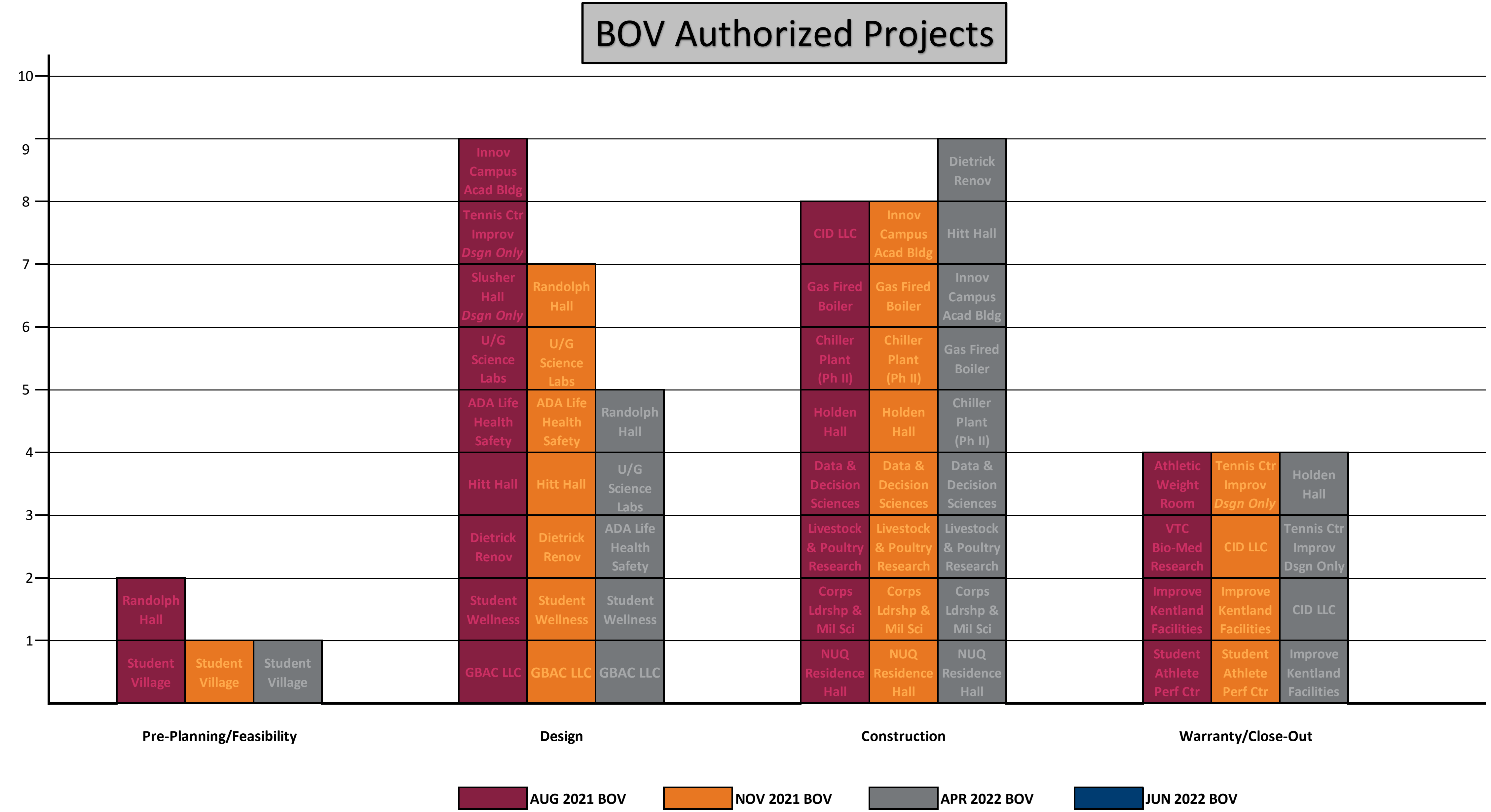
Project Title	Total Project Budget ($M)	Construction Budget ($M) *(Construction contract value)*	New Const (GSF)	Renovation (GSF)
Improve Kentland Facilities (Phase II) -- Various Locations	$12.5	$10.1	28,403	
Creativity & Innovation District Living Learning Community	$105.5	$85.3	232,000	
Holden Hall Renovations	$74.9	$58.5	82,905	20,240
Gas-Fired Boiler at Central Steam Plant	$8.2	$3.8	N/A	
Chiller Plant Phase II	$42.9	$32.7	N/A	
Data & Decision Sciences Building (D&DS)	$79.0	$58.9	120,000	
Livestock & Poultry Research Facilities (Ph I) -- Various Locations	$25.3	$18.2	129,100	
Multi-Modal Transit Facility (Note 1)	N/A	N/A	13,606	
Corps Leadership & Military Science Building	$52.0	$37.9	65,428	8,449
New Upper Quad Residence Hall	$42.0	$32.0	56,650	
Innovation Campus - Academic Building (Note 2)	$302.1	$223.5	299,733	
Dietrick Renovation	$9.1	$6.8	6,298	11,960
HITT Hall (Note 2)	$85.0	$65.5	101,000	
Undergraduate Science Laboratory Building	$90.4	$69.5	102,746	
Student Wellness Improvements (War Memorial Gym & McComas Hall)	$58.0	$46.9		217,708
Life, Health, Safety, Accessibility and Code Compliance	$3.1	$2.2		
Planning: Tennis Center Improvements -- *Design Only*	$0.8	$3.0	7,000	500
Planning: Replace Randolph Hall (Mitchell Hall) -- *Design Only*	$11.0	$170.0	284,000	
Global Business & Analytics Complex Residence Halls	$84.0	$66.0	160,000	
TOTALS	**$1,085.8**		**1,688,869**	**258,857**



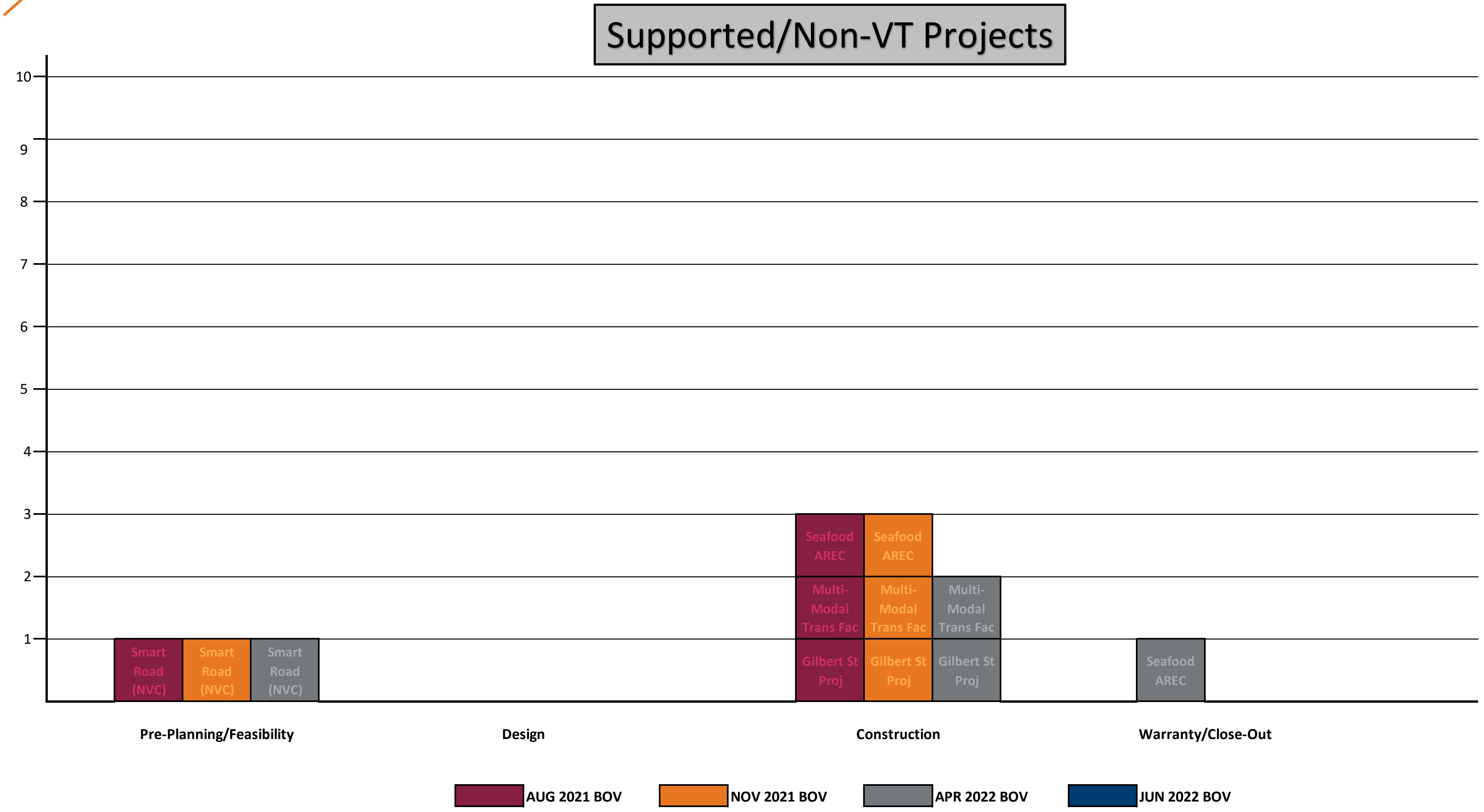
Note 1: Non-VT project

Note 2: Multiple GMPs results in design/construction overlap (fast track)

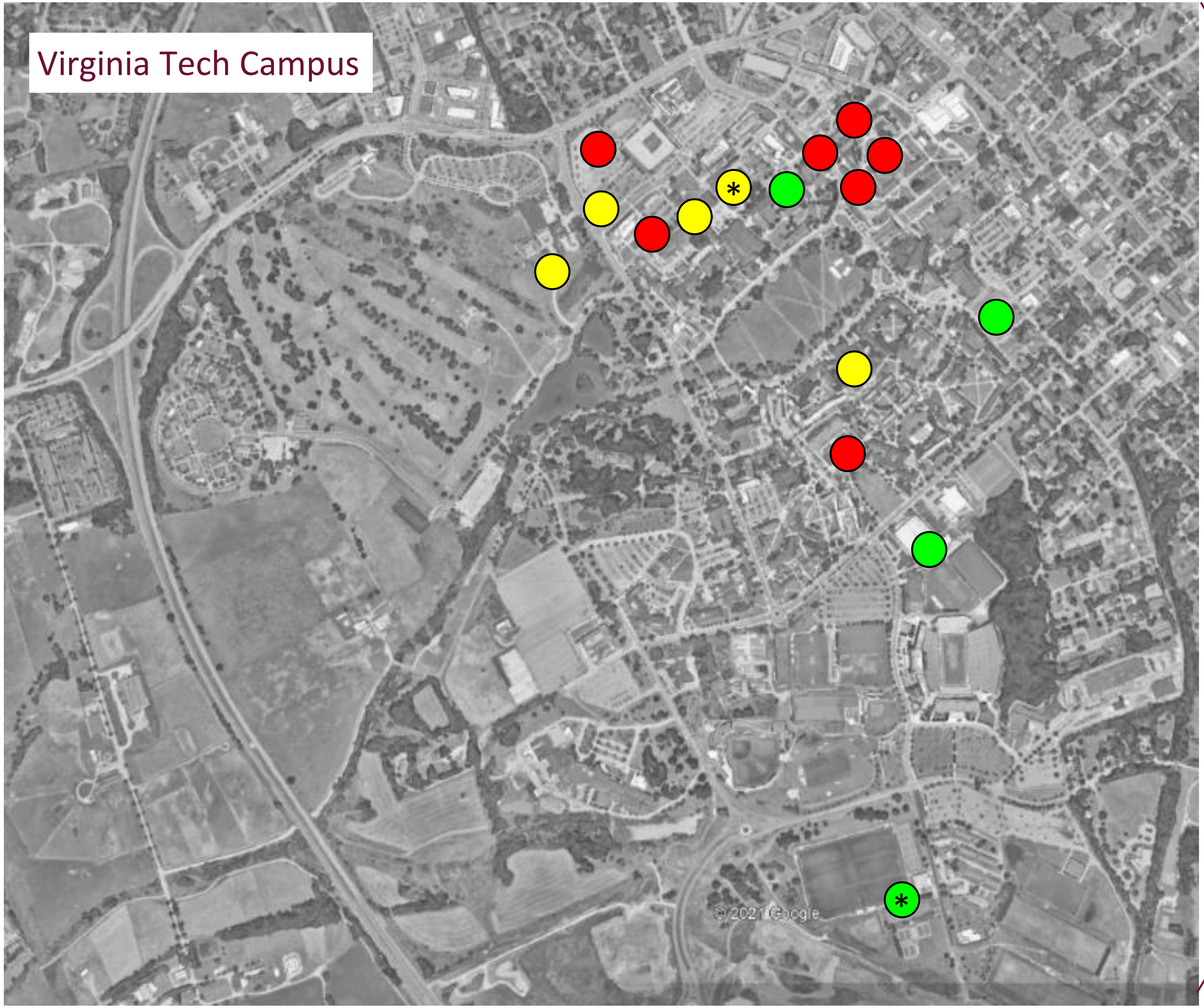
Project Portfolio Distribution

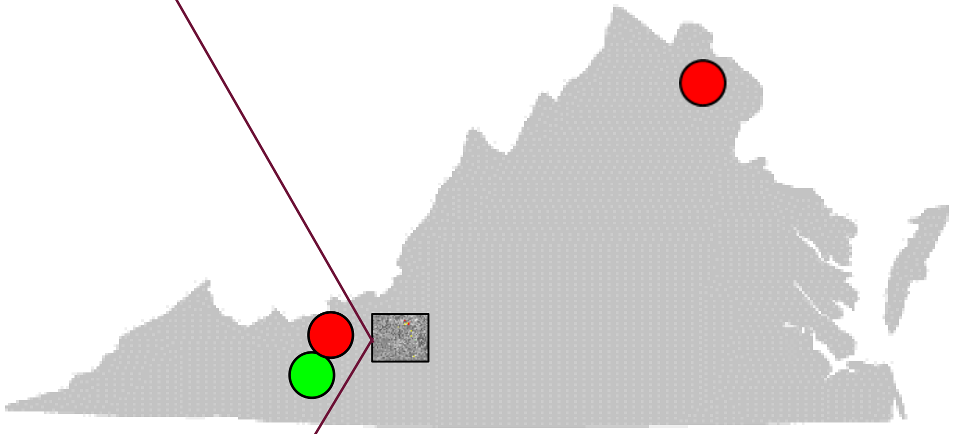


Project Portfolio Distribution



Capital Project Portfolio





Legend

= In Design

= Under Construction

= Warranty

* = *Design only*

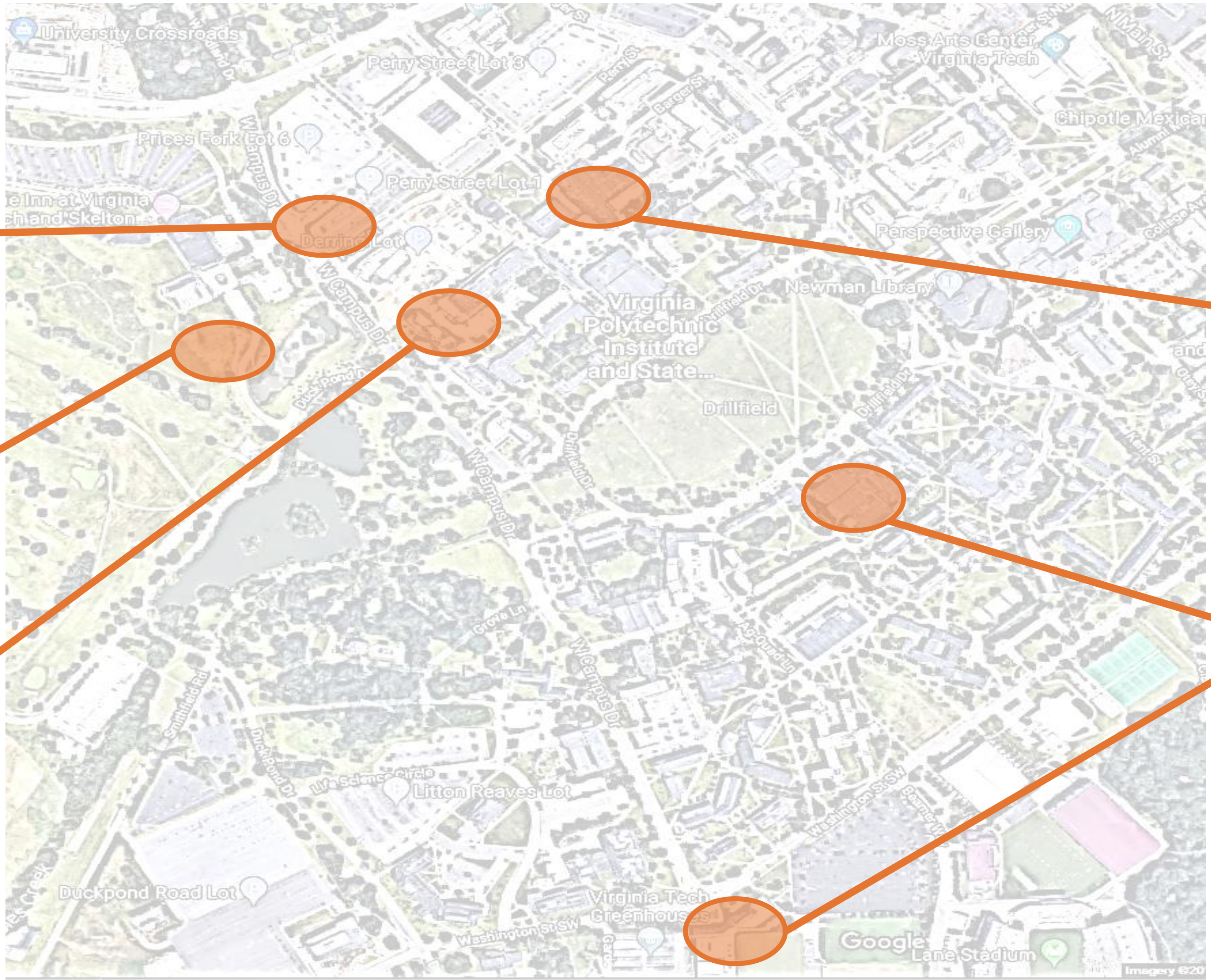
In Design

Projects In Design

Undergraduate Science Laboratory Building

GBAC LLCs
(On Hold)

Life, Health, Safety, Accessibility



Randolph Hall Replacement

Student Wellness Improvements

Undergraduate Science Laboratory Building

CMAR

State Authorized

Status:

- GMP submitted by CMaR in January over budget by approx 7.5%
- Successfully reduced budget overrun through Value Management options and sought 5% funding supplement from State in February
- Received 5% funding supplement from State on 9 March

Next Actions:

- Award of GMP (full construction) contract targeted for late March

Legend: Schematic Design Phase | Preliminary Design Phase | Working Drawings Phase | Construction Phase

Project Title	Total Project Budget ($M)	Construction Budget ($M) *(Construction contract value)*	New Const (GSF)	Renovation (GSF)	CY 2021				CY 2022				CY 2023				CY 2024			
					JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC
					FY21		FY22				FY23				FY24				FY25	
					Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Undergraduate Science Laboratory Building	$90.4	$69.5	102,746																	

Designer: ZGF

Builder: Skanska

Planning: Replace Randolph Hall *(Mitchell Hall)*

CMaR
State Authorized

Status:
- Project authorized through Preliminary Design only
- Schematic Design is underway
- CMaR pre-construction contract is underway

Next Actions:
- Complete Schematic Design phase and develop cost estimates
- Transition to Preliminary Design

Legend: Schematic Design Phase | Preliminary Design Phase | Working Drawings Phase | Construction Phase

Project Title	Total Project Budget ($M)	Construction Budget ($M) *(Construction contract value)*	New Const (GSF)	Renovation (GSF)	CY 2021				CY 2022				CY 2023				CY 2024			
					JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC
					FY21		FY22				FY23				FY24				FY25	
					Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Planning: Replace Randolph Hall (Mitchell Hall) -- Design Only)	$11.0	$170.0	284,000																	

Designer: Perkins & Will

Builder: Skanska

Life, Health, Safety, Accessibility & Code Compliance

Design-Bid-Build

State Authorized

Status:

- Preliminary Design cost estimates in development
- Transitioning to Working Drawings phase
- Supplemental funding request currently before General Assembly for full scope of this project which also addresses other accessibility priorities on campus

Next Actions:

- Complete Working Drawings in June and develop final cost estimates

Legend: Schematic Design Phase | Preliminary Design Phase | Working Drawings Phase | Construction Phase

Project Title	Total Project Budget ($M)	Construction Budget ($M) *(Construction contract value)*	New Const (GSF)	Renovation (GSF)	CY 2021				CY 2022				CY 2023				CY 2024			
					JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC
					FY21		FY22				FY23				FY24				FY25	
					Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Life, Health, Safety, Accessibility and Code Compliance	$3.1	$2.2																		

Designer: Quinn Evans

Builder: TBD

Student Wellness Improvements

CM at Risk

BOV Authorized

Status:
- Design is 99% complete
- Cost estimates received in February indicate project is 24% over budget principally due to extreme market escalation
- Developing strategy to meet program needs and provide key benefits for students through reduction of some project scope and infusion of some additional funding

Next Actions:
- Finalize and implement appropriate strategy to move project forward

Legend: Schematic Design Phase | Preliminary Design Phase | Working Drawings Phase | Construction Phase

Project Title	Total Project Budget ($M)	Construction Budget ($M) *(Construction contract value)*	New Const (GSF)	Renovation (GSF)	CY 2021				CY 2022				CY 2023				CY 2024			
					JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC
					FY21		FY22				FY23				FY24				FY25	
					Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Student Wellness Improvements (War Memorial Gym & McComas Hall)	$58.0	$44.0		217,708																

Designer: Cannon Design

Builder: Whiting-Turner

Global Business & Analytics Complex Residence Halls

Design-Bid-Build

BOV Authorized

Status:

- Program originally conceived for this project is now envisioned to be included in phase 1 of the Student Life Village

Next Actions:

- This project may be closed and its budget redirected to the support the program within the Student Life Village

Legend:	Schematic Design Phase	Preliminary Design Phase	Working Drawings Phase	Construction Phase

Project Title	Total Project Budget ($M)	Construction Budget ($M) *(Construction contract value)*	New Const (GSF)	Renovation (GSF)	CY 2021				CY 2022				CY 2023				CY 2024			
					JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC
					FY21		FY22				FY23				FY24				FY25	
					Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Global Business & Analytics Complex Residence Halls	$84.0	$66.0	160,000		ON HOLD															

Designer: TBD

Builder: TBD

Planning:
Tennis Center Improvements

Design-Bid-Build
BOV Authorized

Design Complete

Status:
- Design complete
- Project in close-out pending completion of private fund-raising campaign and BOV construction authorization

Next Actions:
- None

Legend: Schematic Design Phase | Preliminary Design Phase | Working Drawings Phase | Construction Phase

Project Title	Total Project Budget ($M)	Construction Budget ($M) *(Construction contract value)*	New Const (GSF)	Renovation (GSF)	CY 2021				CY 2022				CY 2023				CY 2024			
					JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC
					FY21		FY22				FY23				FY24				FY25	
					Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Planning: Tennis Center Improvements (Design Only)	$0.8	$3.0	7,000	500																

Designer: Tymoff & Moss

Builder: TBD

Under Construction

Active Construction Projects

Multi-Modal Transit Facility *(ToB project)*

Data & Decisions Science Building

HITT Hall

Chiller Plant (Phase II)

Livestock & Poultry Research Facilities *(Various locations)*

Gas-Fired Boiler at Central Steam Plant

Corps Leadership & Military Science Building

New Upper Quad Residence Hall

Dietrick Renovation

Innovation Campus Academic Building *(Alexandria, VA)*

Innovation Campus-Academic Building

CM at Risk
State Authorized

Status:

- Construction underway for GMP-1 (early site package) for foundations/parking garage (27% complete)
- GMP-2 (building construction) pricing package in hand

Next Actions:

- Finalize negotiations and award GMP-2 to construct the building
- Targeting GMP-2 award in late March/early April

Legend: Schematic Design Phase | Preliminary Design Phase | Working Drawings Phase | Construction Phase

Project Title	Total Project Budget ($M)	Construction Budget ($M) *(Construction contract value)*	New Const (GSF)	Renovation (GSF)	CY 2021				CY 2022				CY 2023				CY 2024			
					JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC
					FY21		FY22				FY23				FY24				FY25	
					Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Innovation Campus - Academic Building (Note 2)	$302.1	$223.5	299,733																	

Designer: SmithGroup

Builder: Whiting-Turner

Dietrick Renovation
(& Quillen Family Spirit Plaza)

Design-Bid-Build
BOV Authorized

Status:
- Contract awarded in March for improvements to Dietrick Hall (capital project) and outdoor plaza (non-capital project)
- Both components executed under single construction contract

Next Actions:
- Anticipated completion in January 2023

Legend: Schematic Design Phase | Preliminary Design Phase | Working Drawings Phase | Construction Phase

Project Title	Total Project Budget ($M)	Construction Budget ($M) *(Construction contract value)*	New Const (GSF)	Renovation (GSF)	CY 2021				CY 2022				CY 2023				CY 2024			
					JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC
					FY21		FY22				FY23				FY24				FY25	
					Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Dietrick Renovation	$9.1	$6.8	6,298	11,960																

Designer: Hanbury

Builder: Branch Builds

Hitt Hall

CM at Risk

BOV Authorized

Status:
- GMP-1 (early site package) construction underway
- GMP-2 (building construction) awarded in March

Next Actions:
- Anticipated completion in February 2024

Legend: Schematic Design Phase | Preliminary Design Phase | Working Drawings Phase | Construction Phase

Project Title	Total Project Budget ($M)	Construction Budget ($M) *(Construction contract value)*	New Const (GSF)	Renovation (GSF)	CY 2021 JAN-MAR (FY21 Q3)	APR-JUN (Q4)	JUL-SEP (FY22 Q1)	OCT-DEC (Q2)	CY 2022 JAN-MAR (Q3)	APR-JUN (Q4)	JUL-SEP (FY23 Q1)	OCT-DEC (Q2)	CY 2023 JAN-MAR (Q3)	APR-JUN (Q4)	JUL-SEP (FY24 Q1)	OCT-DEC (Q2)	CY 2024 JAN-MAR (Q3)	APR-JUN (Q4)	JUL-SEP (FY25 Q1)	OCT-DEC (Q2)
HITT Hall (Note 2)	$85.0	$65.5	101,000																	

Designer: Cooper Cary

Builder: W M Jordan

New Upper Quad Residence Hall

CM at Risk

BOV Authorized

Status:

- Project on track (25% complete)

Next Actions:

- Anticipated completion in August 2023

Legend: Schematic Design Phase | Preliminary Design Phase | Working Drawings Phase | Construction Phase

Project Title	Total Project Budget ($M)	Construction Budget ($M) *(Construction contract value)*	New Const (GSF)	Renovation (GSF)	CY 2021				CY 2022				CY 2023				CY 2024			
					JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC
					FY21		FY22				FY23				FY24				FY25	
					Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
New Upper Quad Residence Hall	$42.0	$32.0	56,650																	

Designer: Clark - Nexsen

Builder: Vannoy

Corps Leadership & Military Science Building

CM at Risk
BOV Authorized

Status:

- Project on track (36% complete)

Next Actions:

- Anticipated completion in July 2023

Legend: Schematic Design Phase | Preliminary Design Phase | Working Drawings Phase | Construction Phase

Project Title	Total Project Budget ($M)	Construction Budget ($M) *(Construction contract value)*	New Const (GSF)	Renovation (GSF)	CY 2021				CY 2022				CY 2023				CY 2024			
					JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC
					FY21		FY22				FY23				FY24				FY25	
					Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Corps Leadership & Military Science Building	$52.0	$37.9	65,428	8,449																

Designer: Clark - Nexsen

Builder: Vannoy

Livestock & Poultry Research Facilities (Phase I)

Design-Bid-Build

State Authorized

Poultry Facility

Swine Facility

Equine Facility

Beef Facility

Status:

- Construction underway on 4 of 6 bid packages:
  - Poultry: 77% complete Swine: 58% complete
  - Equine: 77% complete Beef: 70% complete

Next Actions:

- Supplemental construction funding for 3 hay barns and demolition currently before General Assembly

Legend: Schematic Design Phase | Preliminary Design Phase | Working Drawings Phase | Construction Phase

Project Title	Total Project Budget ($M)	Construction Budget ($M) *(Construction contract value)*	New Const (GSF)	Renovation (GSF)	CY 2021				CY 2022				CY 2023				CY 2024			
					JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC
					FY21		FY22				FY23				FY24				FY25	
					Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Livestock & Poultry Research Facilities (Ph I) -- Various Locations	$25.3	$18.2	129,100																	

Designer: Spectrum Design

Builder: (Various)

Data & Decisions Sciences Building

CM at Risk
State Authorized

Status:
- Project on track (63% complete)

Next Actions:
- Anticipated completion in April 2023

Legend: Schematic Design Phase | Preliminary Design Phase | Working Drawings Phase | Construction Phase

Project Title	Total Project Budget ($M)	Construction Budget ($M) *(Construction contract value)*	New Const (GSF)	Renovation (GSF)	CY 2021				CY 2022				CY 2023				CY 2024			
					JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC
					FY21		FY22				FY23				FY24				FY25	
					Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Data & Decision Sciences Building (D&DS)	$79.0	$58.9	120,000																	

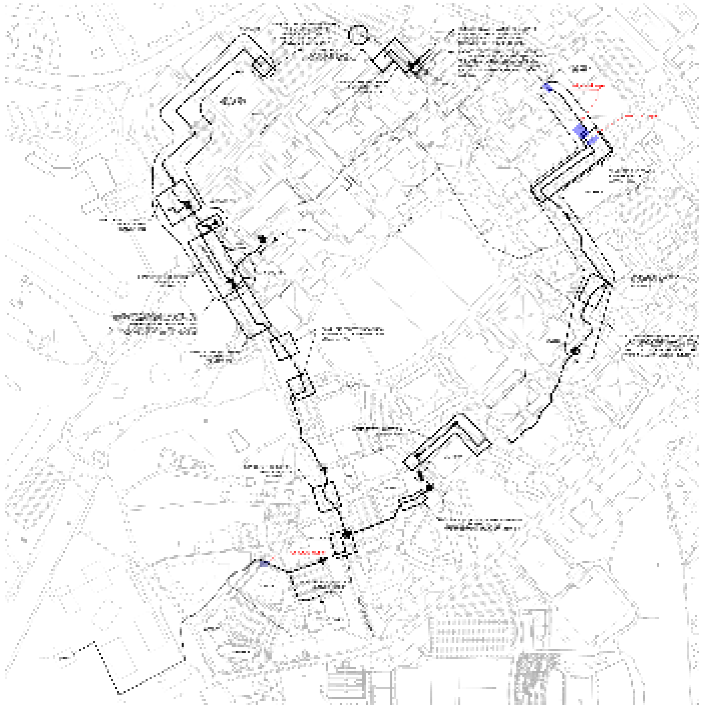
Designer: Moseley

Builder: Kjellstrom & Lee

Chiller Plant (Phase II)

Design-Bid-Build

State Authorized



Status:

- Project on track (99% complete)

Next Actions:

- Test and commission chilled water network in summer 2022

Legend: Schematic Design Phase | Preliminary Design Phase | Working Drawings Phase | Construction Phase

Project Title	Total Project Budget ($M)	Construction Budget ($M) *(Construction contract value)*	New Const (GSF)	Renovation (GSF)	CY 2021				CY 2022				CY 2023				CY 2024			
					JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC
					FY21		FY22				FY23				FY24				FY25	
					Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Chiller Plant Phase II	$42.9	$32.7	N/A																	

Designer: AEI

Builder: Faulconer

Gas-Fired Boiler at Central Steam Plant

Design-Bid-Build

BOV Authorized

Status:

- Project complete

Next Actions:

- Waiting DEQ issuance of final boiler permit for alternative fuel source (fuel oil)

Legend: Schematic Design Phase | Preliminary Design Phase | Working Drawings Phase | Construction Phase

Project Title	Total Project Budget ($M)	Construction Budget ($M) *(Construction contract value)*	New Const (GSF)	Renovation (GSF)	CY 2021				CY 2022				CY 2023				CY 2024			
					JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC
					FY21		FY22				FY23				FY24				FY25	
					Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Gas-Fired Boiler at Central Steam Plant	$8.2	$3.8	N/A							WARRANTY										

Designer: AEI

Builder: Southern Air

Holden Hall Renovation

CM at Risk

State Authorized

Status:

- Project complete; move-in underway

Next Actions:

- Address punch list and close out contract

Legend: Schematic Design Phase | Preliminary Design Phase | Working Drawings Phase | Construction Phase

Project Title	Total Project Budget ($M)	Construction Budget ($M) *(Construction contract value)*	New Const (GSF)	Renovation (GSF)	CY 2021				CY 2022				CY 2023				CY 2024			
					JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC
					FY21		FY22				FY23				FY24				FY25	
					Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Holden Hall Renovations	$74.9	$58.5	82,905	20,240					WARRANTY											

Designer: Moseley

Builder: WM Jordan

Creativity & Innovation District LLC

Design-Build
BOV Authorized

Status:
- Project complete

Next Actions:
- Address punch list items and close out contract

Legend: Schematic Design Phase | Preliminary Design Phase | Working Drawings Phase | Construction Phase

Project Title	Total Project Budget ($M)	Construction Budget ($M) *(Construction contract value)*	New Const (GSF)	Renovation (GSF)	CY 2021				CY 2022				CY 2023				CY 2024			
					JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC
					FY21		FY22				FY23				FY24				FY25	
					Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Creativity & Innovation District Living Learning Community	$105.5	$85.3	232,000					WARRANTY												

Designer: Hanbury

Builder: WM Jordan

Improve Kentland Facilities (Phase II)

Design-Bid-Build
State Authorized

APR Building

MRL Building

BETR Building

Status:
- APR Building construction complete
- BETR Building construction complete
- MRL Building construction complete

Next Actions:
- APR Building: Close out contract (warranty period complete)
- BETR Building: Close-out contract (warranty period complete)
- MRL Building: Resolve manure treatment issue (design/warranty issue)

Legend: Schematic Design Phase | Preliminary Design Phase | Working Drawings Phase | Construction Phase

Project Title	Total Project Budget ($M)	Construction Budget ($M) *(Construction contract value)*	New Const (GSF)	Renovation (GSF)	CY 2021				CY 2022				CY 2023				CY 2024			
					JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC
					FY21		FY22				FY23				FY24				FY25	
					Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Improve Kentland Facilities (Phase II) -- Various Locations	$12.5	$10.1	28,403		WARRANTY															

Designer: Spectrum Design

Builder(s): APR = Snyder; MRL & BETR = CPPI

Multi-Modal Transit Facility

Design-Bid-Build
Town of Blacksburg (ToB) Project

Status:
- Construction underway (25% complete)

Next Actions:
- Anticipated completion in April 2023

Legend: Schematic Design Phase | Preliminary Design Phase | Working Drawings Phase | Construction Phase

Project Title	Total Project Budget ($M)	Construction Budget ($M) *(Construction contract value)*	New Const (GSF)	Renovation (GSF)	CY 2021				CY 2022				CY 2023				CY 2024			
					JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC
					FY21		FY22				FY23				FY24				FY25	
					Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Multi-Modal Transit Facility (Note 1)	N/A	N/A	13,606																	

Note 1: Non-VT project

Designer: Wendel (ToB contract)

Builder: WM Schlosser (ToB contract)

Definitions

- **State Authorized:** Authorized and funded (whole or in part) by the Virginia General Assembly
- **BOV Authorized:** Authorized and funded by the Virginia Tech Board of Visitors

- **Schematic Design Phase** = 0% to approx 20% design complete
- **Preliminary Design Phase** = Approx 20% to approx 50% design complete
- **Working Drawing Phase** = Approx 50% to 100% design complete

- **GMP** = Guaranteed Maximum Price

Construction Methods

Design-Bid-Build (DBB):
- A/E completes full design
- Invitation For Bid (IFB) issued…contract awarded to lowest bidder

Construction Manager at Risk (CMaR):
- A/E completes full design
- CMaR's compete for project during early stage of design
- CMaR hired during schematic design phase
- When final designs are complete, CMaR develops Guaranteed Maximum Price (GMP)

Design-Build (D/B):
- A/E completes partial design ("criteria docs")
- D/B teams (builder + A/E) compete for project and propose full price for project delivery
- Selection based upon "best value"
- D/B team completes design and executes construction

Update on Agricultural Facilities

Alan L. Grant, Ph.D.
Dean of the College of Agriculture and Life Sciences

April 4, 2022

VIRGINIA TECH. | 150

MAJOR PROJECT UPDATES

Steady Progress

- Virginia Seafood AREC
- Livestock and Poultry Research Facilities, Ph. 1
  - New Swine Center
  - New Beef Nutrition Facility and Hay Barn
  - New Broiler and Turkey Grow-out facilities
  - New Equine Facility and Equipment Storage Building
- Beef Barn Repairs
- SWAREC Exterior Repairs (4 buildings)
- EVAREC Experiment Building Repairs
- ESAREC Exterior Repairs (7 buildings)
- Alphin-Stuart Arena Footing Replacement

NEW VIRGINIA SEAFOOD AREC

Completion: March 2022

Vacate existing building: May 2022

Open House: November 30, 2022

Please join us!

LIVESTOCK AND POULTRY RESEARCH FACILITIES

<u>Substantial Completion Schedules</u>

Beef Nutrition Facility and Hay Barn: May 2022

Swine Center: June 2022

Equine Barn and Equipment Storage: May 2022

Turkey and Broiler Grow-out Facilities: April 2022

Furnishing and Equipment purchases in progress

ALPHIN-STUART ARENA FOOTING REPLACEMENT

- Increased safety for horses and riders
- Industry-leading materials used in top equine facilities
- Waterless and dust-free
  - Almost 9,000,000 gallons of water and 1,750 manhours of labor saved over 5 years
  - Simplifies maintenance
  - Cleaner facility
- Completed during Spring Break

MAJOR PROJECT UPDATES

Planning in progress or beginning soon:

- LPRF Final Bid Packages 5 and 6
- System-Wide AREC Improvements, Ph. 1
- Human and Agricultural Biosciences Building II
- Hampton Roads AREC future planning
- Maintenance Reserve Planning for 2022-2024

TECHNOLOGY AND CONNECTIVITY

- 1 Gbps Internet service available at 2 ARECs and ordered for 3 others
- RTK (Real Time Kinematic) scheduled for installation at 7 ARECs for spring 2022
- $1.14M in network equipment for ARECs and VCE awaiting delivery and installation
- Trial project for field-level wireless communications is set to begin in late April/early May at one AREC


THANK YOU

College of Agriculture Life Sciences (CALS) Projects Status Report
BUILDINGS AND GROUNDS COMMITTEE
April 4, 2022

PROJECT NAME	PROJECT DESCRIPTION	ESTIMATED TOTAL PROJECT COST	FUND SOURCE	PROJECT TEAMS	CONTRACT COMPLETION DATE	PROJECT STATUS
CAPITAL PROJECTS Updates through March 31, 2022						
PROJECTS IN CONSTRUCTION						
Improve Kentland Facilities, Phase II	Applied Reproduction Facility (APR): 4,510 SF barn at Vet-Med for palpation and breeding instruction. Bovine Extension, Teaching and Research (BETR) Facility: 3,500 SF classroom bulding and 5,100 SF demonstration arena at livestock center on Plantation Road. Metabolic Research Laboratory (MRL): 11,330 SF animal laboratory at the Dairy Center at Kentland Farm.	$12,463,000	Capital Outlay	Spectrum Snyder, CPPI	Fall 2020	All projects have reached substantial completion and have certificate of occupancy. Minor corrective work is ongoing and owner furnished equipment installation is in progress.
New Virginia Seafood AREC Building	21,698 SF, 3-story bulding to replace existing aging and structurally unsound facility in Hampton, Virginia with state-of-the-art aquaculture research and extension facilities. Facility owned and developed by Virginia Tech Foundation.	$9,260,000	Various	RRMM E.T. Gresham	March 2022	Project substantially complete and move-in is in progress.
Livestock and Poultry Research Facilities, Phase I	Pkg 1: New Swine Center at Kentland Farm. Pkg 2: New Beef Nutrition Facility & Hay Shed at Kentland Farm Pkg 3: New Broiler &Turkey Grow-out facilities at the Turkey Research Center (Glade Rd.) Pkg 4: New Equitation Barn & Equipment Storage Building at Livestock Center (Plantation Rd.) Pkg 5: 3 New Hay Sheds at Smithfield Horse Center, Fields west of US 460, and Heth Farm Pkg 6: Final Demolition of remaining facilities	$31,074,000	Capital Outlay	Spectrum Pkg 1: SIMCON Pkg 2: CPPI Pkg 3: CPPI Pkg 4: Clark Nexsen Pkg 5: TBD Pkg 6: TBD	Packages 1-4: Summer 2022	Packages 1-4 are under construction and making good progress. Packages 5-6: Design on hold pending funding appeal
PROJECTS IN DESIGN						
(none)						
PROJECT INITIATION / PLANNING STAGE						
System-Wide AREC Improvements, Phase I	Renew and expand 50,660 GSF of aging and deteriorating AREC facilities - 12,160 SF of renovations and 38,500 SF of new construction storage, greenhouse, housing, research and outreach facilities - to update condition and expand capacity. 13 projects identified at 10 ARECs.	$16,850,000	Capital Outlay	TBD TBD	TBD	Capital budget request submitted to state for consideration in 2022 budget.
Human and Agricultural Biosciences Building II	Construct new research lab facility for the School of Plant and Environmental Sciences to co-locate numerous research teams in one location with modernized facilities to focus on studying climate change.	$68,000,000	Capital Outlay	EYP TBD	TBD	Re-programming effort underway for a $53.5 M construction target. Completion anticipated early summer 2022.
6-Year Capital Outlay Plan for the 2022-24 biennium	Capital budget requests for six projects: CNRE Center Woods, System-Wide AREC Improvements Phase I, Glade Road Relocation, Livestock and Poultry Research Facilities Phase II, Human and Agricultural Biosciences Building II, and System-Wide AREC Improvements Phase II.	TBD	TBD	TBD TBD	TBD	Scope and budget development.
NON-CAPITAL PROJECTS Updates through March 31, 2022						
PROJECTS COMPLETED SINCE LAST REPORT						
<u>Minor Projects (<$25,000 each):</u> Alson H. Smith Jr. AREC Greenhouse Controls Upgrade Alson H. Smith Jr. AREC Office and Lab Electrical Upgrade Eastern Shore AREC Headhouse Boiler Replacement Eastern Shore AREC Fiber Optic Installation Hampton Roads AREC Fiber Optic Installation Shenandoah Valley AREC Exterior Building Maintenance	Replacement and modernization of greenhouse environmental controls Replacement of elec. panel and installation of add'l emergency circuits for new lab equipment Replace leaking boiler in Headhouse Install underground fiber optic lines to extend network service to additional buildings (2 residences) Install underground fiber optic lines to extend network service to additional buildings (2 res., 1 office) Exterior painting of 3 farm buildings	$97,000	CALS / VAES	- Multiple	Various	Complete
Turkey Center Service Building 603 Roof and Misc. Repairs	After leaks were discovered in the roof above new restroom renovation project, building condition assessment determined more extensive work was necessary to preserve building including new roof, gutters, windows, doors, and other misc. repairs	$151,000	Maintenance Reserve	HDH SRC	November 2021	Roof replacement in progress and on schedule.

College of Agriculture Life Sciences (CALS) Projects Status Report
BUILDINGS AND GROUNDS COMMITTEE
April 4, 2022

PROJECT NAME	PROJECT DESCRIPTION	ESTIMATED TOTAL PROJECT COST	FUND SOURCE	PROJECT TEAMS	CONTRACT COMPLETION DATE	PROJECT STATUS
Hampton Roads AREC Repair Bulkhead & Pump House	Existing bulkhead, which protects the freshwater intake, pump system and pump house has deteriorated beyond repair. Project will replace wooden bulkhead with vinyl, and replace deteriorated door and roof on pump house.	$68,000	Maintenance Reserve	Mattern and Craig Colin Marine	Winter 2021	Construction underway.
Alphin-Stuart Arena Footing Replacement	Existing footing is beyond useful life and in need of replacement. Materials being upgraded for enhanced performance, ease of maintenance, and greater sustainability.	$176,000	CALS	- Footing First, Tractor Works	Spring 2022	Work is complete.
PROJECTS IN CONSTRUCTION						
<u>Minor Projects (<$25,000 each):</u> Alson H. Smith Jr. AREC New Hoophouse Middleburg AREC Hot Walker Installation Reyolds Homestead FRRC Exterior Repairs Eastern Va. AREC Lighting Upgrades	Construct a 20' x 48' gable high tunnel hoophouse for horticultural research projects. Site prep and electrical hookup for installation of new horse exercising research equipment. Repair deteriorating eaves and trim on main AREC building. Upgrade lighting in Main Building and Scott Farm Shop Buildings to LED.	$37,000	CALS / VAES	- Multiple	Ongoing	In Progress
AREC Exterior Signage Upgrades	Installation of 2 new exterior signs at each AREC with refreshed design to match current branding.	$81,000	CALS / VAES	- Westview	TBD	Signage instation complete at Tidewater, Southwest Virginia, Alson H. Smith Jr., Eastern Virginia, Middleburg, and Shenandoah Valley ARECs. Final design and fabrication pending at others.
Beef Barn Repairs	Exterior and interior demolition followed by the installation of new roofing, hay loft flooring, doors, windows and lighting. This work was originally included in LPRF Phase 1, but removed due to scope concerns.	$1,064,000	Maintenance Reserve	HDH, FEA Thor, SRC	Summer 2022	Construction in progress. Roofing completion delayed due to change in roof materials. Interior repairs to be completed after spring semester.
Southwest Virginia AREC - Exterior Building Repairs	Repair roof, siding and door damage on Tobacco Barns 1 (0749) and 2 (0747), Cattle Barn #5 (0741) and Workshop/Machinery Shed (0742).	$583,000	Maintenance Reserve	5 Design Lily Construction	Spring 2022	Tobacco Barns #1 and #2 are complete. Cattle Barn is in progress, to be followed by Machine Shed.
Washington Street Greenhouse Complex Renovations	Repairs and upgrades to modernize aging controlled growth environments.	$90,000	CALS / VAES / Maintenance Reserve	VT Facilities Engineering Bell Electric, VT HVAC Shop	TBD	Repairs to electrical system underway. Repairs to venting system waiting for materials.
Reynolds Homestead FRRC - Exterior Repairs	Main Building (1030) needs window replacement, repairs of rotting soffit/fascia/flashing, deck repair and bathroom upgrade. Lath House (1030C) roof and trusses need repair.	$30,000	Maintenance Reserve	TBD TBD	TBD	Scope and budget development. Construction planned in FY 2023.
PROJECTS IN DESIGN						
<u>Minor Projects (<$25,000) each:</u> Tidewater AREC Peanut Storage Shed Southwest Virginia AREC Tobacco Barn #3 Demolition	960 square foot prefabricated structure for field storage of harvested peanuts. Demolition of existing barn no longer needed.	$37,000	CALS / VAES	- Multiple	Various	In Progress
Eastern Virginia AREC - Experiment Building Renovation	Renovation and upgrade of existing under-utilized office, workshop and meeting space. Building HVAC system has failed and is not working. Electrical and plumbing are outdated. Building is not ADA accessible. General condition is deteriorating.	$180,000	Maintenance Reserve	Structures Group TBD	TBD	Project is out for bid.
Eastern Shore AREC - Exterior Building Repairs	Multiple buildings are in need of exterior repairs. Head house (1214) and Shop Building (1215) is in need of structural repairs to walls and repointing. Implement Shed (1216), Sweet Potato Storage (1217), Produce Grading (1218), and Insectary (1220) need exterior waterproofing, door repair, pointing repairs and gutters.	$439,000	Maintenance Reserve	Structures Group TBD	TBD	Project is out for bid.
Southern Piedmont AREC - Packhouse Restroom Repairs	Packhouse (0897) restroom is in need of plumping repairs and upgrade to be reconfigured for ADA access. Packhouse roof is leaking and needs repair.	$122,000	Maintenance Reserve	Thompson & Litton TBD	TBD	Design is in progress.

College of Agriculture Life Sciences (CALS) Projects Status Report
BUILDINGS AND GROUNDS COMMITTEE
April 4, 2022

PROJECT NAME	PROJECT DESCRIPTION	ESTIMATED TOTAL PROJECT COST	FUND SOURCE	PROJECT TEAMS	CONTRACT COMPLETION DATE	PROJECT STATUS
Urban Horticulture Center LED Lighting Retrofit	Replace failing fixtures to restore operational effectivenes and realize energy savings (2 buildings)	TBD	Energy Management	In house TBD	TBD	Bidding is in progress
Kentland Farm Dairy Complex LED Lighting Retrofit	Replace failing fixtures to restore operational effectivenes and realize energy savings (5 buildings).	TBD	Energy Management / CALS	In house TBD	TBD	Bidding is in progress
Heth Farm Shed and Silo Demolition	Demolish two structures that are currently unsafe and operationally unnecessary	TBD	CALS	TBD TBD	TBD	Determining permitting requirements.
Prices Fork Quarantine Lab Emergency Generator	Installation of new emergency backup generator to comply with regulatory requirements	TBD	CALS	Gibson Engineering TBD	TBD	Desgin is in progress.
Southern Piedmont AREC - Pavement repairs	Existing main parking lots (3) and primary internal roadways are deteriorating and in need of repair. Approximately 1,300 square feet of milling and 8,400 square yards of 2-inch asphalt overlay required.	$126,000	CALS / VAES	- TBD	TBD	Contractor quote received. Funding options being evaluated.
Tidewater AREC - Water system repair	Water line from well to main office complex is failing in multiple locations and requires frequent repairs, creating water quality concerns. Project is to connect to public water system with 1.5-inch water line.	TBD	Maintenance Reserve	TBD TBD	TBD	City tap fee received. Obtaining quote for water line installation on private side of meter.
Alphin-Stuart Arena Roof Drain repair	Repair failing roof drains.	TBD	Maintenance Reserve	TBD TBD	TBD	Purchase orders being issued.
Judging Pavilion Repairs	Exterior and interior demolition followed by installation of new flooring, doors, windows, HVAC system, lighting, a covered walkway and exterior paint. This work was originally included in LPRF Phase 1, but removed due to scope concerns.	$362,000	Maintenance Reserve	TBD TBD	TBD	Scope review with University Building Official (UBO) is necessary to resolve code requirements and funding eligibility. Project deferred to 2023.
PROJECT INITIATION / PLANNING STAGE						
Compost Facility (to support main campus & surrounding farms)	CALS is experiencing significant and growing land pressure to meet nutrient management plan requirements, which would be greatly eased by the proposed compost facility. This initiative also has an extremely high level of student support as well as potential partnerships with Dining Services, Athletics and Facilities. Project is included in 228-2 Capital Budget Request, but is a high priority for separate, earlier funding, if possible, due to regulatory risk exposure from limited manure storage during winter months.	$1,823,000	TBD	Coker Composting & Consulting TBD	TBD	Capital and operational costs for project under review internally.
Turkey Farm Processing Building Repair	Interior Demolition followed by the installation of new cold-formed steel stud interior partitions, new doors and a window, fiberglass reinforced plastic paneling and epoxy painted floors. This work was originally included in LPRF Phase 1, but removed due to scope concerns.	$140,000	Maintenance Reserve	TBD TBD	TBD	Scope and budget development.
Campbell Arena Repairs	New enclosure of the existing open-air steel structure constructed of metal panel siding over steel girts and posts. This work was originally included in LPRF Phase 1, but removed due to scope concerns.	$93,000	Maintenance Reserve	TBD TBD	TBD	Scope and budget development.
Moore Farm Barn 0501 Repairs	This highly visible and prominent barn is for many purposes such as lambing of sheep, loafing facility, hay bale storage, emergency storage for weather-affected crops, and equipment and parts storage. The condition of the roof and siding is poor, failing to provide the necessary weather protection. Without mitigation soon, the condition will deteriorate to the point of loss.	TBD	Maintenance Reserve	TBD TBD	TBD	Scope and budget development.

PROJECT NAME	PROJECT DESCRIPTION	ESTIMATED TOTAL PROJECT COST	FUND SOURCE	PROJECT TEAMS	CONTRACT COMPLETION DATE	PROJECT STATUS
Moore Farm Shed 0508 Repairs	This hay shed was built in the 1950's and received heavy use for that purpose. Over the years its condition has continued to worsen and recent wind and snow storms have accelerated the deterioration. In order to execute research projects utilizing recently renovated fields, the Beef Cattle unit now needs to utilize this shed as a working facility for cattle. This would involve pouring a concrete floor and moving in cattle working equipment. However, the structural condition of this facility is poor and should be addressed prior to additional use. It may be more cost effective to rebuild than to repair this structure.	TBD	Maintenance Reserve	TBD TBD	TBD	Scope and budget development.
Alson H. Smith AREC - Repair paving and parking	Existing asphalt parking lot and drives are deteriorating and in need of repaving.	$56,000	Maintenance Reserve	TBD TBD	TBD	Scope and budget development. Construction planned in FY 2023.
Middleburg AREC - Exterior Repairs	Siding on several buildings is in need of repair/replacement due to advanced age: Annex (0812), Frame Beef Barn (0807), Milking Barn and Milk House (0809), Loafing Barn (0810), Clinic/Admin Building (0823), Stable (0824). 8 run-in sheds (0799) are deteriorating and in need of repair or replacement. Corn House and Machinery Shed (0803) is in need or structural repairs. Basement of Annex (0812) floods and needs drainage corrections.	$158,000	Maintenance Reserve	TBD TBD	TBD	Scope and budget development. Construction planned in FY 2022.
Shenandoah Valley AREC - Repair/Replace Sheep Barn	Sheep Barn (0854) has rotten posts at ground level and leaking roof. The building should be evaluated for repair or replacement.	$76,000	Maintenance Reserve	TBD TBD	TBD	Scope and budget development.
Shenandoah Valley AREC - Renovate Carriage House	Renovate Carriage House to add two single-user public restrooms and welcome center area for visitors to the McCormick Farm.	TBD	CALS / VAES	TBD TBD	TBD	Scope and budget development underway. Study will be necessary to address development within historic property for Department of Historic Resources.
Southern Piedmont AREC - Building Repairs	Repair/replace siding and five deteriorated lean-to equipment storage sheds attached to four tobacco curing barns (0893A, 0893B, 0893C, 0893D)	TBD	Maintenance Reserve	TBD TBD	TBD	Scope and budget development. Construction planned in FY 2022.
Smithfield Equine Complex	Develop new facilities for Equine Complex on Plantation Road including covering outdoor arena, add bleachers, restrooms, announcer stand, fencing, quarantine facility.	TBD	Private	TBD TBD	TBD	Scope and budget development.
Smithfield Equine Classroom Renovations, Phase 2	Completion of building envelope repairs, restroom repairs, accessibility improvements.	$110,000	Maintenance Reserve, CALS	TBD TBD	TBD	Scope and budget development.

INFORMATION TECHNOLOGY (IT) EVALUTATION & PROJECTS

Updates through March 31, 2022. **New information is in bold.**

PROJECTS COMPLETED

PROJECT NAME	PROJECT DESCRIPTION	ESTIMATED TOTAL PROJECT COST	FUND SOURCE	PROJECT TEAMS	CONTRACT COMPLETION DATE	PROJECT STATUS
AREC A/V Upgrades, Phase 1	Installation of new audio and video equipment for ARECs to provide enhanced conferencing capability in meeting rooms. Phase 1 includes Alson H. Smith, Eastern Shore, Hampton Roads, Southern Piedmont and Tidewater ARECs.	$34,000	CALS / VAES	CALS IT Lee Hartman and Sons	Fall 2019	Phase 1 (five ARECs) is complete. Scope and schedule for Phase 2 project (remaining ARECs) to be evaluated upon completion of Phase 1.

PROJECT NAME	PROJECT DESCRIPTION	ESTIMATED TOTAL PROJECT COST	FUND SOURCE	PROJECT TEAMS	CONTRACT COMPLETION DATE	PROJECT STATUS
PROJECTS IN PROGRESS						
Bandwidth and Internet Connectivity	ARECs: All ARECs have 200 Mb service except Shenandoah Valley (50 Mb), Southwest Virginia (10 Mb), Reynolds Homestead (2 Mb), Hampton Roads (50 Mb), Eastern Shore (30 Mb) and Virginia Seafood (30 Mb). Northern Piedmont Center has a 50 Mb cable connection. Goal is to upgrade all to at least 200 Mb. 200 Mb service for Hampton Roads has been ordered. Eastern Shore has been upgraded to 100 Mb service. Reynolds Homestead is in the process of having an order placed for 100 Mb service. A quote has been recieved for 100 Mb service at Southwest Virginia. **1 Gbps service is now available at Alson H Smith, and Hampton Roads ARECs, and has been ordered for Southern Piedmont, and Tidewater. Eastern Shore AREC will be upgraded to 200 Mbps.** Campus Farm locations: Kentland Farm has adequate 200 Mb service. Moore Farm and Urban Horticulture Center share a 50 Mb cable service which is currently adequate. The CSES Research Farm (Agronomy Farm) also has a 50 Mb cable connection. Prices Fork Research Center has a 50 Mb fiber connection. Turkey Farm cable service is being upgraded from 50 Mb to 200 Mb during LPRF phase 1, no additional cost. Upgrades are needed to provide sufficient bandwidth for existing video-based research and future initiatives after LPRF phase 1 construction. Turfgrass center is currently using a cellular hotspot for internet service. Providing standard service requires excessive installation cost. Alternative service providers are being sought. No complaints have been received about service to facilities in the Livestock Center along Plantation Road, but service levels and coverage is being reviewed. **A 1 Gbps direct fiber to campus order has been placed for Kentland Farm.**	$245,000 Annually	CALS / VAES	CALS IT Various	Ongoing	Alternative service providers are being sought for turfgrass center and local tenant houses. Reviewing service levels and needs at Livestock Facilities on Plantation Road. Ordered and partially installed fiber to extend internet service to employee housing at Eastern Shore, Hampton Roads, Shenandoah Valley and Middleburg.
AREC Voice-Over Internet Protocol (VOIP) Conversion	Conversion of legacy voice telephone system at all ARECs to unified VOIP system matching voice service on campus.	$75,000	CALS / VAES	CALS IT Division of IT	Ongoing	**VOIP conversion projects have been completed at 7 of the 11 ARECs**. Remaining locations include Hampton Roads, Reynolds Homestead, and Southwest Virginia ARECs where the existing telephone service has been adequate. The Virginia Seafood AREC will be converted to VOIP with the completion of their new building.
AREC A/V Upgrades, Phase 2	**Installation of new audio and video equipment for ARECs to provide enhanced conferencing capability in larger conference rooms. Phase 2 includes Alson H. Smith, Hampton Roads, Southern Piedmont and Tidewater ARECs.**	**$238,000**	**CALS / VAES**	**CALS IT** **Lee Hartman and Sons**	**Spring 2022**	**Most installations have been completed with some minor tweaking of installs remaining.**
Network Equipment Upgrades and Expansion	A project to upgrade routers and switches as well as expand in-building wireless and some external wireless has been started. This project will replace LAN gear as well as enhance wireless connectivity within AREC buildings and expand wi-fi and the AREC network to additional buildings and some exterior spaces.	**$1,140,000**	CALS/VAES	CALS IT	TBD	Orders for equipment have been placed.
Real Time Kinematic (RTK)	A project to install RTK systems at select ARECs has been started. RTK enables the ARECs to implement precision agriculture research practices. RTK increases the accuracy over and above standard GPS from an accuracy of 2-4 meters to ~1 centimeter.**Installation is planned for Spring 2022.**	**$213,000**	CALS/VAES	**CALS IT** **John Deere** **Trimble**	**Summer 2022**	Orders for equipment have been placed.
Eastern Virginia AREC Field-level Wireless (a SmartFarm Project)	**Installation of new technology, similar to Wi-Fi but with better exterior coverage and security management, in fields at Eastern Virginia AREC to study the effectiveness of this equipment for supporting data-intensive agricultural, plant-based research as well as providing ready access to the internet and data network.**	**$90,000**	**CALS/VAES**	**CALS IT** **Dell** **JMA** **Pierson Wireless** **John Deere**	TBD	**Funding has been authorized.**
SmartFarm Projects	A project has been initiated by faculty in the Department of Animal and Poultry Sciences, in partnership with CALS IT and the Division of IT, to potentially install new technology, similar to Wi-Fi but with better exterior coverage and security management, in fields at Shenandoah Valley and Middleburg ARECs. The proposal is to study the effectiveness of this equipment for supporting data-intensive agricultural, animal-based research. Project has expanded to include faculty from the School of Plant and Environmental Sciences, and now includes work at Kentland Farm.	TBD	TBD	TBD TBD	TBD	Funding needs and sources are being resolved.

UPDATE ON PARKING AND TRANSPORTATION

BOARD OF VISITORS - APRIL 2022

LYNSAY BELSHE, VICE PRESIDENT, ENTERPRISE ADMINISTRATIVE AND BUSINESS SERVICES

JERI BAKER, SENIOR DIRECTOR, TRANSPORTATION SERVICES

TRANSPORTATION SERVICES
VIRGINIA TECH

OVERVIEW: TRANSPORTATION SERVICES

PARKING SERVICES

- Manages nearly 16,000 parking spaces on the Blacksburg campus
- Serves roughly 33,000 students, 13,000 employees, and 60,000 alumni, parents, and community members per year

FLEET SERVICES

- Manages university rental fleet of approximately 150 state vehicles
- Employees and students can reserve vehicles for business purposes on a daily or long-term basis

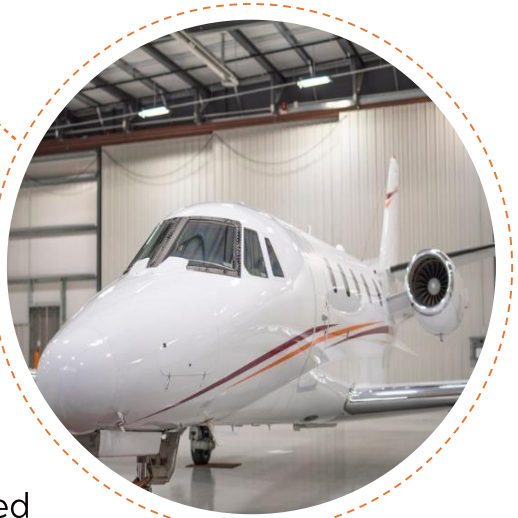
ALTERNATIVE TRANSPORTATION

Portfolio includes:

- Bike Hub, Heads Up Hokies, Blacksburg Transit, Zipcar, Mass Transit, Ride Solutions, and Roam NRV Bike Share

AIR TRANSPORTATION SERVICES

- Provides air transportation for Virginia Tech employees, or employees of university-related corporations on university business
- Hanger located at the Virginia Tech Montgomery Executive Airport and is staffed by five pilots and an operations manager
- Virginia Tech owns two Cessna Citation jets (HokieBirds)

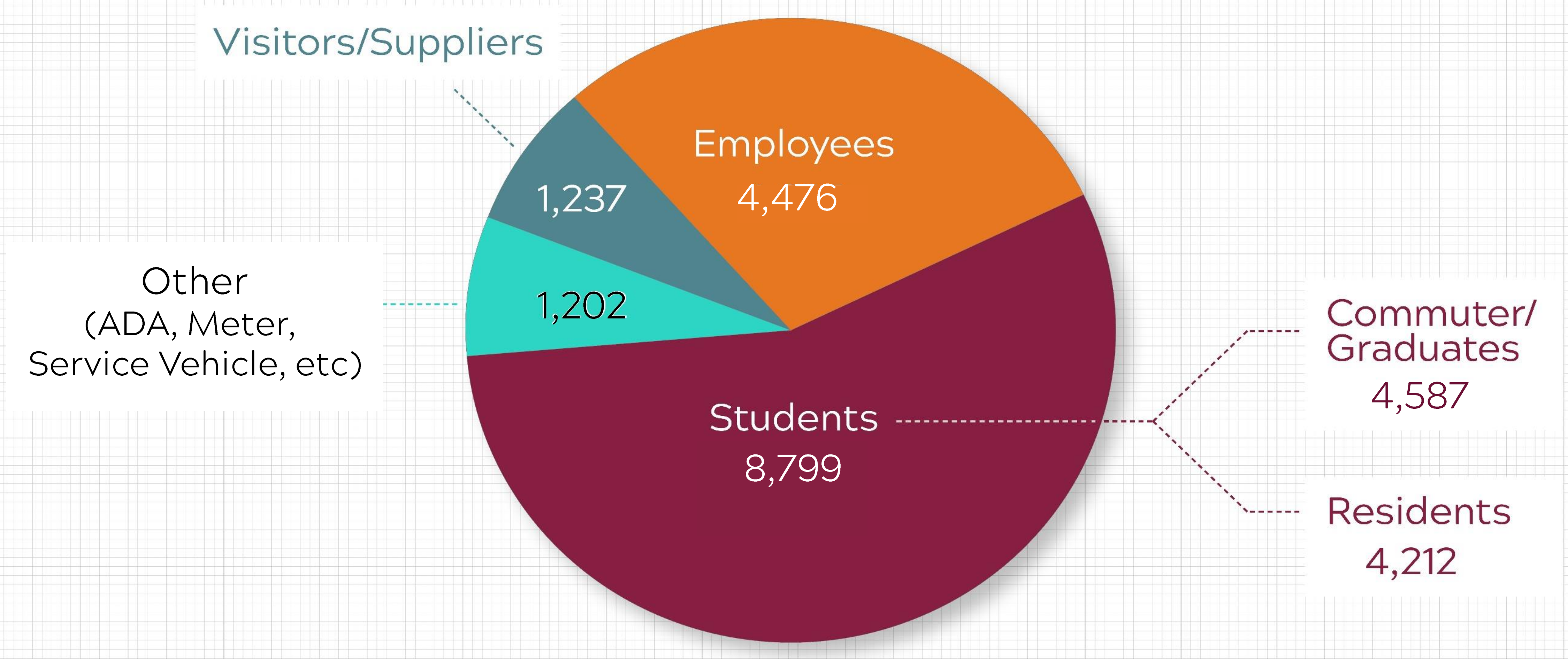


PARKING SERVICES' CURRENT STATE

PARKING SERVICES

- **University Auxiliary Unit:** 100% self-supporting through self generated revenue.
- **Equitable** - user based system, everyone who uses system supports financially
- Affordability and accessibility is a priority with remote lot options/benchmarking
- Customer focus mindset
- Continuous Improvement
- **Approximately 16,000 current parking spaces**

PARKING SPACES
AT VIRGINIA TECH'S BLACKSBURG CAMPUS

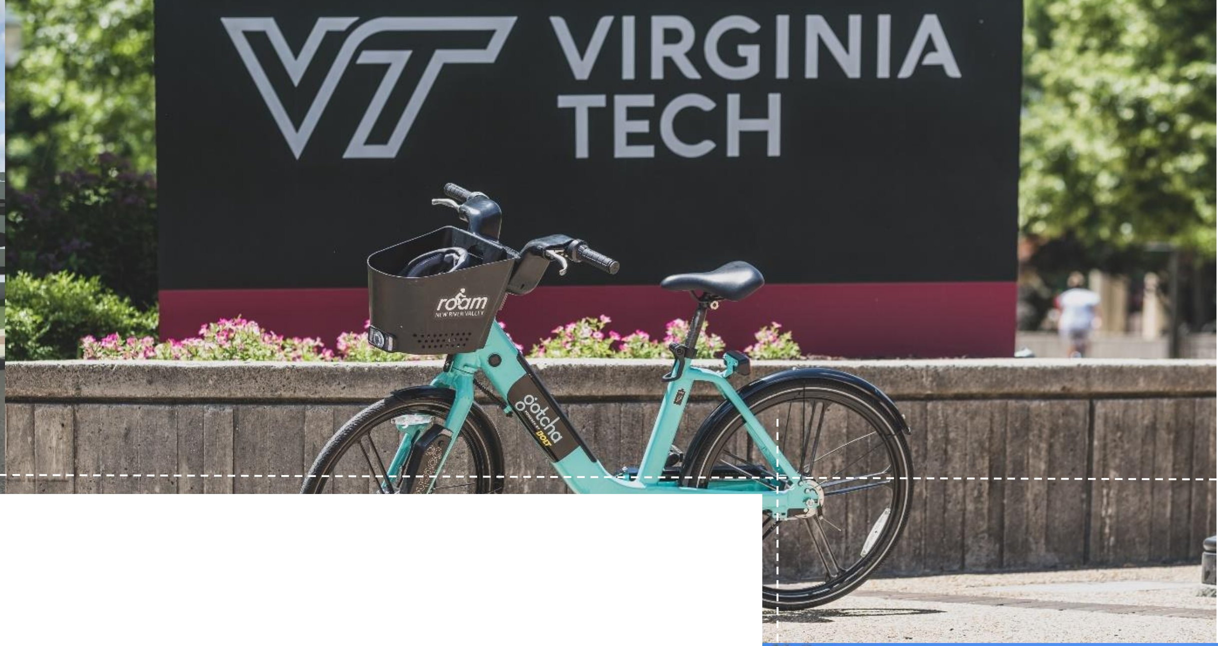


GRAND TOTAL 15,714

Estimated daily surplus of over 1,000 spaces on campus

PARKING SERVICES

- **Recent initiatives:**
    - **Visitor Parking:** began charging visitors in Summer of 2020 to share cost of parking to all users.
    - **ParkMobile:** phone application that allows customers to easily pay-to-park by the hour or day.
    - **North End Center garage is a 24/7 gated facility:** ensures all patrons are sharing in the cost of the garage.
    - **Extending parking enforcement hours to 10 p.m.:** maintains a controlled campus to protect spaces that permit holders have paid to use for late afternoon and evening purposes.

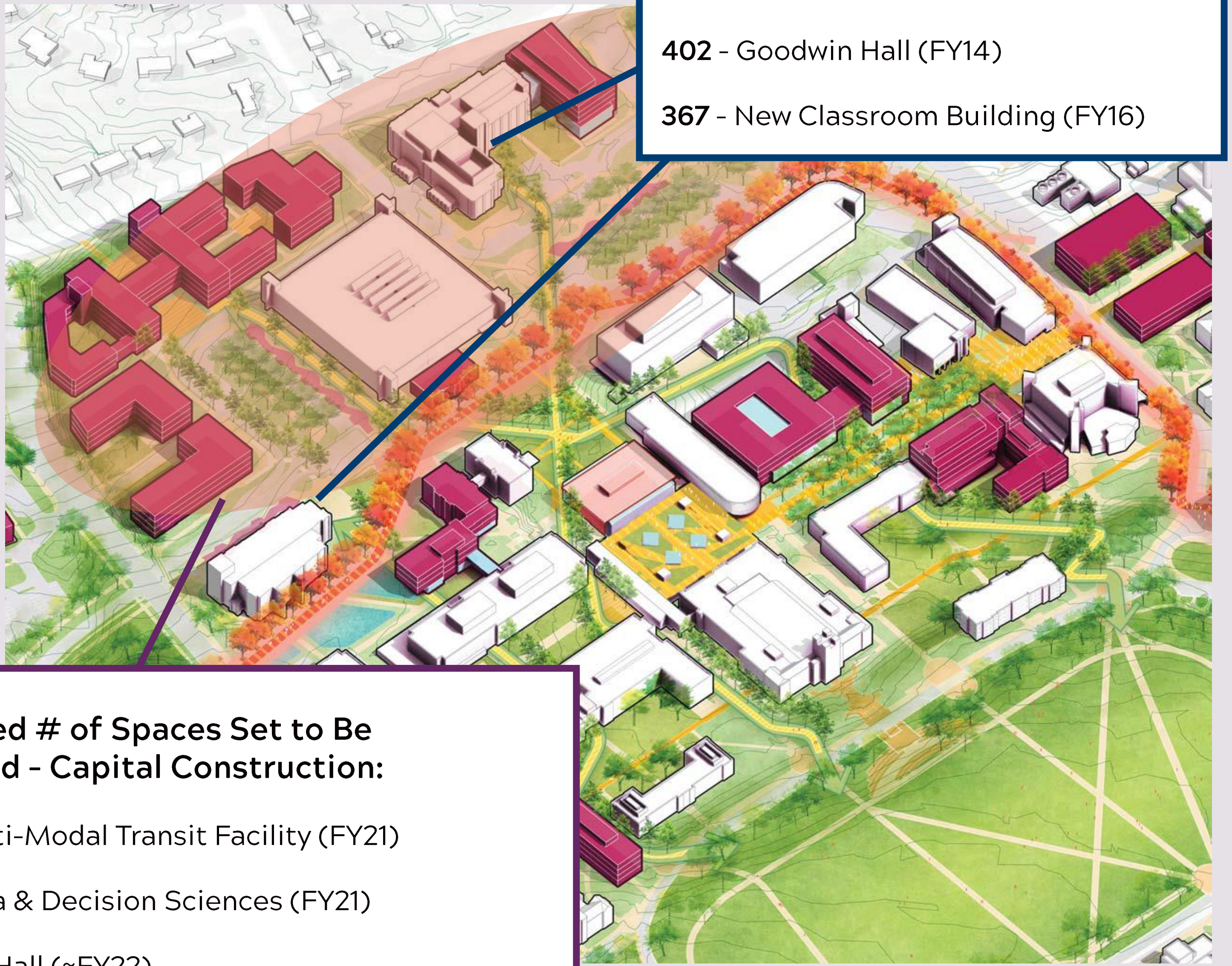


LOOKING AHEAD

PARKING DISPLACEMENT: CAPITAL CONSTRUCTION

- Over the past year and continuing over next several years, multiple new facilities and major renovations to existing buildings are set to take place throughout the North Academic District.
- This construction has, and will continue to, displace a substantial amount of parking in the campus core.

NORTH ACADEMIC DISTRICT



# of Spaces Displaced - Completed Capital Construction

402 - Goodwin Hall (FY14)

367 - New Classroom Building (FY16)

Estimated # of Spaces Set to Be Displaced - Capital Construction:

760 - Multi-Modal Transit Facility (FY21)

460 - Data & Decision Sciences (FY21)

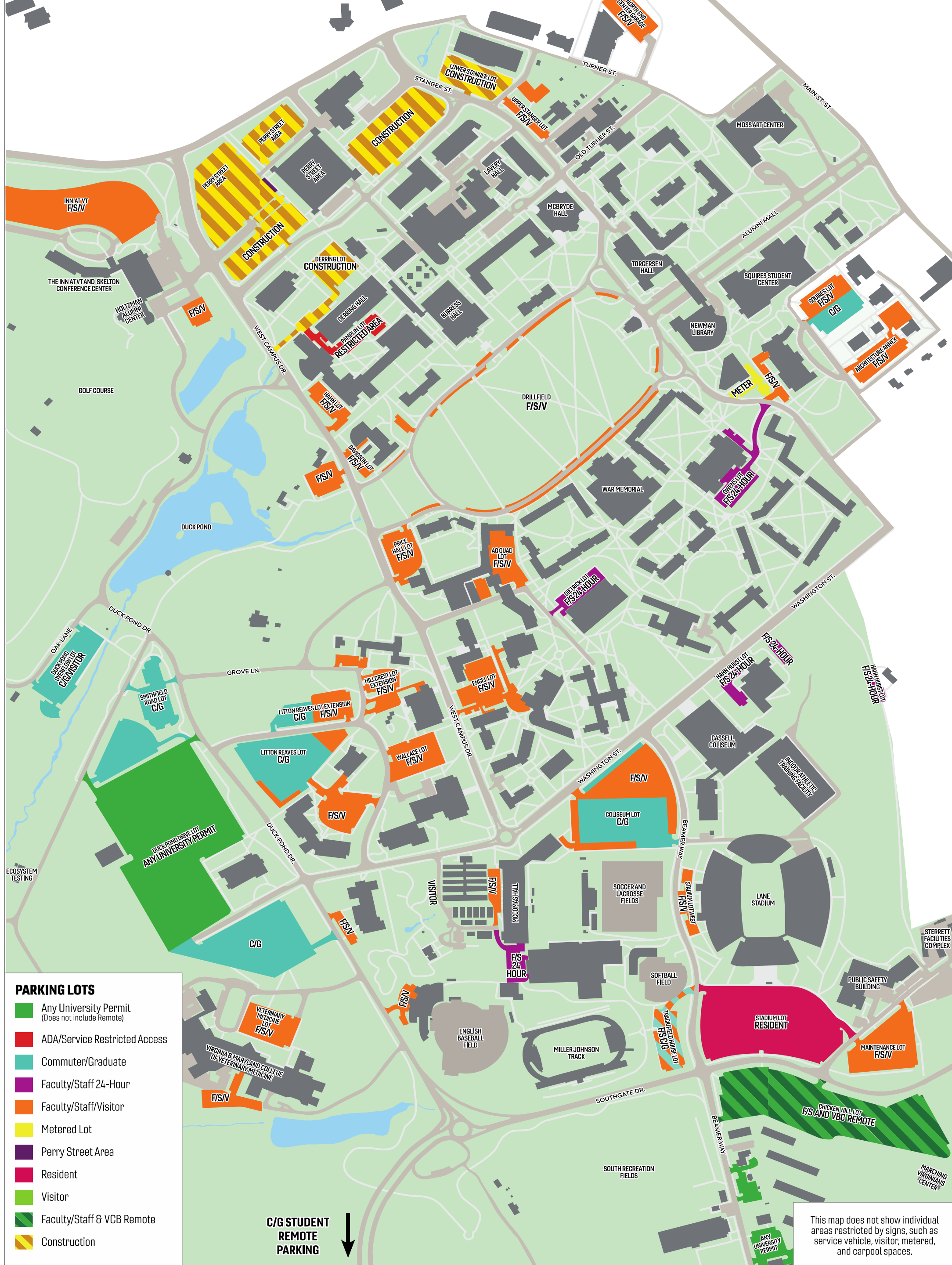
86 - HITT Hall (~FY22)

384 - Undergraduate Science Lab Building (~FY22)

PARKING & TRANSPORTATION MASTER PLAN

- 2016 Parking and Transportation Master Plan and the university wide Campus Master Plan of 2018 set guideposts for the future of parking and transportation on campus.
    - As campus growth continues to disrupt parking across campus, the effective reassignment of parking will require consistent monitoring and adjustments.
    - A tiered permit pricing system should be implemented on campus to help reduce traffic issues and frustration among users in locating an available space.
    - Parking needs to be reallocated to effectively support future demand.

Parking lots by type on the Blacksburg campus



STRATEGIES TO HELP OFFSET PARKING DISPLACEMENT

- Shift towards periphery parking for majority of Commuter/Graduates.
- Continue to move displaced Faculty/Staff parking to Perry Street Garage.
- Adjust quantity of student Perry Street Lots permits sold.
- Continue to drive strong campus community participation in alternative transportation methods, including BT, walking, biking, carpool, vanpool.

VIRGINIA TECH CLIMATE ACTION COMMITMENT AND TRANSPORTATION SERVICES

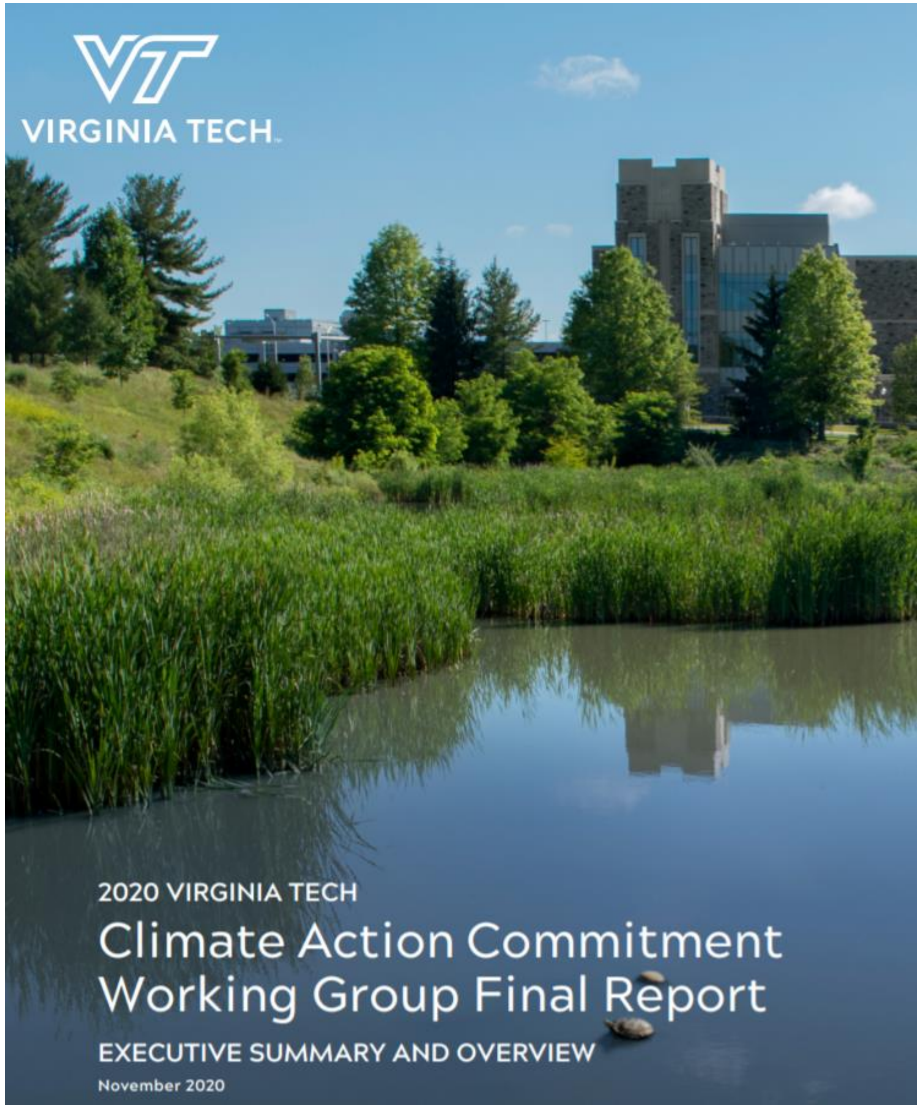
- **Goal 9:** Reduce single-occupancy-vehicle commuting to campus by 20 percent by 2025 and reduce transportation-related GHG emissions by 40 percent by 2030.

- Build upon existing opportunities:

  - **Blacksburg Transit:** Strong partnership, ridership, fleet upgrades.

  - **Multi-Modal Transit Facility** (MMTF) - construction underway.

  - **Future of Work** - hybrid work arrangements and commuting options (ParkMobile, etc.).



IN CLOSING

CURRENT STATE:

- 100% self-supporting Auxiliary unit
- Continue to be impacted by capital projects within North Academic District
- Affordability and accessibility is a priority with remote lot options
- Customer focus mindset, Continuous Improvement
- Over 1,000 available spaces each day

LOOKING AHEAD:

- Multi-Modal Transit Facility (MMTF)
- Continued focus on alternative transportation programs
- Movement toward garage parking
- Support the university mission

CONNECT WITH TRANSPORTATION SERVICES

E-mail: parking@vt.edu
Phone: (540) 231-3200
Website: parking.vt.edu

Social Media:

Twitter: @GetAroundVT
Instagram: @GetAroundVT
Facebook: Virginia Tech Transportation Services
Tik Tok: @VTParkingFacilities

TRANSPORTATION SERVICES
VIRGINIA TECH

OVERVIEW OF FACILITIES ACCESSIBILITY PROJECTS

WENDY HALSEY, MAURP, MBA, PE
ASSISTANT VICE PRESIDENT FOR FACILITIES OPERATIONS

KELLY OAKS, PHD
ASSOCIATE VICE PRESIDENT FOR EQUITY AND ACCESSIBILITY

APRIL 4, 2022

AGENDA

- Facilities Accessibility Stakeholders
- Sample Projects Completed
- Projects In Design
- Other Facilities Accessibility Initiatives

STAKEHOLDERS

- Campus Accessibility Working Group
- Office for Equity and Accessibility
- Campus Planning, Infrastructure and Facilities : Office of University Planning, Facilities Operations, Pathways Enhancement Crew
- Student Affairs
- Finance

April 16 Memorial

Accessible Path

Project Summary
Provide a fully accessible path around the memorial.

Project Highlights
- Widened pathways and implemented continuous sloping pathways, created new accessible entry points into the memorial garden upper area.
- Installed new accessible bench seating around the memorial.
- Relocated ADA parking spaces in closer proximity to the memorial.
- Installed accompanying curb cuts for new ADA parking spaces.

Project Status
Complete

Patton Hall Entry

Ramp Replacement

Project Summary
Accessibility improvements to Patton Hall entryway

Project Highlights
Ramp was demolished and reconstructed at a compliant slope. Included demolition of adjacent knee wall.

Project Status
Complete

Vet Med "I" Lot Route

Accessible Path

Project Summary

Provide a fully accessible path from the "I" Lot to Vet Med

Project Highlights

- Created a new ADA-compliant path connecting existing I-Lot to Vet Med facility.
- Pathway lit to allow for safe 24-hour accessibility.
- Pedestrian crosswalk lighting was upgraded for increased safety.

Project Status

Complete

Whittemore Hall Entrances

Design & Construct Accessible Entry

Project Summary
Create an accessible entry

Project Highlights
Construct an ADA compliant ramp on the southwest side of Whittemore.

Project Status
Under Construction

Squires Newman Library Pathway

Design & Construct Accessible Pathway

Project Summary
Create an accessible pathway connecting Alumni Mall and Graduate Life Center side of Squires Student Center.

Project Highlights
Construct a ramp with handrail, provide necessary painting and landscaping, relocate bike rack and install signage.

Project Status
Under Construction

President's Quad

Accessibility Re-design and Phase I Construction

Project Summary

Resolve ADA violations in a way that results in a desirable and effective space

Project Highlights

- Create an overall plan for the quad, to the schematic design level, indicating overall pedestrian circulation and amenity placement.
- Design components of the plan that will resolve ADA violations (e.g., relocating picnic areas to a more effective and desirable location); effort will result in a “shovel-ready” design for individual components.
- Relocate picnic areas and/or construct new pathways in phases based on total funding available.

Project Status

Schematic Design Complete

Upper Quad - Drillfield

Feasibility Study and Phase I Construction

Project Summary

Evaluate opportunities to provide ADA-compliant access to the Upper Quad from the Drillfield

Project Highlights

- Contract with a landscape architect to evaluate ramp opportunities between the College of Liberal Arts and Human Sciences Building and Torgersen Hall.
- Contract with landscape architect will include a sub-consultant that can evaluate ADA needs to ensure 24-hour access through Major Williams Hall to highest level of Upper Quad.
- Construct ramp and other necessary elements, if feasibility study identifies a viable conceptual design from the Drillfield side to in front of Major Williams Hall.
- Make necessary modifications to Major Williams Hall, identified in feasibility study, to allow for 24-hour access through the building to the highest level of the Upper Quad.

Project Status

Schematic Design Complete; Phase I of 24/7 access thru Major Williams is under construction

FACILITIES ACCESSIBILITY INITIATIVES

Pathways Enhancement Crew (PEC)

- Established Summer of 2021
- 3 person crew which focuses on installing ramps and curb cuts, upgrading deteriorated sidewalks, addressing barriers, and assisting with other architectural/physical access that are not ADA compliant
- Already completed repairs at Patton, Goodwin, Fralin, Wallace, Derring and along the Drillfield

Hired additional ADA Architect

- Provides both Capital and Renovation project reviews and recommendations
- Prioritizes work for the PEC and renovation projects
- Identifies accessibility improvements for existing buildings
- Investigates instances of non-compliance and facilitates resolution

DISCUSSION OF STRATEGIC FACILITIES INVESTMENT PROGRAMS

CHRIS KIWUS

APRIL 4, 2022

DISCUSSION OF STRATEGIC FACILITIES INVESTMENT PROGRAMS

Operations and Maintenance Program

- *Housekeeping, grounds care, preventative maintenance, service agreements, and routine repairs*

Customer Requested Renovation Program

- *Program enhancements and improvements requested and funded by campus departments less than $3 million*

Facilities Renewal Program

- *Program enhancements and improvements funded centrally less than $3 million*

Maintenance Reserve Program

- *Repairs greater than $25,000 and less than $3 million*

Capital Project Program

- *Renovations/replacements greater than $3 million*

Facility Condition Monitoring and Assessment Program

VIRGINIA
TECH.

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Future Agenda Items and Closing Remarks

BUILDINGS AND GROUNDS COMMITTEE

April 4, 2022

The Committee Chair will discuss future agenda items and make closing remarks.

Open Session Agenda

COMPLIANCE, AUDIT, AND RISK COMMITTEE

The Inn at Virginia Tech - Solitude Room
April 4, 2022
8:00 a.m.

	Agenda Item	**Reporting Responsibility**
1.	Motion to Reconvene in Open Session	Anna James
2.	Welcome and Introductory Remarks	Sharon Brickhouse Martin
3.	Consent Agenda	Sharon Brickhouse Martin
	a. Minutes from the November 7, 2021 Meeting	
	b. Update of Responses to Open Internal Audit Comments	
	c. Audit Plan Status Report	
	d. Internal Audit Reports	
	i. Continuing and Professional Education	
	ii. Fralin Biomedical Research Institute at VTC	
	iii. HR: Compensation and Classification	
	iv. Senior Vice President and Chief Business Officer Policy Compliance Review	
	v. Vice President for Finance Policy Compliance Review	
	e. Auditor of Public Accounts Financial Statement Audit	
	f. Auditor of Public Accounts Intercollegiate Athletics Program Report	
4.	Discussion of Future Topics	Sharon Brickhouse Martin

Open Session Briefing Report

COMPLIANCE, AUDIT, AND RISK COMMITTEE

April 4, 2022

Compliance, Audit, and Risk Open Session

1. **Motion to Reconvene in Open Session:** Motion to begin open session.

2. **Welcome and Introductory Remarks:** The chair of the Compliance, Audit, and Risk Committee will provide opening remarks.

3. **Consent Agenda:** The Committee will consider for approval and acceptance the items listed on the Consent Agenda.

   a. **Minutes from the November 7, 2021 Meeting:** The Committee will review and approve the minutes of the November 7, 2021 meeting.

   b. **Update of Responses to Open Internal Audit Comments:** The Committee will review the university's update of responses to all previously issued internal audit reports. As of September 30, 2021, the university had ten open recommendations. Seventeen audit comments were issued during the second quarter of the fiscal year. As of December 31, 2021, the university had addressed five comments, leaving 22 open recommendations in progress.

   c. **Audit Plan Status Report:** The committee will review the Audit Plan Status Report. The Office of Audit, Risk, and Compliance (OARC) has completed 49 percent of its audit plan, and 35 percent is underway, in accordance with the fiscal year 2021-22 annual audit plan.

   d. **Internal Audit Reports:** The following internal audit reports were issued by OARC since the November board meeting. Where applicable, management developed action plans to effectively address the issues in the report with a reasonable implementation timeframe. As noted above, OARC conducts follow-up on management's implementation of agreed upon improvements for previously issued audit recommendations.

i. Continuing and Professional Education: The audit received a rating of effective. A low-priority recommendation of a less significant nature was noted regarding timely deposit of funds.

ii. Fralin Biomedical Research Institute at VTC: The audit received a rating of improvements are recommended. One observation was noted with respect to improving processes for granting and removing user access to human subject research data.

iii. HR: Compensation and Classification: The audit received a rating of effective.

iv. Senior Vice President and Chief Business Officer Policy Compliance Review: The audit received a rating of improvements are recommended. Audit recommendations were issued to management where opportunities for further improvement were noted in the areas of fiscal responsibility, leave reporting, expenditures, funds handling, and university key control.

v. Vice President for Finance Policy Compliance Review: The audit received a rating of improvements are recommended. Audit recommendations were issued to management where opportunities for further improvement were noted in the areas of fiscal responsibility, expenditures, and information technology. Additionally, an observation for central administration was noted regarding self-approval for certain electronic travel and purchase card expenditures.

e. **Auditor of Public Accounts Financial Statement Audit:** The Committee will receive a report on the Auditor of Public Accounts (APA) audit of the university's financial statements for the fiscal year ended June 30, 2021. During the audit, the APA found the financial statements were presented fairly in all material respects, and there were no internal control findings requiring management's attention.

f. **Auditor of Public Accounts Intercollegiate Athletics Program Report:** The Committee will receive a report on the APA Intercollegiate Athletics review for fiscal year 2021. The APA performed certain agreed-upon procedures to evaluate whether the Schedule of Revenues and Expenses of the Intercollegiate Athletics Programs for fiscal year ended June 30, 2021 is in compliance with the National Collegiate Athletic Association (NCAA) bylaws. During the APA review, no matters were brought to the APA's attention that would lead them to believe the amounts of the Schedule of

Revenues and Expenses should be adjusted. This review did not constitute an audit and therefore no opinion was issued.

4. **Discussion of Future Topics:** The Committee will discuss topics to be covered in future committee meetings.

Motion to Reconvene in Open Session

COMPLIANCE, AUDIT, AND RISK COMMITTEE

April 4, 2022

WHEREAS, the Compliance, Audit, and Risk 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 Compliance, Audit, and Risk Committee that such closed meeting was conducted in conformity with Virginia Law;

NOW, THEREFORE, BE IT RESOLVED, that the Compliance, Audit, and Risk 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 Compliance, Audit, and Risk Committee.

Welcome and Introductory Remarks

COMPLIANCE, AUDIT, AND RISK COMMITTEE

April 4, 2022

The Chair of the Compliance, Audit, and Risk Committee

will offer welcoming remarks

and ask for approval of the agenda.

Consent Agenda

COMPLIANCE, AUDIT, AND RISK COMMITTEE

April 4, 2022

The Committee will consider for approval and acceptance the items listed on the Consent Agenda.

a. Minutes from the November 7, 2021 Meeting

b. Update of Responses to Open Internal Audit Comments

c. Audit Plan Status Report

d. Internal Audit Reports

    i. Continuing and Professional Education

    ii. Fralin Biomedical Research Institute at VTC

    iii. HR: Compensation and Classification

    iv. Senior Vice President and Chief Business Officer Policy Compliance Review

    v. Vice President for Finance Policy Compliance Review

e. Auditor of Public Accounts Financial Statement Audit

f. Auditor of Public Accounts Intercollegiate Athletics Program Report

Committee Minutes

COMPLIANCE, AUDIT, AND RISK COMMITTEE

November 7, 2021

The Compliance, Audit, and Risk Committee of the Board of Visitors of Virginia Polytechnic Institute and State University met in Closed Session on Sunday, November 7, 2021, at 9:00 a.m. on the Blacksburg campus at The Inn at Virginia Tech in the Latham A/B Ballroom.

Committee Members Present	**Board Members Present**
Sharon Brickhouse Martin (Chair)	Letitia Long (Rector)
Greta Harris	Shelly Butler Barlow
Anna James	Charles C. T. Hill
Jeff Veatch	Melissa Nelson
	Chris Petersen
	Horacio Valeiras
	Preston White

The following Virginia Tech staff members were present: Cyril Clarke, Corey Earles, Kay Heidbreder, Sharon Kurek, Justin Noble, Kim O'Rourke, Dwayne Pinkney, Timothy Sands

Also present was the following guest: Ashley Deihr (Baker Tilly)

Closed Session

Chair Martin convened the meeting and welcomed everyone to the Compliance, Audit, and Risk Committee meeting.

* * * * * * * * * * *

Motion to Begin Closed Session

Ms. James moved that the Compliance, Audit, and Risk Committee of the Board of Visitors of Virginia Polytechnic Institute and State University convene in a closed meeting, pursuant to §2.2-3711, Code of Virginia, as amended, for the purposes of discussing:

1. Audits or reviews that include evaluation of performance of departments or schools of public institutions of higher education where such evaluation will involve discussion of the performance of specific individuals;

2. Audits or reviews that include threats to cybersecurity;

The motion was seconded by Ms. Harris and passed unanimously.

The meeting concluded at 10:07 a.m.

* *

The Compliance, Audit, and Risk Committee of the Board of Visitors of Virginia Polytechnic Institute and State University reconvened in Open Session on Sunday, November 7, 2021, at 10:07 a.m. on the Blacksburg campus at The Inn at Virginia Tech in the Latham A/B Ballroom.

Committee Members Present
Sharon Brickhouse Martin (Chair)
Greta Harris
Anna James
Jeff Veatch

Board Members Present
Letitia Long (Rector)
Melissa Nelson

Constituent Representatives Present
Serena Young (Staff Representative)
Phil Miskovic(Graduate Student Representative)

The following Virginia Tech staff members were present: Eric Brooks, Charlene Casamento, Cyril Clarke, Al Cooper, Jon Deskins, Corey Earles, Kari Evans, Guru Ghosh, Kay Heidbreder, Rachel Holloway, Sharon Kurek, Connie Marshall, Andrew McWhinney, Scott Midkiff, Kenneth Miller, Justin Noble, Kim O'Rourke, Mark Owczarski, Ellen Plummer, Chris Rhames, Dwayne Pinkney, Timothy Sands, Don Taylor, Melinda West

Also present were the following guests: Kevin Savoy (APA), Jonathan South (APA)

<u>Open Session</u>

1. **Motion to Reconvene in Open Session:** Following the Closed Session, the doors were opened and Chair Martin called on Mr. Veatch to make the motion to return to Open Session. Mr. Veatch made the following motion to return to open session:

   WHEREAS, the Compliance, Audit, and Risk 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 provision of The Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3712 of the Code of Virginia requires a certification by the Compliance, Audit, and Risk Committee of the Board of Visitors that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED that the Compliance, Audit, and Risk 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 Compliance, Audit, and Risk Committee of the Board of Visitors.

The motion was seconded by Ms. Harris and passed unanimously.

2. **Welcome and Introductory Remarks:** Chair Martin convened the meeting and welcomed everyone to the Compliance, Audit, and Risk Committee meeting.

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

    a. **Minutes for the June 7, 2021 and August 30, 2021 Meetings:** The Committee reviewed and approved the minutes of the June 7, 2021 and August 30, 2021 meetings.

    b. **Update of Responses to Open Internal Audit Comments:** The Committee reviewed the university's update of responses to all previously issued internal audit reports. As of March 31, 2021, the university had five open recommendations. Thirteen audit comments were issued during the fourth quarter of the fiscal year. As of September 30, 2021, the university had addressed eight comments, leaving 10 open recommendations in progress.

    c. **Audit Plan Status Report:** The committee reviewed the Audit Plan Status Report. The Office of Audit, Risk, and Compliance (OARC) has completed 28 percent of its audit plan, and 50 percent is underway, in accordance with the fiscal year 2021-22 annual audit plan.

d. **Internal Audit Reports:** The following internal audit reports were issued by OARC since the June 7, 2021 meeting. Where applicable, management developed action plans to effectively address the issues in the report with a reasonable implementation timeframe. As noted above, OARC conducts follow-up on management's implementation of agreed upon improvements for previously issued audit recommendations.

i. Athletics: The audit received a rating of improvements are recommended. Audit recommendations were issued to management where opportunities for further improvements were noted in the areas of transfer evaluation timeliness and interdepartmental communication and collaboration.

ii. Fralin Life Sciences Institute: The audit received a rating of improvements are recommended. Observations were noted on the need to improve governance of distributed funds and completion of chemical registrations. Additionally, a low-priority recommendation of a less significant nature was noted regarding physical security.

iii. IT: External Interfaces and Wire Transfers: The audit received an effective rating. A low priority recommendation related to server configuration was identified and reported to management.

iv. Principal Investigator Research Management: The audit received a rating of improvements are recommended. An audit recommendation was issued to management where opportunities for further improvements were noted regarding one principal investigator's compliance with sponsor requirements. A low-priority recommendation of a less significant nature was noted regarding enhancing Office of Sponsored Programs training and tools

v. Procurement and Accounts Payable: The audit received an effective rating.

vi. Research: Biosafety: The audit received a rating of improvements are recommended. A low-priority recommendation of a less significant nature was noted regarding the annual review process. Opportunities include broadening coverage of onsite reviews and ensuring annual reviews are monitored for completion.

vii. Student Fees: The audit received an effective rating. One observation with university-wide impact was noted regarding the processes used to account for expenses paid by course fees.

viii. Virginia Tech Carilion School of Medicine Policy Compliance Review: The audit received a rating of improvements are recommended. Audit recommendations were issued to management where opportunities for further improvement were noted in the areas of wage payroll, leave reporting, P14 appointments, and information technology.

e. **Review and Approval of Audit Charters:** The Committee reviewed the Compliance, Audit, and Risk Committee Charter and the Charter for the Office of Audit, Risk, and Compliance in accordance with professional standards.

4. **Auditor of Public Accounts Financial Statement Audit and Management Letter:** The Committee received a report from Mr. Kevin Savoy, Audit Director for the Auditor of Public Accounts, on the results of the university's financial statement audit and management letter for the fiscal year ended June 30, 2021, which resulted in an unmodified opinion. Furthermore, the audit identified no new material weaknesses or significant deficiencies during fiscal year 2021.

5. **Statewide Reviews and Special Reports:** The Committee received a report on additional reviews and special reports that have occurred at the university. Ms. Melinda West, the Associate Vice President and University Controller, discussed the APA's 2019 Report on Compliance – NCAA Subsidy Percentage Requirements, the Internal Revenue Service audit on 403(b) deferred compensation plans, and the Financial Audit of Costs Catalyzing Afghan Agricultural Innovation Program conducted by USAID and the Special Inspector General for Afghanistan Reconstruction. Ms. Sharon Kurek, the Executive Director of the Office of Audit, Risk, and Compliance, discussed the Office of the State Inspector General's Clery Act performance audit and the capital construction project reviews conducted as outsourced contract compliance audits.

6. **OARC Annual Report:** The Committee reviewed the Annual Report for OARC. Acceptance of this report documents the Committee's review of the effectiveness of the internal audit function, including staffing resources, financial budget, training, objectivity, and reporting relationships as required by the Committee's Charter. In addition to conducting scheduled audits, policy compliance reviews, and advisory services, the department participated in annual audit activities, fraud investigations, and professional development activities. Fifteen audit projects, or 65 percent of the audits on the fiscal year 2020-21 amended audit plan, have been completed. Nine audit projects were underway at June 30th and carried forward into fiscal year 2021-22.

   In addition to operating the audit function, OARC continued implementation of the Enterprise Risk Management (ERM) program and Institutional Compliance Program

(ICP). OARC deployed an updated risk landscape with a comprehensive evaluation of the "top ten risks" and increased the visibility of ERM across the CAR Committee and other Board of Visitors committees. A university-wide compliance matrix, including the identification of distributed compliance owners and a mechanism to capture associated risk assessments, was developed as part of the ICP, as well as managing the anonymous hotline.

7. **Internal Audit Reports:** The following internal audit reports were issued by the Office of Audit, Risk, and Compliance (OARC) since the June 7, 2021 meeting. Where applicable, management developed action plans to effectively address the issues in the report with a reasonable implementation timeframe. As noted above, OARC conducts follow-up on management's implementation of agreed upon improvements for previously issued audit recommendations.

    a. Equine Medical Center: The audit received a rating of significant improvements are needed. Audit recommendations were issued to management where opportunities for further improvements were noted related to dispensary inventory, delinquent accounts, compliance with financial policies, and supplies inventory. A low-priority recommendation of a less significant nature was noted regarding invoice adjustments.

    b. Veterinary Teaching Hospital: The audit received a rating of improvements are recommended. Audit recommendations were issued to management where opportunities for further improvements were noted related to supplies inventory management. A low-priority recommendation of a less significant nature was noted regarding controls over adjustments to supplies inventory.

8. **Academic Enterprise Risk Discussion:** The committee received an update on certain academic enterprise risks. Management led a discussion on the following enterprise risks: evolving pedagogy and delivery, faculty and staff recruitment and retention, and global engagement.

9. **Discussion of Future Topics:** The Committee discussed topics to be covered in future committee meetings.

The meeting concluded at 11:17 a.m.

* *

The Compliance, Audit, and Risk (CAR) and Governance and Administration (G&A) Committees of the Board of Visitors of Virginia Polytechnic Institute and State University convened in Joint Closed Session on Sunday, November 7, 2021, at 11:23 a.m. on the Blacksburg campus at The Inn at Virginia Tech in the Latham A/B Ballroom.

Committee Members Present
Sharon Brickhouse Martin (CAR Chair)
Anna James
Chris Petersen (G&A Chair)
Horacio Valeiras
Jeff Veatch

Committee Members Absent
Greta Harris
Mehul Sanghani

Board Members Present
Letitia Long (Rector)
Edward Baine
Charles C. T. Hill
Melissa Nelson
Preston White

The following Virginia Tech staff members were present: Charlene Casamento, Cyril Clarke, Kay Heidbreder, Sharon Kurek, Justin Noble, Kim O'Rourke, Dwayne Pinkney, Timothy Sands

<u>Joint Closed Session</u>

Chair Martin convened the meeting and welcomed everyone to the Compliance, Audit, and Risk Committee meeting.

* * * * * * * * * * *

Motion to Begin Joint Closed Session

Ms. James moved that the Compliance, Audit, and Risk and the Governance and Administration Committees of the Board of Visitors of Virginia Polytechnic Institute and State University convene in a closed meeting, pursuant to §2.2-3711, <u>Code of Virginia</u>, as amended, for the purposes of discussing:

1. Audits or reviews that include evaluation of performance of departments or schools of public institutions of higher education where such evaluation will involve discussion of the performance of specific individuals;

2. Audits or reviews that include threats to cybersecurity;

The motion was seconded by Mr. Veatch and passed unanimously.

* * * * * * * * * *

Motion to End Joint Closed Session

Following the Closed Session, the doors were opened and Chair Martin called on Ms. James to make the motion to end the Joint Closed Session. Ms. James made the following motion to end the joint closed session:

WHEREAS, the Compliance, Audit, and Risk Committee and the Governance and Administration Committee of the Board of Visitors of Virginia Polytechnic Institute and State University have 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 Compliance, Audit, and Risk Committee and the Governance and Administration Committee that such closed meeting was conducted in conformity with Virginia Law;

NOW, THEREFORE, BE IT RESOLVED, that the Compliance, Audit, and Risk Committee and the Governance and Administration 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 committees.

The motion was seconded by Mr. Veatch and passed unanimously.

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There being no further business, the meeting adjourned at 12:05 p.m.

* *

Update of Responses to Open Audit Comments

COMPLIANCE, AUDIT, AND RISK COMMITTEE

December 31, 2021

As part of the internal audit process, university management participates in the opening and closing conferences and receives copies of all final audit reports. The audited units are responsible for implementing action plans by the agreed upon implementation dates, and management is responsible for ongoing oversight and monitoring of progress to ensure solutions are implemented without unnecessary delays. Management supports units as necessary when assistance is needed to complete an action plan. As units progress toward completion of an action plan, the Office of Audit, Risk, and Compliance (OARC) performs a follow-up visit within two weeks after the target implementation date. OARC is responsible for conducting independent follow up testing to verify mitigation of the risks identified in the recommendation and formally close the recommendation. As part of management's oversight and monitoring responsibility, this report is provided to update the Compliance, Audit, and Risk Committee on the status of outstanding recommendations. Management reviews and assesses recommendations with university-wide implications and shares the recommendations with responsible administrative departments for process improvements, additions or clarification of university policy, and inclusion in training programs and campus communications. Management continues to emphasize the prompt completion of action plans.

The report includes outstanding recommendations from compliance reviews and audit reports. Consistent with the report presented at the November Board meeting, the report of open recommendations includes three attachments:

- Attachment A summarizes each audit in order of final report date with extended and on-schedule open recommendations.
- Attachment B details all open medium and high priority recommendations for each audit in order of the original target completion date, and with an explanation for those having revised target dates or revised priority levels.
- Attachment C charts performance in implementing recommendations on schedule over the last seven years. The 75 percent on-schedule rate for fiscal year 2022 reflects closing six of eight recommendations by the original target date.

The report presented at the November 7, 2021 meeting covered audit reports reviewed and accepted through September 30, 2021 and included ten open medium and high priority recommendations. Activity for the quarter ending December 31, 2021 resulted in the following:

Open recommendations as of September 30, 2021	10
Add: medium and high priority recommendations accepted November 7, 2021	17
Subtract: recommendations addressed since September 30, 2021	5
Remaining open recommendations as of December 31, 2021	22

Target dates were missed on two of seven recommendations that came due during fiscal year 2022, quarter 2. While this report is prepared as of the end of the quarter, management continues to receive updates from OARC regarding auditee progress on action plans. Through March 18, 2022, OARC has closed seven of the 22 remaining open medium and high priority recommendations, including one recommendation that missed its original target date in quarter 2; however, two recommendations due in fiscal year 2022, quarter 3 also missed the original target date, and two additional recommendations due in quarter 3 are being evaluated for completion. Other remaining open recommendations are progressing as expected and are on track to meet their respective target dates. Management continues to work conjointly with all units and provides assistance as needed to help with timely completion of action plans.

ATTACHMENT A

Open Recommendations by Priority Level

COMPLIANCE, AUDIT, AND RISK COMMITTEE

December 31, 2021

Report Date	Audit Name	Audit Number	Total Recommendations						
			ISSUED	COMPLETED	OPEN				
					Extended		On-schedule		Total
					High	Medium	High	Medium	Open
May 11, 2020	College of Science	20-1491	3	2		1			1
May 17, 2021	Linex Server Security	21-1530	4	3				1	1
May 21, 2021	Scholarships	21-1535	7	1				6	6
Jun 29, 2021	Virginia Tech Carilion School of Medicine	21-1544	3	0				3	3
Jun 30, 2021	Veterinary Teaching Hospital	21-1540a	1	0		1			1
Jun 30, 2021	Equine Medical Center	21-1540b	4	1	1		1	1	3
Sep 27, 2021	Fralin Life Sciences Institute	21-1526	2	1				1	1
Oct 22, 2021	Athletics	21-1522	1	0				1	1
Oct 22, 2021	Principal Investigator Research Management	21-1532	1	0				1	1
Oct 22, 2021	Student Athlete Academic Success	21-1538	1	0				1	1
Oct 22, 2021	University Libraries	22-1595	4	1				3	3
Totals:			**31**	**9**	**1**	**2**	**1**	**18**	**22**

ATTACHMENT B

Open Audit Recommendations

COMPLIANCE, AUDIT, AND RISK COMMITTEE

December 31, 2021

Report Date	Item	Audit Number	Audit Name	Recommendation Name	Priority Original	Priority Revised	Target Date Original	Target Date Revised	Follow Up Status	Status of Recommendations with Revised Priority / Target Dates
Jun 30, 2021	1	21-1540b	Equine Medical Center	Delinquent Accounts	High		Oct 31, 2021		1	Missed the original target date. Management has implemented mitigating controls as of 2/7/22.
May 11, 2020	2	20-1491	College of Science	Information Technology	Medium		Dec 01, 2021	TBD	1	Missed the original target date. OARC is working with management to identify a revised implementation date.
Jun 29, 2021	3	21-1544	Virginia Tech Carilion School of Medicine	Wage Payroll	Medium		Jan 10, 2022		2	
Jun 29, 2021	4	21-1544	Virginia Tech Carilion School of Medicine	Leave Reporting	Medium		Jan 10, 2022		2	
Jun 30, 2021	5	21-1540b	Equine Medical Center	Dispensary Inventory	High		Jan 31, 2022		2	
Jun 30, 2021	6	21-1540a	Veterinary Teaching Hospital	Supplies Inventory	Medium		Jan 31, 2022	TBD	1	While this implementation is outside the reported scope period, the original target date has been missed. OARC will work to identify a revised implementation date.
Jun 30, 2021	7	21-1540b	Equine Medical Center	Supplies Inventory	Medium		Jan 31, 2022		2	
Jun 29, 2021	8	21-1544	Virginia Tech Carilion School of Medicine	P14 Appointments	Medium		Mar 01, 2022		2	
May 21, 2021	9	21-1535	Scholarships (Appendix A: Athletics)	Scholarship Utilization	Medium		Mar 01, 2022		2	
May 21, 2021	10	21-1535	Scholarships (Appendix B: College of Ag & Life Sciences)	Scholarship Utilization	Medium		Mar 01, 2022		2	
May 21, 2021	11	21-1535	Scholarships (Appendix H: College of Science)	Scholarship Utilization	Medium		Mar 01, 2022		2	
May 21, 2021	12	21-1535	Scholarships (Appendix H: College of Science)	Submission of Scholarship Utilization Reports	Medium		Mar 01, 2022		2	
May 21, 2021	13	21-1535	Scholarships (Appendix H: College of Science)	Awarding Procedures Documentation	Medium		Mar 01, 2022	TBD	1	While this implementation is outside the reported scope period, the original target date has been missed. OARC will work to identify a revised implementation date.
May 21, 2021	14	21-1535	Scholarships (Appendix H: Vice President for Advancement)	Scholarship Utilization	Medium		Mar 01, 2022		2	

ATTACHMENT B

Open Audit Recommendations

COMPLIANCE, AUDIT, AND RISK COMMITTEE

December 31, 2021

Report Date	Item	Audit Number	Audit Name	Recommendation Name	Priority Original	Priority Revised	Target Date Original	Target Date Revised	Follow Up Status	Status of Recommendations with Revised Priority / Target Dates
Oct 22, 2021	15	22-1595	University Libraries	Fiscal Responsibility	Medium		Mar 31, 2022		2	
Oct 22, 2021	16	22-1595	University Libraries	P14 Appointments	Medium		Mar 31, 2022		2	
Oct 22, 2021	17	21-1522	Athletics	Transfer Evaluation Process	Medium		Apr 01, 2022		3	
Oct 22, 2021	18	21-1532	Principal Investigator Research Management	Financial Oversight of Research	Medium		Jun 01, 2022		3	
Oct 22, 2021	19	21-1538	Student Athlete Academic Success	Information Technology	Medium		Jul 01, 2022		3	
May 17, 2021	20	20-1530	Linex Server Security	Information Technology Standards	Medium		Jun 30, 2022		3	
Sep 27, 2021	21	21-1526	Fralin Life Sciences Institute	Oversight of Distributed Funds	Medium		Aug 31, 2022		3	
Oct 22, 2021	22	22-1595	University Libraries	Information Technology	Medium		Jan 15, 2023		3	

Follow Up Status

1 Management confirmed during follow up discussions with the Office of Audit, Risk, and Compliance (OARC) that the auditee has missed their implementation date.

2 Management confirmed during follow up discussions with the Office of Audit, Risk, and Compliance (OARC) that actions are occurring and the target date has been or will be met. OARC will conduct testing after the due date to confirm that the Management Action Plan is implemented in accordance with the recommendations.

3 Target date is beyond current calendar quarter. Management has follow-up discussions with the auditor to monitor progress, to assist with actions that may be needed to meet target dates, and to assess the feasibility of the target date.

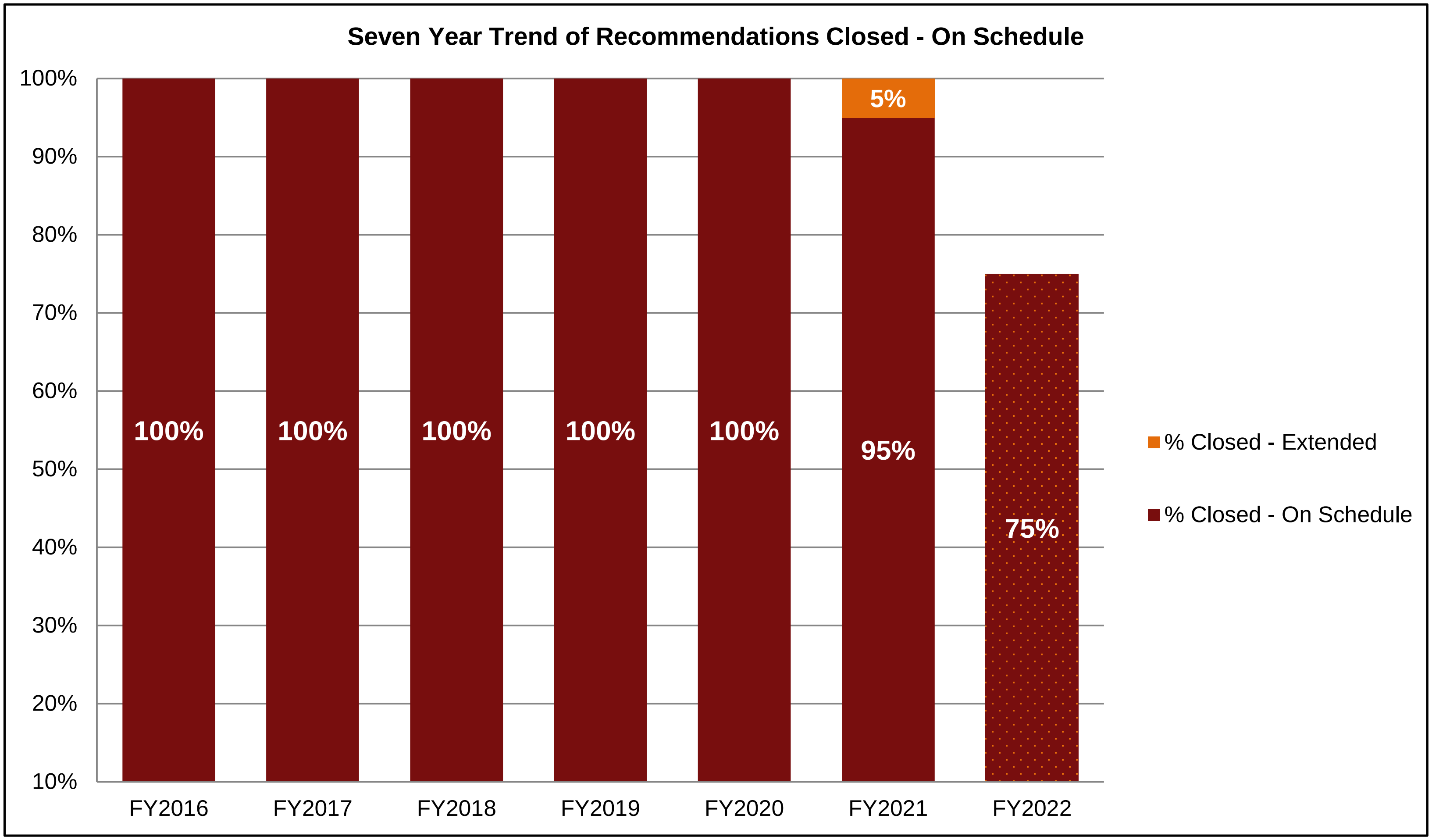
For Open Detail Report: “current calendar quarter” is used to refer to the current working quarter instead of the quarter being reported on.

ATTACHMENT C

**Management Performance and Trends Regarding
Office of Audit, Risk, and Compliance Recommendations**

COMPLIANCE, AUDIT, AND RISK COMMITTEE

December 31, 2021



Audit Plan Status Report

COMPLIANCE, AUDIT, AND RISK COMMITTEE

April 4, 2022

Audit Plan Update

Audits were performed in accordance with the fiscal year 2021-22 annual audit plan at a level consistent with the resources of the Office of Audit, Risk, and Compliance (OARC). Seven planned projects have been completed since the November board meeting, including five risk-based audits and two policy compliance reviews.

The following 13 projects are underway: Agricultural Research and Extension Centers, Athletics, Biological Sciences, Data Analytics: Research Compliance, Dining Services, Export and Secure Research Compliance, IT: Network Security, Research: Foreign Influence, School of Architecture + Design, Service Centers, Vendor Contract Administration, and two policy compliance reviews of the Vice President for Outreach and International Affairs and Vice President for Campus, Infrastructure, and Facilities.

Further, three planned audits have been canceled or deferred since the November board meeting. Based on the current IT Transformation efforts underway, the planned IT engagement regarding risk assessment and classification has been canceled. Additionally, the Provost's Office requested we defer our planned engagement of the Partnership for an Incentive Based Budget (PIBB) as the current model is being revaluated. Lastly, the planned risk-based engagement of a new effort reporting system will be deferred to next year as implementation is currently slated for July 2022.

In fiscal year 2021-22, OARC has completed 49 percent of its audit plan as depicted in Exhibit 1.

Exhibit 1
FY 2021-22 Completion of Audit Plan

Audits	
Total # of **Audits** Planned	31
Total # of Supplemental **Audits**	0
Total # of Carry Forwards	9
Total # of Planned **Audits** Canceled or Deferred	3
Total **Audits** in Plan as Amended	37
Total **Audits** Completed	18
Audits - Percentage Complete	49%
Audits - Percentage Complete or Underway	84%
Note: Includes Policy Compliance Reviews and Advisory Services	

Internal Audit Reports

COMPLIANCE, AUDIT, AND RISK COMMITTEE

April 4, 2022

Background

This report provides a summary of audit ratings issued this period and the full rating system definitions. The following reviews have been completed during this reporting period. The Office of Audit, Risk, and Compliance has made a concerted effort to ensure progress on the annual audit plan.

Consent Agenda Reports	Rating
Continuing and Professional Education	Effective
Fralin Biomedical Research Institute at VTC	Improvements are Recommended
HR: Compensation and Classification	Effective
Senior Vice President and Chief Business Officer Policy Compliance Review	Improvements are Recommended
Vice President for Finance Policy Compliance Review	Improvements are Recommended

Summary of Audit Ratings

The Office of Audit, Risk, and Compliance's rating system has four tiers from which to assess the controls designed by management to reduce exposures to risk in the area being audited. The auditor can use professional judgment in constructing the exact wording of the assessment in order to capture varying degrees of deficiency or significance.

Definitions of each assessment option

Effective – The audit identified opportunities for improvement in the internal control structure, but business risks are adequately controlled in most cases.

Improvements are Recommended – The audit identified occasional or isolated business risks that were not adequately or consistently controlled.

Significant or Immediate Improvements are Needed – The audit identified several control weaknesses that have caused, or are likely to cause, material errors, omissions, or irregularities to go undetected. The weaknesses are of such magnitude that senior management should undertake immediate corrective actions to mitigate the associated business risk and possible damages to the organization.

Unreliable – The audit identified numerous significant business risks for which management has not designed or consistently applied controls prior to the audit. Persistent and pervasive control weaknesses have caused or could cause significant errors, omissions, or irregularities to go undetected. The weaknesses are of such magnitude that senior management must undertake immediate corrective actions to bring the situation under control and avoid (additional) damages to the organization.

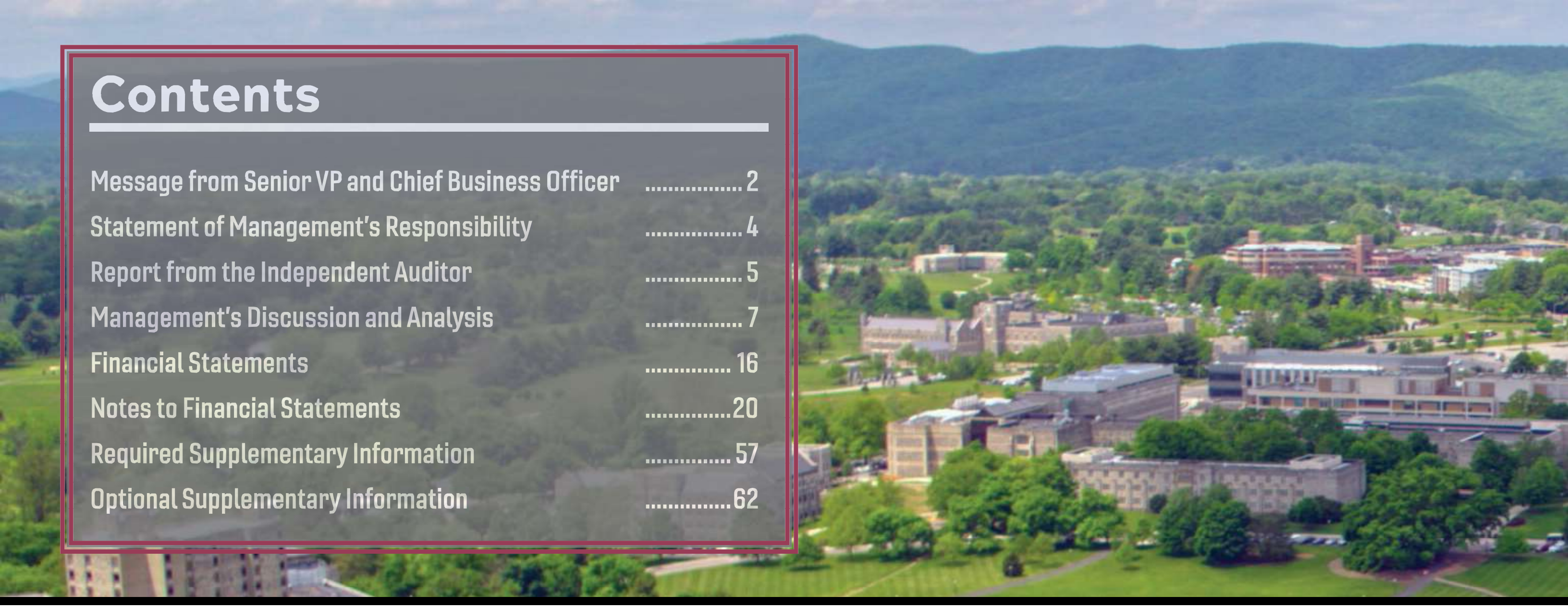
RECOMMENDATION:

That the internal audit reports listed above be accepted by the Compliance, Audit, and Risk Committee.

April 4, 2022

Annual Financial Report
2020-2021

VIRGINIA TECH



Contents

Financial Highlights

For the years ended June 30, 2017–2021 *(all dollars are in millions; square feet in thousands)*

	2016–17	2017–18	2018–19	2019–20	2020–21
Revenues, expenses, and changes in net position					
Operating revenues	$ 1,031.5	$ 1,099.9	$ 1,160.4	$ 1,188.8	$ 1,157.0
Operating expenses	1,364.7	1,423.4	1,467.9	1,549.8	1,513.5
Operating loss (1)	(333.2)	(323.5)	(307.5)	(361.0)	(356.5)
Non-operating revenues and expenses (1)	355.2	363.5	360.0	382.4	521.1
Other revenues, expenses, gains or losses	42.0	51.8	78.0	101.1	135.5
Net increase in net position	$ 64.0	$ 91.8	$ 130.5	$ 122.5	$ 300.1
University net position					
Net investment in capital assets	$ 1,201.3	$ 1,273.2	$ 1,326.1	$ 1,437.6	$ 1,519.8
Restricted	$ 224.5	$ 212.5	$ 214.9	$ 213.5	$ 251.6
Unrestricted	$ (23.5)	$ (226.4)	$ (150.7)	$ (135.6)	$ 42.7
Assets and facilities					
Total university assets	$ 2,528.4	$ 2,632.9	$ 2,757.2	$ 2,889.4	$ 3,221.5
Capital assets, net of accumulated depreciation	$ 1,680.5	$ 1,731.9	$ 1,786.0	$ 1,936.1	$ 2,043.2
Facilities – owned gross square feet	11,374	11,669	11,735	11,855	12,273
Facilities – leased square feet	1,993	2,067	2,204	2,273	2,134
Sponsored programs					
Number of awards received	2,423	2,533	2,364	2,391	2,328
Value of awards received	$ 304.3	$ 336.8	$ 323.7	$ 367.7	$ 349.3
Research expenditures reported to the National Science Foundation (NSF) (2)	$ 522.4	$ 531.6	$ 542.0	$ 556.3	N/A
Virginia Tech Foundation					
Gifts and bequests received	$ 145.1	$ 130.4	$ 137.0	$ 163.5	$ 177.0
Expended in support of the university	$ 164.6	$ 179.6	$ 170.0	$ 180.7	$ 155.8
Total assets and managed funds	$ 1,726.4	$ 1,891.0	$ 2,107.1	$ 2,266.0	$ 2,687.6
Endowments (at market value)					
Owned by Virginia Tech Foundation (VTF)	$ 795.7	$ 849.9	$ 970.1	$ 932.4	$ 1,184.7
Owned by Virginia Tech	191.9	287.0	378.4	397.0	495.6
Managed by VTF under agency agreements	8.6	9.5	9.5	8.5	10.1
Total endowments supporting the university	$ 996.2	$ 1,146.4	$ 1,358.0	$ 1,337.9	$ 1,690.4
Student financial aid					
Number of students receiving selected types of financial aid					
Loans	12,430	12,947	13,075	13,267	13,140
Grants, scholarships and waivers	18,746	19,493	19,484	20,548	20,606
Employment opportunities	11,201	11,193	12,717	12,430	9,747
Total amounts by major category					
Loans	$ 171.4	$ 181.3	$ 191.9	$ 200.2	$ 202.4
Grants, scholarships and waivers	203.6	215.6	227.7	243.5	251.0
Employment opportunities	87.2	89.5	92.3	94.7	94.4
Total financial aid	$ 462.2	$ 486.4	$ 511.9	$ 538.4	$ 547.8

(1) The university will always be expected to show an operating loss since significant recurring revenues are shown as non-operating. Major revenue sources reported as non-operating include state appropriations, gifts, and investment income. These revenue sources are used for general operations in support of the learning, discovery, and engagement missions of the university.

(2) Total research expenditures reported to NSF for the current year were not available at publication date.

University Highlights

For the years ended June 30, 2015 – 2021

	2014-15	2015-16	2016-17	2017-18[(1)]	2018-19[(2)]	2019-20	2020-21[(3)]
Student admissions							
Total applications received (including transfers)							
Undergraduate	23,504	25,095	27,890	30,299	35,002	34,769	33,538
Graduate	9,474	8,916	8,635	9,250	7,523	7,376	7,445
Offers, as a percentage of applications							
Undergraduate	70.2%	70.9%	68.7%	68.1%	63.6%	69.2%	65.7%
Graduate	29.4%	33.1%	31.8%	32.5%	43.5%	48.4%	57.6%
New enrollment, as a percentage of offers							
Undergraduate	39.1%	41.0%	36.2%	37.8%	32.9%	36.4%	35.5%
Graduate	60.3%	67.3%	68.9%	58.8%	49.3%	48.2%	37.4%
Total student enrollment (head count)							
Enrollment by classification							
Undergraduate	24,247	25,384	25,791	27,193	27,811	29,300	30,020
Graduate and first professional	6,977	7,279	7,379	7,247	7,039	7,083	7,004
Enrollment by campus							
Blacksburg campus	29,173	30,598	31,090	32,304	32,704	34,131	24,878
National Capital Region	884	861	842	799	768	980	752
Other off-campus locations	1,167	1,204	1,238	1,337	1,378	1,272	11,394
Enrollment by residence							
Virginia	21,145	21,583	22,093	22,715	22,925	23,762	24,479
Other states	7,066	7,521	7,370	7,875	8,079	8,589	8,998
Other countries	3,013	3,559	3,707	3,850	3,846	4,032	3,547
Degrees conferred							
Undergraduate (first majors)	5,890	5,940	5,952	6,111	6,835	6,832	7,393
Graduate and first professional	2,021	1,973	2,149	2,120	2,130	2,159	2,084
Faculty and staff[(4)]							
Full-time instructional faculty	1,443	1,479	1,520	1,554	1,948	2,050	2,068
Other faculty and research associates	2,418	2,505	2,554	2,711	2,783	2,914	2,888
P14 faculty/part-time faculty	218	236	220	230	231	228	232
Support staff	3,467	3,425	3,404	3,390	3,433	3,471	3,380
Total faculty and support staff	7,546	7,645	7,698	7,885	8,395	8,663	8,568
Percent of instructional faculty tenured	61%	60%	57%	55%	54%	51%	53%

(1) 2017-18 admissions data updated to reflect changes in methodology.

(2) Virginia Tech Carilion School of Medicine included, beginning with 2018-19 data.

(3) 2020-21 admissions, enrollments, and course delivery options were affected as a result of the COVID-19 pandemic.

(4) 2018-19 Faculty and staff definitions updated to align with Integrated Postsecondary Education Data System (IPEDS) guidelines.

Message from the Senior Vice President and Chief Business Officer

The continuing COVID-19 public health crisis created uncertainty and difficulty planning for and operating during fiscal year 2021. As an initial measure, the university's Board of Visitors (BOV) adopted a conservative preliminary budget that proactively reduced fiscal year 2021 Educational & General (E&G) budgets by five percent. Throughout the year, senior management monitored key variables that challenged the overall financial environment, such as reduced self-generated revenues in Auxiliary Enterprises, state General Fund support, and additional campus health and safety expenses. Despite the uncertainty and challenges, Virginia Tech's financial stability, proactive financial management, and resilient culture enabled the university to conclude fiscal year 2021 financially stronger, with marked successes in advancing its tripartite mission of discovery, learning, and engagement.

The university implemented a portfolio of strategies to close the COVID-19 operating gap, including expenditures savings, cost controls, and improving cash flow by restructuring debt. Additionally, the university's workforce overcame the many challenges associated with remote work and further strengthened its COVID-19 response and pursuit of its mission.

In addition to the COVID-19 response, the university continues to pursue efficient and effective administrative operations. Examples of two improvements this year include implementing a new digital auxiliary budget system and outsourcing the university surplus property auctions to an online venue instead of in-person. Online auctions have consistently achieved higher average sales and lower expenses. Many other administrative transformation projects are ongoing and will allow the university to deliver responsive, nimble, and best-in-class services.

Several revenue sources helped mitigate the challenges of the pandemic, including continued revenue streams from tuition and fees. Defying the national trend of shrinking enrollments, the demand for a Virginia Tech education continues to grow. The university achieved its fall 2020 enrollment targets and received over 34,000 applications for the fall 2020 semester. The university enrolled 38,037 FTE undergraduate and graduate students during the 2020-21 academic year.

Relief funding packages from the federal government and the Commonwealth also helped mitigate the impacts of the pandemic. The university has received multiple relief funding packages from the federal government and the Commonwealth of Virginia to flatten the curve and support university operations. The university expended the remaining balance of its fiscal year 2020 Coronavirus Aid, Relief, and Economic Security (CARES) Act funding in fiscal year 2021, allocating $0.9 million to emergency aid grants to students and $0.8 million to institutional support. The federal government awarded an additional $77.6 million in fiscal year 2021 through the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and American Rescue Plan (ARP). From those funds, the university expended $9.8 million to provide students with emergency aid grants, $2.8 million to implement evidence-based measures for preventing the spread of COVID-19, and $13.3 million to recover lost revenues caused by the disruption of on-campus operations. The recovered lost revenues played a vital role in restoring the Auxiliary Enterprise units to a neutral financial position. The university had $51.7 million remaining at year-end, which is available for use in fiscal year 2022.

While the General Assembly revoked a scheduled increase in state support due to uncertainty caused by the pandemic, no additional state budget reduction occurred, and the commonwealth supported 17 percent of the university's operations through appropriations in fiscal year 2021.

Dwayne L. Pinkney
Senior Vice President and Chief Business Officer

The university received $302.3 million in appropriations from the commonwealth for its academic division, cooperative extension and agricultural experiment station division, student financial aid assistance, research, and the Corps of Cadets program.

By the second quarter of fiscal year 2021, the university's financial position strengthened, allowing the university to restore the preliminary budget reductions in some E&G programs. The university restored budgets in academic areas from five to three percent and fully restored budgets for Agricultural Experiment Station and Cooperative Extension programs. The university maintained the five percent budget reduction in administrative and other E&G areas.

While navigating the financial landscape of the pandemic, the university also sought to maximize the quality of the student experience. The university announced its preliminary operational plan for the fall 2020 semester in early June, resulting from a deliberative planning process conducted by several working groups and task forces. The plan blended in-person and online instruction to preserve valuable on-campus experiences and engagement while reducing potential exposure to the coronavirus. While in-person instruction was limited, student dormitories and dining services remained open. The spring semester modeled a similar approach to contain the spread of the virus.

The university also responded to the lingering impacts of the pandemic on household budgets. The BOV approved a tuition freeze for undergraduate and graduate resident and non-resident students for fiscal year 2021. Following a tuition freeze for state undergraduate students in fiscal year 2020, this action ensured that tuition for Virginia undergraduates would remain the same for three academic years in a row, demonstrating Virginia Tech's ongoing commitment to affordability.

Stemming from the university's commitments to affordability and accessibility, the university welcomed the most diverse entering class of first-year and transfer students in its history, increasing enrollment of underserved and underrepresented students by 6.4 percent compared to 2019. In addition, the university continues to make institutional investments in student financial aid programs to lower costs to students, including the Funds for the Future scholarship, which mitigates the impact of tuition and fee increases for low- to middle-income students.

The university had many strategic successes throughout fiscal year 2021, including momentum-building philanthropy, sustained National Science Foundation research ranking, historic endowment levels, and the advancement of high priority capital projects in Blacksburg and the greater Washington, D.C., metro area.

Momentum accelerated in private philanthropy, an increasingly important funding source for student financial aid and scholarships, and for advancing critical strategic initiatives. Boundless Impact: The Campaign for Virginia Tech aims to raise $1.5 billion across all university programs and drive forward major strategic priorities by June 30, 2027. The combined total of new gifts and commitments for fiscal year 2021 was $200.3 million. Donations supporting specific initiatives include $100,000 to the InclusiveVT Scholarship fund in support of community, diversity, and excellence; more than $1 million in cumulative contributions for the Beyond Boundaries Scholar program to recruit and retain high-achieving students from a diverse range of backgrounds; and a $50 million multi-year commitment from Boeing to help jump-start the launch of Virginia Tech's Innovation Campus. Boeing became the Innovation Campus's first foundational partner with their record gift, which the university will use to provide scholarships, enhance faculty recruitment, and support STEM pathway programs for underserved K-12 students.

During fiscal year 2021, progressive work occurred on three initiatives for advancing Virginia Tech in Blacksburg and the greater Washington, D.C. metro area. First, the development of Virginia Tech's Innovation Campus moved forward in October 2020, when the Alexandria City Council granted unanimous approval to the Academic 1 Building, the first of three academic buildings planned for North Potomac Yard. Second, through the Tech Talent Investment Program (TTIP), Virginia Tech pledged with the commonwealth to double the number of graduates in Computer Science and related fields over the next 20 years. This strategic effort to bolster Virginia's edge in the global talent competition attracted Boeing's commitment mentioned earlier. Third, through the Commonwealth Cyber Initiative (CCI), another state-funded initiative, Virginia Tech collaborated with other institutions and industry partners to secure a $13 million Department of Defense contract to develop a 5G enabled 'smart warehouse.' As the leader of CCI and its Southwest Virginia node, Virginia Tech supports the advancement of research and innovation insecurity, autonomous systems, and data. The commonwealth's extraordinary commitments to the TTIP and CCI are in addition to the state support previously mentioned.

The commonwealth's continued transition to an innovation-driven economy creates a robust environment for growth in research. Virginia Tech is ranked 49th among U.S. research universities according to the current annual National Science Foundation research expenditures report. Virginia Tech reported more than $556 million in research expenditures in fiscal year 2020 (the most recent data available), a 2.7 percent increase over $542 million in fiscal year 2019. By focusing on research growth areas, called "Frontiers," the research enterprise will combine internal foundations, organizational infrastructure, and prior investment with external drivers where industry, government, and technology fund new initiatives that impact humanity, technology, and the future.

The value of the Virginia Tech Foundation's endowed assets grew to a record $1.69 billion as of June 30, 2021, increasing more than $350 million from the previous year. The record total also achieved a long-standing university goal of doubling its endowment to $1.6 billion by 2022. The endowment's 27.1 percent return for fiscal year 2021 outperformed its benchmark return of 25.6 percent. Continued strong philanthropy, coupled with the university's growing endowment, will add flexible financial resources for university initiatives and expand financial aid resources to students.

During fiscal year 2021, the university updated its Six-Year Capital Outlay Plan for the 2022–2028 period, which the BOV subsequently approved for submission to the state's capital outlay budget program. The forward-looking plan includes 20 projects that total $1.06 billion with a balanced approach to new construction and renovations to address the university's strategic plans. The 2021 General Assembly session resulted in Virginia Tech securing $86.4 million in general funds to construct a state-of-the-art undergraduate science laboratory building that the university expects to open by fall 2024.

The university's portfolio of active capital projects had a total budget of $1.1 billion in fiscal year2021, with over $392 million of cumulative expenditures on 30 capital projects. These projects are critical to support the trans-disciplinary teaching and research programs that advance the university's strategic goals. To ensure these critical capital projects come to fruition on time and within budget, the administrative enterprise introduced organizational changes to boost the efficacy of the capital planning, construction, and financing processes. The university instituted an associate vice president for campus planning and capital financing to lead a cross-functional team that facilitates strategic, enterprise-wide, long-range physical planning and the capital outlay program, space and land use, and real estate activities. The new position reports dually to the vice president for campus planning, infrastructure, and facilities and the vice president for finance.

The university reported a debt ratio of 3.31 percent for fiscal year 2021, with a long-term debt liability of $553 million. A change in accounting standards (GASB Statement 87) recognizing long-term lease obligations will require restating this liability in fiscal year 2022. It is anticipated this change will result in recognizing $79 million of long-term leases as of July1, 2021.

The university's forward-looking capital outlay and debt allocation planning processes ensure capacity is available for present and future high-priority projects while complying with the university's performance measures of maintaining the debt program within a five percent debt ratio and maintaining a credit rating of AA- or better. The university changed its target debt ratio to six percent in November 2021 due to the implementation of GASB Statement 87. Moody's and Standard and Poor's have assigned the university credit ratings of Aa1 and AA, respectively. The university strives to grow its capital program and deliberately manage its resources, debt ratio, and credit ratings to support its long-term goals and aspirations.

In planning to ensure a vibrant and sustainable future, the BOV approved the Climate Action Commitment at its March 2021 meeting. This commitment sets the stage for the university to shine as an exemplar and leader in higher education climate action and to honor its mission as a land grant university. By aiming to become a carbon-neutral and zero-waste campus by 2030,and using considerable land resources to manage agricultural impacts, sequester carbon, and develop renewable energy, Virginia Tech will be a leader in climate action in service to its community, the commonwealth, and the world.

As the university's Climate Action Commitment turns our attention towards a better tomorrow, we reflect on our experiences in fiscal year 2021. Despite unprecedented challenges, the university emerged stronger and with growing optimism about its academic and administrative enterprises. Fiscal year 2021 has shown that we will continue to honor our *Ut Prosim* (That I May Serve) mission; preserve the university's robust, resilient culture; and maintain the university's strong financial position and performance through whatever challenges may come.

Management's Responsibility for Financial Reporting and Internal Controls

The information in this Annual Financial Report, including the accompanying basic financial statements, notes, management's discussion and analysis, and other information is the responsibility of Virginia Tech executive management. Responsibility for the accuracy of the financial information and fairness of its presentation, including all disclosures, rests with the management of the university. Management believes the information is accurate in all material respects and fairly presents the university's revenues, expenses, and changes in net position as well as its overall financial condition. This report was prepared in accordance with generally accepted accounting principles for public colleges and universities in the United States of America as prescribed by the Governmental Accounting Standards Board. Management is responsible for the objectivity and integrity of all representations herein. The Annual Financial Report includes all disclosures necessary for the reader of this report to gain a broad understanding of the university's operations for the year ended June 30, 2021.

The administration is responsible for establishing and maintaining the university's system of internal controls. Key elements of the university's system of internal controls include: careful selection and training of administrative personnel; organizational structure that provides appropriate division of duties; thorough and continuous monitoring, control, and reporting of operating budgets versus actual operating results; well communicated written policies and procedures; annual self-assessments led by the Office of the University Controller; a growing management services segment; and an extensive internal audit function. Although there are inherent limitations to the effectiveness of any system of accounting controls, management believes that the university's system provides reasonable, but not absolute, assurances that assets are safeguarded from unauthorized use or disposition, and accounting records are sufficiently reliable to permit preparation of financial statements and appropriate accountability for assets and liabilities.

The Virginia Tech Board of Visitors has created two committees which review and monitor the university's financial reporting and accounting practices. The Finance and Resource Management Committee meets with university financial officers and external independent auditors annually to review the *Annual Financial Report,* results of audit examinations, and quality of financial reporting. The Compliance, Audit, and Risk Committee periodically meets with internal auditors and university financial officers. These meetings include a review of the scope, quality, and results of the internal audit program, as well as a review of issues related to internal controls.

The Auditor of Public Accounts (APA), the office of the Commonwealth of Virginia's auditors, has examined these annual financial statements and the report thereon appears on the facing page. The APA examination includes a study and evaluation of the university's system of internal controls, financial systems, policies, and procedures, resulting in the issuance of a management letter describing various issues considered worthy of management's attention. The university has implemented policies and procedures for the adequate and timely resolution of such issues. No material weaknesses were found on internal control matters by the APA for the fiscal year ended June 30, 2021.

Dwayne L. Pinkney
Senior Vice President and Chief Business Officer

Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

November 5, 2021

The Honorable Glenn A. Youngkin, Governor of Virginia

The Honorable Kenneth R. Plum, Chairman, Joint Legislative Audit and Review Commission

Board of Visitors, Virginia Polytechnic Institute and State University

INDEPENDENT AUDITOR'S REPORT

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component unit of Virginia Polytechnic Institute and State University (Virginia Tech), a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component unit of the University, which are discussed in Notes 1 and 25. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the component unit of the University, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the component unit of the University that were audited by other auditors upon whose reports we are relying were audited in accordance with auditing standards generally accepted in the United States of America, but not in accordance with Government Auditing Standards.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and aggregate discretely presented component unit of Virginia Tech as of June 30, 2021, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Prior-Year Summarized Comparative Information

We have previously audited the University's 2020 financial statements, and we expressed an unmodified audit opinion on the respective financial statements in our report dated November 12, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements: Management's Discussion and Analysis on pages 7 through 15; the Schedules of Virginia Tech's Share of Net Pension Liability, the Schedules of Virginia Tech's Pension Contributions, and the Notes to the Required Supplementary Information for Pension Plans on pages 57 through 58; the Schedule of Virginia Tech's Share of OPEB Liability (Asset), the Schedule of Virginia Tech's Share of OPEB Contributions, and the Notes to the Required Supplementary Information for OPEB Plans for the Pre-Medicare Retiree Healthcare (PMRH), Health Insurance Credit (HIC), Group Life Insurance (GLI), Disability Insurance (VSDP), and Line of Duty (LODA) programs, as applicable, on pages 58 through 61. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Virginia Tech's basic financial statements. The supplementary information, such as the Virginia Tech Foundation, Inc. information, Consolidating Schedules, Affiliated Corporations Financial Highlights, and the other information such as the Financial Highlights and University Highlights are presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The Virginia Tech Foundation, Inc. information, Consolidating Schedules, and Affiliated Corporations Financial Highlights are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Virginia Tech Foundation, Inc. information, Consolidating Schedules, and Affiliated Corporations Financial Highlights are fairly stated, in all material respects, in relation to the basic financial statement taken as a whole.

The Financial Highlights and University Highlights have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 5, 2021, on our consideration of Virginia Tech's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the University's internal control over financial reporting and compliance.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

KJS/vks

Management's Discussion and Analysis

(Unaudited)

Virginia Polytechnic Institute and State University, popularly known as Virginia Tech, is a comprehensive, land-grant university located in Blacksburg, Virginia. The university offers 280 graduate, undergraduate, and professional degree programs through its nine academic colleges: Agriculture and Life Sciences, Architecture and Urban Studies, Engineering, Liberal Arts and Human Sciences, Natural Resources and Environment, Pamplin College of Business, Science, the Virginia-Maryland College of Veterinary Medicine, and the Virginia Tech Carilion School of Medicine.

Virginia Tech has evolved into a position of increasing national prominence since its founding in 1872, consistently ranking among the nation's top universities for undergraduate and graduate programs. The university's research program was ranked 49th among the top research institutions in the United States by the National Science Foundation in its latest survey measuring annual research expenditures.

The university is an agency of the Commonwealth of Virginia, and therefore included as a component unit in the Commonwealth of Virginia's *Annual Comprehensive Financial Report.* The 14 members of the Virginia Tech Board of Visitors govern university operations. Members of the board are appointed by the Governor of Virginia.

Overview

This unaudited *Management's Discussion and Analysis* (MD&A) is required supplemental information under the Governmental Accounting Standards Board's (GASB) reporting model. It is designed to assist readers in understanding the accompanying financial statements and provide an overall view of the university's financial activities based on currently known facts, decisions, and conditions. This discussion includes an analysis of the university's financial condition and results of operations for the fiscal year ended June 30, 2021. Comparative numbers are included for the fiscal year ended June 30, 2020. Since this presentation includes highly summarized data, it should be read in conjunction with the accompanying basic financial statements, including notes and other supplementary information. The university's management is responsible for all of the financial information presented, including this discussion and analysis.

The university's financial statements have been prepared in accordance with GASB Statement 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, as amended by GASB Statements 37, 38, and 63. The three required financial statements are the *Statement of Net Position* (balance sheet), the *Statement of Revenues, Expenses, and Changes in Net Position* (operating statement), and the *Statement of Cash Flows.* These statements are summarized and analyzed in the following sections. Combining schedules included in *Optional Supplementary Information* indicate how major fund groups were aggregated to arrive at the single column totals presented on the *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Net Position.*

In accordance with Section 2100 of the GASB codification, the university's nine affiliated corporations were evaluated on the nature and significance of their relationship to the university. The Virginia Tech Foundation Inc. (VTF or 'the foundation') was determined to be a component unit and is presented in a separate column on the university's financial statements. VTF serves the university by generating significant funding from private sources and aggressively managing its assets to provide supplemental funding to the university. The foundation is not part of this MD&A, but detail regarding its financial activities can be found in *Note 25* of the *Notes to Financial Statements.* Transactions between the university and this component unit have not been eliminated in this year's financial statements.

The following GASB statements of standards became effective and were implemented in fiscal year 2021: Statement 93, *Replacement of Interbank Offered Rates*, excluding paragraphs 11b, 13, and 14; Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements 14 and 84, and a supersession of GASB Statement 32* (only a portion of paragraphs 4 and 5); and revisions to *Implementation Guide No. 2019-2 Fiduciary Activities.* The university was not affected by the implementation of these statements.

Burruss Hall is the main administration building on campus. It contains a 3,003-seat auditorium, and houses interior design and landscape architecture offices, studios, and classrooms for the College of Architecture and Urban Studies.

Statement of Net Position

The *Statement of Net Position* (SNP) presents the assets, liabilities, and net position of the university as of the end of the fiscal year. The purpose of this statement is to present a snapshot of the university's financial position to readers of the financial statements.

The data presented aids readers in determining the assets available to continue operations of the university. It also allows readers to see what the university owes to vendors, investors, and lending institutions. Finally, the SNP provides a picture of the university's net position and the restrictions for expenditure of the components of net position. Sustained increases in net position over time is one indicator of the financial health of the organization.

The university's net position is classified as follows:

Net investment in capital assets – Net investment in capital assets represents the university's total investment in capital assets, net of accumulated depreciation, amortization, and outstanding debt obligations related to those capital assets. Debt incurred, but not yet expended for capital assets, is not included as a component of net investment in capital assets.

Restricted component of net position, expendable – The expendable category of the restricted component of net position includes resources the university is legally or contractually obligated to expend, with restrictions imposed by external third parties. This category partially consists of quasi-endowments totaling $60.2 million. The investment of quasi-endowments is managed by VTF.

Restricted component of net position, nonexpendable – The nonexpendable category of the restricted component of net position consists of endowment and similar type funds where donors or other outside sources have stipulated, as a condition of the gift instrument, the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income to be expended or added to principal. The university's nonexpendable endowments of $14.9 million are included in its column on the SNP.

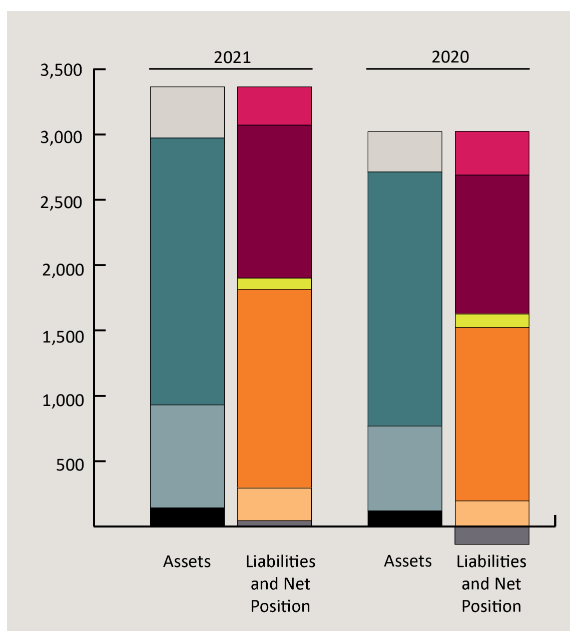
Unrestricted component of net position – The unrestricted component of net position represents resources used for transactions relating to academic departments and general operations of the university, and may be used at the discretion of the university's board of visitors to meet current expenses for any lawful purpose in support of the university's primary missions of instruction, research, and outreach. These resources are derived from student tuition and fees, state appropriations, recoveries of facilities and administrative (indirect) costs, and sales and services of auxiliary enterprises and educational departments. The auxiliary enterprises are self-supporting entities that provide services for students, faculty, and staff. Examples of the university's auxiliaries are intercollegiate athletics and student residential and dining programs.

Total university assets increased by $332.0 million or 11.5% during fiscal year 2021, bringing the total to $3,221.4 million at year end. Current assets rose by $83.3 million. The growth is largely the result of an increase in cash and cash equivalents ($85.6 million) due to decreases in spending and other pandemic mitigation strategies. There were also smaller increases in accounts receivable ($3.3 million), inventories ($1.7 million), and prepaid expenses ($2.8 million). These increases were offset by a decrease of $9.9 million in the due from the Commonwealth of Virginia category. Prior year amounts due from the commonwealth included funding for the Commonwealth Cyber Initiative which is no longer received from the state through the appropriation process. Noncurrent assets grew by $248.7 million. Capital assets, net, increased by $107.1 million reflecting the ongoing construction of university research and instructional facilities, and the capitalization of completed facilities discussed in detail in the following section, *Capital Asset and Debt Administration*. Long-term investments rose $133.5 million mainly

Summary of Assets, Liabilities, and Net Position

Assets, Liabilities, and Net Position
For the years ended June 30, 2021 and 2020
(all dollars in millions)

	2021	2020	Change Amount	Change Percent
Current assets	$ 391.0	$ 307.7	$ 83.3	27.1 %
Capital assets, net	2,043.2	1,936.1	107.1	5.5 %
Other assets	787.2	645.6	141.6	21.9 %
Total assets	3,221.4	2,889.4	332.0	11.5 %
Deferred outflow of resources	142.8	120.0	22.8	19.0 %
Current liabilities	292.7	333.3	(40.6)	(12.2)%
Noncurrent liabilities	1,172.3	1,057.9	114.4	10.8 %
Total liabilities	1,465.0	1,391.2	73.8	5.3 %
Deferred inflow of resources	85.1	104.2	(19.1)	(18.3)%
Invested in capital assets, net	1,519.8	1,437.6	82.2	5.7 %
Restricted	251.6	211.9	39.7	18.7 %
Unrestricted	42.7	(135.5)	178.2	131.5 %
Total net position	$ 1,814.1	$ 1,514.0	$ 300.1	19.8 %



due to market recovery from the COVID-19 pandemic. Noncurrent cash and cash equivalents increased $14.7 million due to an increase in unspent bond proceeds largely from the Creativity and Innovation District residence hall project. There was also a small increase in other assets due to an increase in the restricted other postemployment benefit (OPEB) asset for the Virginia Sickness and Disability Program (VSDP). Noncurrent notes receivable fell by $0.9 million while accounts receivable fell by $3.6 million. Additionally, amounts due from the Commonwealth of Virginia fell by $2.5 million due to a decrease in the amount due as reimbursement for 21st Century Bond funded projects.

Total university liabilities increased by $73.8 million or 5.3% during fiscal year 2021. The current liabilities category decreased $40.6 million and the noncurrent liabilities category increased by $114.4 million. The decrease in current liabilities was largely due to a decrease of $54.1 million in the line of credit which was used to temporarily fund capital projects. This temporary funding was replaced by $21.4 million in commercial paper, for a net decrease of $32.7million. The current portion of long-term debt fell by $8.0 million due to a “scoop and toss” refunding strategy that refunded current year principal payments and essentially moved them to future years. Additionally, unearned revenue decreased by $5.8 million. These decreases were offset by an increase in current accrued compensated absences of $4.5 million and an increase in the current portion of other postemployment benefit liability of $0.8 million. Funds held in custody for others increased slightly ($0.6 million), as did accounts payable and accrued liabilities ($0.1 million).

The increase in total assets along with the increase in total liabilities is reflected in the year-over-year increase of the university's net position of $300.1 million (19.8%). Net position in the category of net investment in capital assets increased by $82.2 million, reflecting the university's continued investment in new facilities and equipment supporting the university's mission. Unrestricted net position increased $178.2 million (131.5%) due to the recovery of the investment markets as well as the prudent management of fiscal resources.

Summary of Capital Project Funding

Funding for Authorized Current and Future Capital Projects
As of June 30, 2021
(all dollars in millions)

	State Funds [1]	Other Funds [2]	University Debt Issued Before June 30, 2021	University Debt To Be Issued After June 30, 2021	Total Funding	Cash Basis Project-To-Date Expenses
Current education and general	$ 230.6	$ 31.2	$ 17.5	$ 41.3	$ 320.6	$ 122.0
Current auxiliary enterprise	-	32.9	89.6	40.0	162.5	100.8
Total current	230.6	64.1	107.1	81.3	483.1	222.8
Future education and general	171.1	22.5	-	107.0	300.6	24.5
Future auxiliary enterprise	-	19.1	-	132.0	151.1	7.7
Total future	171.1	41.6	-	239.0	451.7	32.2
Total authorized	$ 401.7	$ 105.7	$ 107.1	$ 320.3	$ 934.8	$ 255.0

(1) Includes the general fund, capital appropriations, and general obligation bonds of the Commonwealth of Virginia.
(2) Includes private gifts, auxiliary surpluses, student fees, and other customer revenues.

Capital Asset and Debt Administration

One of the critical factors in ensuring the quality of the university's academic, research, and residential life functions is the development and renewal of its capital assets. The university continues to maintain and upgrade current structures, as well as pursue opportunities for additional facilities. Investment in new structures and the upgrade of current structures serve to enrich high-quality instructional programs, residential lifestyles, and research activities.

Note 7 of the *Notes to Financial Statements* describes the university's significant investment in depreciable capital assets, with gross additions of $134.2 million during fiscal year 2021. Major projects included the completion of the Student-Athlete Performance Center ($18.3 million) and the second phase of facility improvements at Kentland Farm ($11.4 million). Ongoing investments in instructional, research, and computer equipment totaled $52.4 million. Depreciation and amortization expense related to capital assets was $112.9 million with net retirement of depreciable assets of $1.7 million. The net increase in depreciable capital assets for this period was $19.6 million. The net increase in nondepreciable capital assets ($87.5 million) was primarily due to more construction in progress expenses during the current year for major building projects to be completed after fiscal year 2021. The major projects remaining in the construction-in-progress category include the construction of a residence hall in the Creativity and Innovation District ($97.5 million), the renovation and expansion of Holden Hall ($45.9 million), an upgrade to the university's chilled water infrastructure ($36.5 million), construction of a new data and decision sciences building ($16.5 million), construction of the new Innovation Campus in Alexandria ($15.9 million), and other ongoing capital improvements and renovations throughout the university ($76.9 million). In addition, $8.6 million was withheld as retainage payable on major projects under construction. This retainage amount will be moved to the building asset category once final payments are made to the construction contractors. Proceeds from the sale of commercial paper were used to provide temporary funding for some projects under construction. The majority of the temporary financing will be replaced with the issuance of long-term bonds and notes.

Noncurrent liabilities related to debt experienced a net increase of $66.8 million during fiscal year 2021. The majority of this increase resulted from the issuance of debt to finance the Creativity and Innovation District residence hall ($92.5 million), a new capital lease ($1.5 million), and the net effect of debt refundings during the current year ($0.5 million). This increase was offset by reclassification of long-term debt from the noncurrent to current liabilities category ($24.1 million). See *Notes 12 and 13* of the *Notes to Financial Statements* for more details.

Anchoring the initial development of the Creativity and Innovation District is a 232,000 gross-square-foot residence hall, which opened in August 2021. It offers housing for approximately 600 students and various academic, social, research, and collaboration spaces.

The auxiliary enterprises portion of the university's capital outlay program represents two projects currently under construction. These projects include the construction of residence halls in the Creativity and Innovation District ($105.5 million) and in the upper quad area of campus ($42.0 million). Future capital projects include construction, renovation, and/or replacement of two residence and dining halls, improvements to facilities housing student wellness services, and improvements to athletic facilities for the tennis program. Since auxiliaries are required to be self-supporting, no state general funds or capital appropriations are provided for these projects. These projects will be funded by a combination of private gifts, student fees, other customer revenues, and debt financing.

Virginia Tech had a total authorization of $934.8 million in capital building projects as of June 30, 2021, requiring approximately $320.3 million in additional debt financing. Capital projects in progress carried commitments to construction contractors, architects, and engineers totaling $176.8 million at June 30, 2021. These obligations are for future effort and as such have not been accrued as expenses or liabilities on the university's financial statements. The majority of the financial commitment is attributed to the construction of a data and decision sciences building ($50.4 million), construction of a corps leadership and military science building ($36.4 million), construction of a new upper quad residence hall ($34.2 million), the renovation and expansion of Holden Hall ($19.8 million), and the completion of the first phase of livestock and poultry research facilities ($17.8 million). These commitments represent only a portion of the university's capital projects currently under construction or authorized by the commonwealth.

The university's bond ratings of Aa1 and AA from Moody's Investors Service Inc. and Standard & Poor's Financial Services LLC, respectively, reflect strong student demand, balanced operating performance, and adequate reserves to address unforeseen expenses.

The educational and general (E&G) portion of the university's capital outlay program includes six projects currently under construction. These projects include the construction of a data and decision sciences building ($79.0 million), the renovation and expansion of Holden Hall ($74.9 million), the construction of a corps leadership and military science building ($52.0 million), an upgrade to the university's chiller system ($43.0 million), and the first of two phases to renew existing livestock and poultry facilities ($25.3 million). In addition to the capital projects underway, there were several new construction and renovation projects approved for instructional and research facilities. The new capital projects include the construction of an academic building for the Innovation Campus in Alexandria ($275.0 million) and planning for the replacement of Randolph Hall ($11.0 million). The Commonwealth of Virginia will provide partial funding for several of these E&G projects. In addition to funding received from the commonwealth, the projects may also be funded from a combination of private gifts, student fees, other customer revenues, and debt financing.

Summary of Revenues, Expenses, and Changes in Net Position

Revenues, Expenses, and Changes in Net Position
For the years ending June 30, 2021 and 2020
(all dollars in millions)

	2021	2020	Change Amount	Change Percent
Operating revenues	$ 1,162.3	$ 1,188.8	$ (26.5)	(2.2)%
Operating expenses	1,513.5	1,549.7	(36.2)	(2.3)%
Operating loss	(351.2)	(360.9)	9.7	2.7 %
Non-operating revenues and expenses	521.1	380.8	140.3	36.8 %
Income before other revenues, expenses, gains, or losses	169.9	19.9	150.0	753.8 %
Other revenues, expenses, gains, or losses	130.2	101.1	29.1	28.8 %
Increase in net position	300.1	121.0	179.1	148.0 %
Net position - beginning of year	1,514.0	1,393.0	121.0	8.7 %
Net position - end of year	$ 1,814.1	$ 1,514.0	$ 300.1	19.8 %

Statement of Revenues, Expenses, and Changes in Net Position

Operating and non-operating activities creating changes in the university's total net position are presented in the *Statement of Revenues, Expenses, and Changes in Net Position,* found on page 17. The purpose of the statement is to present all revenues received and accrued, all expenses paid and accrued, and gains or losses from investments and capital assets.

Operating revenues are generally received through providing goods and services to the various customers and constituencies of the university. Operating expenses are expenditures made to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the missions of the university. Salaries and fringe benefits for faculty and staff are the largest type of operating expense. Non-operating revenues are revenues received for which goods and services are not directly provided. Included in this category are state appropriations and gifts which supplement the payment of operating expenses of the university and support student scholarships. Therefore, the university, like most public institutions, expects to show an operating loss.

Operating Revenues

Total operating revenues decreased by $26.5 million or 2.2% from the prior fiscal year. The decline in operating revenues came predominantly from auxiliary revenues ($41.9 million) due to the pandemic effects on athletics and dorm and dining programs, as well as other auxiliaries. This decrease was partially offset by increases in student tuition and fees ($5.7 million) and sponsored grants and contracts ($4.4 million). Grants and contracts awarded by federal sponsors fell by $0.4 million and federal appropriations fell $1.1 million, while both state grants and contracts and local grants and contracts rose, $1.7 million and $1.8 million respectively. Additionally, nongovernmental grants and contracts rose by $2.3 million. Other operating revenue rose by $5.2 million. Overall, the university's operating revenues fell from $1,188.8 million in fiscal year 2020, to $1,162.3 million in fiscal year 2021.

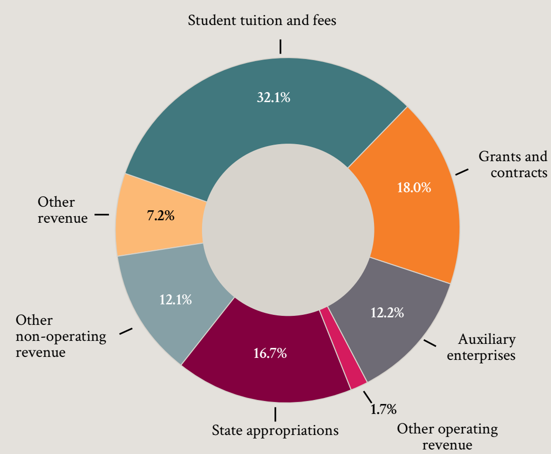
Summary of Revenues

Increase (Decrease) in Revenue
For the years ended June 30, 2021 and 2020
(all dollars in millions)

	2021	2020	Change Amount	Change Percent
Operating revenue				
Student tuition and fees, net	$ 581.6	$ 575.9	$ 5.7	1.0 %
Grants and contracts	326.7	322.3	4.4	1.4 %
Auxiliary enterprises	222.2	264.1	(41.9)	(15.9)%
Other operating revenue	31.7	26.5	5.2	19.6 %
Total operating revenue	1,162.2	1,188.8	(26.6)	(2.2)%
Non-operating revenue				
State appropriations	302.3	303.8	(1.5)	(0.5)%
Other non-operating revenue*	218.8	77.0	141.8	184.2 %
Total non-operating revenue	521.1	380.8	140.3	36.8 %
Other revenue				
Capital grants and gifts	128.0	101.0	27.0	26.7 %
Gain on disposal of capital assets	2.3	0.1	2.2	2,200.0 %
Total other revenue	130.3	101.1	29.2	28.9 %
Total revenue	$ 1,813.6	$ 1,670.7	$ 142.9	8.6 %

** Includes gifts, investment income, interest expense on debt related to capital assets, federal Pell grants, COVID-19 relief funding, and other non-operating revenue.*

Total Revenue by Source
For the year ended June 30, 2021



Non-operating and Other Revenues and Expenses

Non-operating revenue and expenses totaled $521.1 million, an increase of $140.3 million from the previous year's total. Revenue increases in this category resulted primarily from the rebound of the investment markets resulting in significant realized and unrealized investment gains. Total investment earnings increased $116.1 million. Additionally, COVID-19 relief funds rose by $23.8 million, while non-operating grants and contract rose by $0.2 million. This growth was offset by decreases in appropriations ($1.5 million) and gift funding transferred from the foundation ($2.6 million), as well as small decreases in federal student financial aid ($0.1 million) and other non-operating revenue ($0.2 million), while interest expense on debt related to capital assets decreased by $2.7 million.

Total other revenue, expenses, gains, and losses grew by $29.2 million compared to the prior year. Capital grants and gifts increased $27.0 million mostly due to an increase in Virginia College Building Authority (VCBA) 21st Century funding for capital projects. Additionally, there was an increase of $2.2 million in the gain on disposal of capital assets due to funds received for the sale of airport land to the FAA in previous years.

Revenues from all sources (operating, non-operating, and other) for fiscal year 2021 totaled $1,813.6 million, increasing by $142.9 million from the prior year. Operating expenses (shown in the charts on the following page) totaled $1,513.5 million for fiscal year 2021, reflecting a year-over-year decrease of $36.2 million. Total revenues less total operating expenses resulted in an increase to net position of $300.1 million.

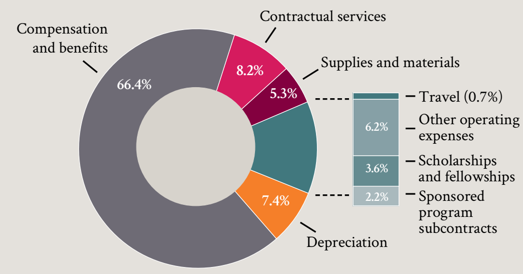
Summary of Expenses by Natural Classification

Increase (Decrease) in Expenses by Natural Classification
For the years ended June 30, 2021 and 2020
(all dollars in millions)

	2021	2020	Change Amount	Change Percent
Compensation and benefits	$ 1,004.5	$ 1,003.8	$ 0.7	0.1 %
Contractual services	124.2	125.5	(1.3)	(1.0)%
Supplies and materials	80.6	84.1	(3.5)	(4.2)%
Travel	10.6	40.8	(30.2)	(74.0)%
Other operating expenses	93.6	100.0	(6.4)	(6.4)%
Scholarships and fellowships*	54.2	52.0	2.2	4.2 %
Sponsored program subcontracts	32.9	34.3	(1.4)	(4.1)%
Depreciation and amortization	112.9	109.2	3.7	3.4%
Total operating expenses	$ 1,513.5	$ 1,549.7	$ (36.2)	(2.3)%

*Includes loan administrative fees and collection costs.

Total Expenses by Natural Classification
For the year ended June 30, 2021



Total Expenses

The university is committed to recruiting and retaining outstanding faculty and staff. The personnel compensation package is one way to successfully compete with peer institutions and nonacademic employers. The natural expense category, compensation and benefits, comprises $1,004.5 million or 66.4% of the university's total operating expenses. This category increased minimally by $0.7 million (0.1%) over the previous year. Generally, changes to expenses in this category come from three sources: increases or reductions in the number of personnel, annual salary increases, and the general trends in the costs of fringe benefits. The benefits section is also affected by the changes in the actuarially calculated expenses for the OPEB and pension programs. Depreciation and amortization saw an increase of $3.7 million while almost all other categories decreased due to the pandemic with the university instituting a hiring freeze, and restricting travel and other spending.

Operating expenses for fiscal year 2021 totaled $1,513.5 million, a decrease of $36.2 million, or 2.3%, from fiscal year 2020. In the functional categories of expense, auxiliary enterprises experienced the largest decrease ($29.9 million) predominately in the athletics and dorm and dining programs. Research expenses also saw a decrease of $12.4 million while public service declined by $9.4 million. Institutional support was the only area that saw a significant increase ($11.2 million). This growth was largely due to the partial reduction of the auxiliary indirect cost allocation charge which was authorized by the state and done to provide relief to the auxiliaries. The auxiliary indirect cost allocation would have normally decreased institutional expenses and increased auxiliary expenditures. The rest of the expense areas remained largely flat between fiscal year 2020 and fiscal year 2021.

In summary, the university's operating revenues decreased by $26.5 million or 2.2% over the preceding year, while operating expenses decreased by $36.2 million or 2.3%. This resulted in an operating loss for the current fiscal year of $351.2 million in comparison to the operating loss of $360.9 million generated during the previous year. The primary reason for the decrease in the operating loss was the mitigation strategies put in place to deal with the effects of the pandemic. State appropriations, COVID-19 relief funding, and other net non-operating revenues were used to meet operating expenses not offset by operating revenues.

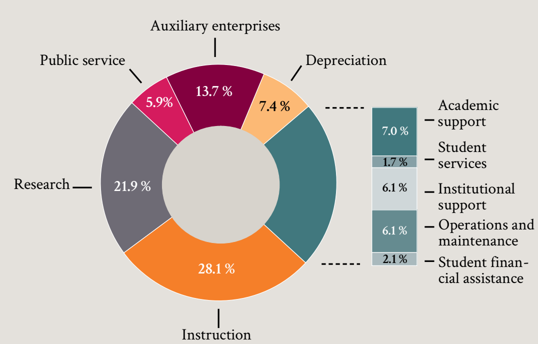
Summary of Expenses by Function

Increase (Decrease) in Expenses by Function
For the years ended June 30, 2021 and 2020
(all dollars in millions)

	2021	2020	Change Amount	Change Percent
Instruction	$ 425.9	$ 426.0	$ (0.1)	(0.0)%
Research	330.8	343.2	(12.4)	(3.6)%
Public service	89.1	98.5	(9.4)	(9.5)%
Auxiliary enterprises	206.3	236.2	(29.9)	(12.7)%
Depreciation and amortization	112.9	109.2	3.7	3.4 %
Subtotal	1,165.0	1,213.1	(48.1)	(4.0)%
Support, maintenance, and other expenses				
Academic support	105.9	106.4	(0.5)	(0.5)%
Student services	25.6	26.0	(0.4)	(1.5)%
Institutional support	92.9	81.7	11.2	13.7 %
Operations and maintenance of plant	92.0	91.9	0.1	0.1 %
Student financial assistance*	32.1	30.6	1.5	4.9 %
Total support, maintenance, and other	348.5	336.6	11.9	3.5 %
Total operating expenses	$ 1,513.5	$ 1,549.7	$ (36.2)	(2.3)%

*Includes loan administrative fees and collection costs.

Total Expenses by Function
For the year ended June 30, 2021



Statement of Cash Flows

The *Statement of Cash Flows* presents detailed information about the cash activity of the university during the year. Cash flows from operating activities will always be different from the operating loss on the *Statement of Revenues, Expenses, and Changes in Net Position* (SRECNP). This difference occurs because the SRECNP is prepared on the accrual basis of accounting and includes noncash items, such as depreciation expenses, whereas the *Statement of Cash Flows* presents cash inflows and outflows without regard to accrual items. The *Statement of Cash Flows* should help readers assess the ability of an institution to generate sufficient cash flows necessary to meet its obligations.

The statement is divided into five sections. The first section, cash flows from operating activities, deals with operating cash flows and shows net cash used by operating activities of the university. The cash flows from noncapital financing activities section reflects cash received and disbursed for purposes other than operating, investing, and capital financing. GASB requires general appropriations from the commonwealth and noncapital gifts be shown as cash flows from noncapital financing activities. Cash flows from capital and related financing activities presents cash used for the acquisition and construction of capital and related items. Plant funds and related long-term debt activities (except depreciation and amortization), as well as gifts to endowments, are included in cash flows from capital financing activities. Cash flows from investing activities reflect the cash flows generated from investments which include purchases, proceeds, and interest. The last section reconciles the operating income or loss reflected on the *Statement of Revenues, Expenses, and Changes in Net Position* for fiscal year 2021 to net cash used by operating activities.

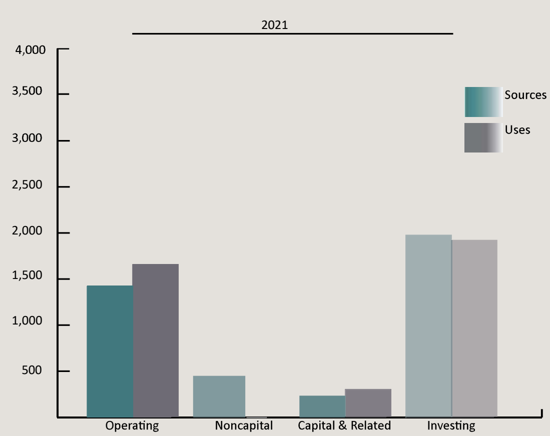
Net cash used by operating activities was $229.8 million, a $20.5 million decrease from the prior year. Total cash inflows for operating activities declined by $43.6 million with the largest inflow decrease in auxiliary enterprise charges ($32.5 million) and a decrease in inflows from tuition and fees ($8.3 million). Total cash outflows decreased by $64.1 million with the major decreases in operating activity uses of cash being operating expenses ($56.1 million) due to the restrictions and mitigation strategies put in place to deal with the effects of the COVID-19 pandemic. Operating activity uses of cash significantly exceeded operating activity sources of cash due to classification of state appropriations ($311.8 million) and gifts ($69.0 million) as noncapital financial activities.

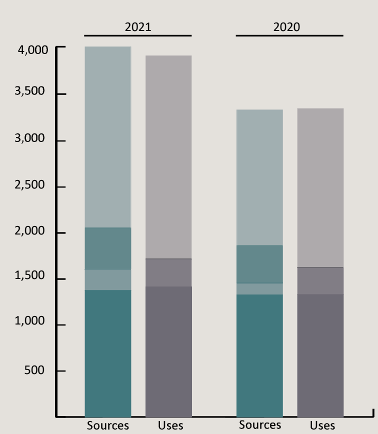
Net cash flows from noncapital financing activities increased by $37.1 million. This increase is largely due to an increase in COVID-19 relief funds ($20.5 million) to provide resources to the university to assist with the effects of the pandemic on the institution and to provide emergency hardship support to students due the disruption of on-campus operations. Additionally, cash inflows from state appropriations increased by $17.2 million largely due to cash receipts for the Commonwealth Cyber Initiative pertaining to the prior year.

Summary of Cash Flows

Summary of Cash Flows
For the years ended June 30, 2021 and 2020
(all dollars in millions)

	2021	2020	Change Amount	Change Percent
Net cash used by operating activities	$ (229.8)	$ (250.3)	$ (20.5)	(8.2)%
Net cash provided by noncapital financing activities	446.1	409.0	37.1	9.1 %
Net cash used by capital and related financing activities	(78.8)	(166.6)	(87.8)	(52.7)%
Net cash used by investing activities	(37.2)	(3.1)	34.1	1,100.0 %
Net increase (decrease) in cash and cash equivalents	100.3	(11.0)	111.3	1,011.8 %
Cash and cash equivalents - beginning of year	200.7	211.7	(11.0)	(5.2)%
Cash and cash equivalents - end of year	$ 301.0	$ 200.7	$ 100.3	50.0 %





The graphs above demonstrate the relationship between sources and uses of cash. The graph on the left shows activity for fiscal year 2021 only, grouped by related sources and uses of cash, while the graph on the right displays that same activity for fiscal years 2021 and 2020 in a stacked format.

Cash used by capital financing activities decreased by $87.8 million. Proceeds from the issuance of capital debt increased by $83.7 million due to new debt issued while proceeds from short-term financing decreased by $52.5 million. Cash inflows from gifts for capital assets increased by $34.2 million due to more projects being funded by VCBA 21^{st} funding, while cash outflows for the acquisition and construction of capital assets fell by $15.2 million.

Net cash used by investing activities increased $34.1 million as more funds were strategically invested to provide a greater return on investment for the university as markets continue to rebound from the downturn caused by the pandemic in the previous year.

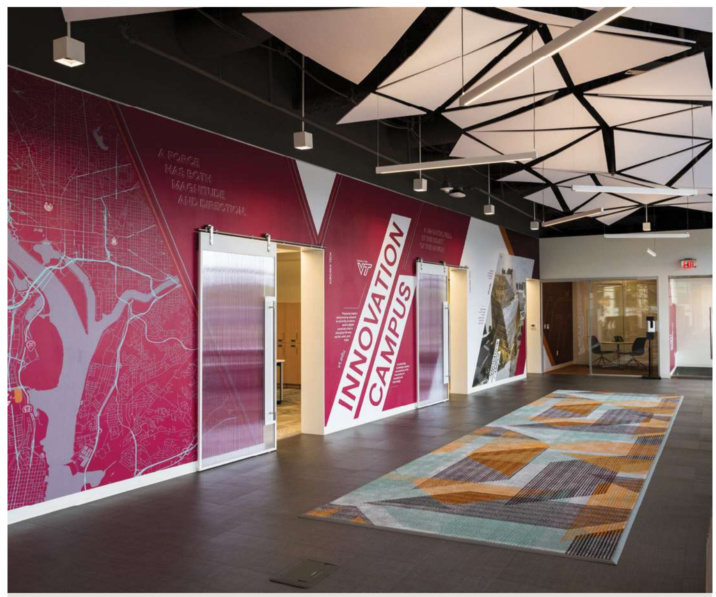
Economic Outlook

Fiscal year 2021 began with a renewed sense of purpose and optimism. Despite lingering uncertainty over the COVID-19 pandemic, the university's nimble response to the initial outbreak in Spring 2020 semester instilled a sense of confidence that its most disruptive impacts could be effectively managed. With students and faculty eager to return to a traditional environment of learning and community, the university convened several task forces and work groups to develop an operational plan for the Fall 2020 semester. The university's mitigation measures proved largely successful, restoring a sense of normalcy as the university community resumed its tripartite mission of education, research, and engagement.

Virginia Tech's ongoing commitment to sound financial stewardship and overall financial stability enabled the university to effectively respond to the financial headwinds created by the pandemic. A preliminary working budget adopted in June 2020 by the Virginia Tech Board of Visitors was subsequently adjusted in the fall to reflect a more thorough understanding of the pandemic's impact. Despite the achievement of Fall 2020 semester enrollment targets, a restricted operating environment continued to have a disproportionate impact on the self-generated revenues of the university's auxiliary enterprises. In response to this problem, the Virginia General Assembly granted temporary authority to the university to use available fund balances to support the operations, increased costs, and revenue reductions for auxiliary enterprise programs for the 2020-22 biennium. With this additional flexibility, the university implemented a portfolio of strategies to close the auxiliary enterprises budget gap, including expenditures savings, cost controls, and improved cash flow from the restructuring of debt. This multi-faceted approach, supplemented by $18.1 million in *Consolidated Appropriations Act 2021* (HEERF II) federal relief funds, $10.7 million in federal pass-through COVID-19 relief funds, and an additional $4 million in state general fund appropriations, proved effective as the university was able to close its budget deficit with minimum permanent drawdown on the balance sheet.

Several positive trends also positioned the university to persevere through the public health emergency and emerge in a strong position. Demand for a Virginia Tech education continues to grow, providing a stable and growing source of revenue to support instructional activities and strategic initiatives. Over the last several enrollment cycles, Virginia Tech's visibility, enhanced by its strong academic programs and emphasis on experiential learning opportunities, has translated into growing numbers of applicants, with a record 42,084 applications received for the class of 2025. As of fall census 2020, the university enrolled 37,010 students, including increases in both underserved and underrepresented students. The university continues to expand student financial aid programs to mitigate financial barriers to enrollment of underserved populations, a key element of the university's Advancing Beyond Boundaries strategic plan. While the pandemic has stirred considerable speculation over the future of higher education, Virginia Tech's diverse degree offerings and ability to adapt to changing market demand have enhanced the university's reputation in an increasingly competitive landscape.

The university's total cost of education continues to compare favorably with both in-state and out-of-state peer groups. While internal benchmarking over the last several years confirms that Virginia Tech is an administratively lean enterprise, the university continues to reinforce its commitment to cost-containment, innovative resource management, and continuous improvement with the Administrative Transformation Initiative launched in 2019. This commitment enables the university to strategically deploy more resources to mission-driven activities, including its historical commitments to access and affordability, while simultaneously advancing its ambitious goals as a 21^{st} century land-grant institution with global reach.



The first class of Innovation Campus master's degree students was enrolled in the fall of 2020 in temporary space in Alexandria, Virginia. Construction has begun on its first structure, an 11-story academic building set to open in 2024.

Like the university, the Commonwealth of Virginia was not immune from the impacts of the sudden economic shutdown following the initial onset of the pandemic, pausing previously approved increases in support for the university. However, strong revenue throughout the pandemic has allowed the state to restore some of those investments, and current signs are positive as Virginia state revenues continue to exceed targets. For fiscal year 2021, the university received $302.3 million in state appropriations. The commonwealth currently supports approximately 17 percent of the university's budget through general fund appropriations. Growing non-discretionary costs have limited the commonwealth's ability to make significant system-wide investment in higher education. Tempered expectations about further general fund investment have led to a greater emphasis on cost-containment and ongoing exploration of alternative resource development opportunities, including philanthropy, industry partnerships, and enrollment management.

The commonwealth continues to make targeted investments to bolster Virginia's competitive advantages in the global innovation economy. As part of the Tech Talent Investment Program, Virginia Tech welcomed its inaugural class into computer science research and development programs at its temporary Alexandria headquarters. With a shared aspiration of building an agglomeration of innovative activity, representatives from both the public and private sector in the greater Washington, D.C. metro area have worked closely with Virginia Tech on the development of the university's Innovation Campus. This effort received additional support from the Boeing Company whose $50 million multi-year commitment, the largest corporate gift ever made to the university, will help build and diversify the campus. In addition, the commonwealth continues to support the Virginia Tech-led Commonwealth Cyber Initiative. This multi-year initiative, designed to advance technology commercialization and entrepreneurship in secure cyberphysical systems, fosters collaborative partnerships between Virginia's diverse higher education system, industry partners, and venture capital investors.

The Virginia Tech Carilion School of Medicine welcomed its class of 2024 in July 2020, composed of 49 members who will undergo a four-year curriculum to earn medical doctorate (M.D.) degrees.

In addition to its footprint in northern Virginia, the university has extended its impact in other areas of the commonwealth. Scientists at the Fralin Biomedical Research Institute (FBRI) in Roanoke continue to push boundaries in biomedical research, attracting venture capital investment and re-orienting the regional economy around innovation and discovery. The Virginia Tech Carilion School of Medicine (VTCSOM) recently expanded its class-size from 42 to 49 as the number of admissions applications increases year over year. The medical school's holistic admissions process has produced a diverse student body, including several first-generation and underrepresented minority students. Together, the FBRI and VTCSOM are transforming Roanoke's Health Sciences and Technology Campus in Roanoke into a destination for collaborative learning and life-changing research.

During the 2021 General Assembly session, lawmakers approved an initial significant investment of $2.5 million to support Virginia Tech's Cooperative Extension & Agricultural Experiment Station Division (Agency 229). With a presence in every county in Virginia, Agency 229 plays a critical role supporting the commonwealth's agriculture and natural resources sector, the largest private industry of Virginia's economy. The commonwealth's strategic investment will support enhanced internet connectivity, the modernization of research equipment, and the strengthening of the agency's human capital through the hiring of additional extension agents. Through their collaborative local relationships, extension agents and specialists share their specialized knowledge and technical know-how with producers in local communities across the commonwealth. Agency 229 research and discovery will also bring prosperity to many communities that have struggled to keep pace in an increasingly innovation-driven economy.

As the Commonwealth of Virginia continues to transition to an innovation-driven economy, sustained growth in the university's robust research environment is likely to accelerate. The state's targeted investment in the Commonwealth Cyber Initiative will leverage existing university research capacity to build a statewide ecosystem for cutting-edge, cyber-related research. For fiscal year 2020, Virginia Tech reported over $556.3 million in research expenditures on the NSF Higher Education Research and Development (HERD) survey, an increase of $14.3 million or 2.6% over the fiscal year 2020 total of $542.0 million. The university's NSF ranking is 49th among all research universities for fiscal year 2020, the most recent year available.

To manage its exposure to risk, the university's investment policy—established by the board of visitors and monitored by the board's Finance and Resource Management Committee — requires that its public funds be invested in accordance with the *Investment of Public Funds Act* (*Section 2.2-4500 through 2.2-4516, et seq., Code of Virginia*). The university has limited its investment in securities outside the scope of the *Investment in Public Funds Act* to restricted gift funds, local funds, and nongeneral fund reserves and balances designated by management as quasi-endowments. These funds are invested in the foundation's consolidated endowment fund and managed in accordance with the provisions of the *Uniform Prudent Management of Institutional Funds Act* (*Section 64.2-1100, et seq., Code of Virginia*). At the end of the fiscal year, the value of the university's quasi-endowments invested in the foundation totaled $500.8 million, an increase of $99.8 million over the preceding year.

While the duration of the COVID-19 pandemic is unknown, executive management believes that the university's solid financial foundation will sustain its ability to strategically respond to both internal and external contingencies. Anticipating and assessing potential threats to the university's financial stability remains a priority. The financial position of the university is secure due to strong student demand, record-breaking philanthropy, growing endowments, diversified portfolio of research funding, and increased assets. Moreover, the university's quality debt ratings from Moody's Investors Service Inc. (Aa1) and Standard & Poor's Financial Services LLC (AA) enable the university to obtain funding for capital projects with advantageous terms. With its thriving and engaged community of students, faculty, and staff, Virginia Tech's future remains bright.

Statement of Net Position

As of June 30, 2021, with comparative financial information as of June 30, 2020
(all dollars in thousands)

	2021		2020	
	Virginia Tech	Virginia Tech Foundation	Virginia Tech	Virginia Tech Foundation
Assets				
Current Assets				
Cash and cash equivalents (Notes 4, 25)	$ 273,362	$ 50,593	$ 187,802	$ 27,056
Short-term investments (Notes 4, 25)	-	90,835	-	52,234
Accounts and contributions receivable, net (Notes 1, 5, 25)	67,482	80,938	64,165	57,685
Notes receivable, net (Notes 1, 6, 25)	1,020	535	1,266	689
Due from the Commonwealth of Virginia (Note 10)	14,827	-	24,686	-
Inventories	15,153	297	13,446	295
Prepaid expenses	19,169	1,422	16,378	1,179
Other current assets	-	8,351	-	4,766
Total current assets	391,013	232,971	307,743	143,904
Noncurrent Assets				
Cash and cash equivalents (Notes 4, 25)	27,584	111,624	12,885	148,196
Short-term investments (Note 4)	3,670	-	3,732	-
Due from the Commonwealth of Virginia (Note 10)	7,798	-	10,325	-
Accounts and contributions receivable, net (Notes 1, 5, 25)	8,886	118,216	12,535	101,319
Notes receivable, net (Notes 1, 6, 25)	11,863	22,556	12,812	23,155
Net investments in direct financing leases	-	69,432	-	71,461
Irrevocable trusts held by others, net	-	5,839	-	5,183
Long-term investments (Notes 4, 25)	719,148	1,740,491	585,657	1,427,016
Depreciable capital assets, net (Notes 7, 25)	1,697,904	199,856	1,678,324	202,536
Nondepreciable capital assets (Notes 7, 25)	345,276	175,954	257,772	135,883
Intangible assets, net	-	3,622	-	2,400
Other noncurrent assets	8,319	7,042	7,571	4,785
Total noncurrent assets	2,830,448	2,454,632	2,581,613	2,121,934
Total assets	3,221,461	2,687,603	2,889,356	2,265,838
Deferred Outflows of Resources				
Deferred loss on long-term debt defeasance (Note 14)	4,527	-	6,784	-
Deferred outflow for VRS pension (Note 18)	100,497	-	79,017	-
Deferred outflow for other postemployment benefits (Note 20)	37,738	-	34,256	-
Total deferred outflows	142,762	-	120,057	-
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities (Notes 8, 25)	156,702	8,140	156,573	9,465
Accrued compensated absences (Notes 1, 15, 25)	27,556	427	23,074	453
Unearned revenue (Notes 1, 9, 25)	47,848	7,326	53,673	9,074
Funds held in custody for others	11,871	-	11,307	-
Commercial paper (Note 11)	21,370	-	-	-
Long-term debt payable (Notes 12, 13, 25)	24,076	26,202	32,095	20,334
Other postemployment benefits liabilities (Notes 15, 20)	3,328	-	2,544	-
Other current liabilities	-	6,591	54,064	1,698
Total current liabilities	292,751	48,686	333,330	41,024
Noncurrent Liabilities				
Accrued compensated absences (Notes 1, 15, 25)	28,082	341	27,178	280
Federal student loan program contributions refundable (Notes 15, 25)	8,377	-	10,712	-
Unearned revenue	-	3,524	-	1,042
Long-term debt payable (Notes 12, 13, 25)	487,471	301,782	420,709	324,390
Liabilities under trust agreements	-	25,595	-	22,504
Agency deposits held in trust (Note 25)	-	570,833	-	459,300
Pension liability (Notes 15, 18)	465,425	-	410,451	-
Other postemployment benefits liabilities (Notes 15, 20)	178,156	-	185,500	-
Other noncurrent liabilities	4,755	6,997	3,396	8,862
Total noncurrent liabilities	1,172,266	909,072	1,057,946	816,378
Total liabilities	1,465,017	957,758	1,391,276	857,402
Deferred Inflows of Resources				
Deferred gain on long-term debt defeasance (Note 14)	1,788	-	824	-
Deferred inflow for VRS pension (Note 18)	9,827	-	25,795	-
Deferred inflow for other postemployment benefits (Note 20)	73,467	-	77,557	-
Total deferred inflows	85,082	-	104,176	-
Net Position				
Investment in capital assets	1,519,767	198,849	1,437,622	181,739
Restricted, nonexpendable	14,864	736,643	12,562	679,148
Restricted, expendable				
Scholarships, research, instruction, and other	150,389	634,690	123,019	428,341
Capital projects	7,224	-	2,928	-
Debt service and auxiliary operations	79,199	-	73,396	-
Unrestricted	42,681	159,663	(135,566)	119,208
Total net position	$ 1,814,124	$ 1,729,845	$ 1,513,961	$ 1,408,436

The accompanying *Notes to Financial Statements* are an integral part of this statement.

Statement of Revenues, Expenses, and Changes in Net Position

For the year ended June 30, 2021 with comparative financial information for the year ended June 30, 2020
(all dollars in thousands)

	2021		2020	
	Virginia Tech	Virginia Tech Foundation	Virginia Tech	Virginia Tech Foundation
Operating Revenues				
Student tuition and fees, net (Note 1)	$ 581,540	$ -	$ 575,869	$ -
Gifts and contributions	-	105,772	-	110,345
Federal appropriations	13,412	-	14,460	-
Federal grants and contracts	224,596	-	224,960	-
State grants and contracts	16,550	-	14,848	-
Local grants and contracts (Note 3)	16,111	-	14,284	-
Nongovernmental grants and contracts	56,062	-	53,808	-
Sales and services of educational activities	22,988	-	20,081	-
Auxiliary enterprise revenue, net (Note 1)	222,187	12,812	264,083	19,249
Other operating revenues	8,804	63,425	6,440	62,242
Total operating revenues	1,162,250	182,009	1,188,833	191,836
Operating Expenses				
Instruction	425,927	5,004	426,003	51
Research	330,796	8,049	343,206	7,044
Public service	89,066	5,563	98,496	5,641
Academic support	105,916	14,505	106,423	24,834
Student services	25,563	-	25,994	-
Institutional support	92,923	31,291	81,715	41,943
Operation and maintenance of plant	91,950	15,956	91,945	14,265
Student financial assistance	32,087	32,763	30,643	33,627
Auxiliary enterprises	206,311	9,395	236,151	14,261
Depreciation and amortization (Note 7)	112,896	10,842	109,175	11,360
Other operating expenses	-	13,167	-	17,683
Total operating expenses (Note 24)	1,513,435	146,535	1,549,751	170,709
Operating Income (Loss)	(351,185)	35,474	(360,918)	21,127
Non-operating revenues (expenses)				
State appropriations (Note 23)	302,268	-	303,808	-
Gifts	69,050	-	71,641	-
COVID-19 relief funds (Note 30)	43,435	-	19,670	-
Non-operating grants and contracts	1,335	-	1,162	-
Federal student financial aid (Pell)	22,078	-	20,233	-
Investment income, net	96,625	12,823	(19,518)	13,098
Net gain (loss) on investments	-	199,200	-	(47,794)
Interest expense on debt related to capital assets	(13,980)	(9,243)	(16,687)	(9,964)
Other non-operating revenue	270	-	447	-
Net non-operating revenues (expenses)	521,081	202,780	380,756	(44,660)
Income (loss) before other revenues, expenses, gains, or losses	169,896	238,254	19,838	(23,533)
Change in valuation of split interest agreements	-	8,143	-	754
Capital grants and gifts (Note 10)	127,958	18,439	101,030	13,770
Gain (loss) on disposal of capital assets	2,309	48	114	(86)
Additions to permanent endowments	-	52,740	-	39,357
Loss on extinguishment of debt	-	(1,646)	-	(2,125)
Other revenues (expenses)	-	5,431	-	(1,030)
Total other revenues, expenses, gains, and losses	130,267	83,155	101,144	50,640
Increase in net position	300,163	321,409	120,982	27,107
Net position – beginning of year	1,513,961	1,408,436	1,392,979	1,381,329
Net position – end of year	$ 1,814,124	$ 1,729,845	$ 1,513,961	$ 1,408,436

The accompanying *Notes to Financial Statements* are an integral part of this statement.

STATEMENT OF CASH FLOWS

For the year ended June 30, 2021, with comparative financial information as of June 30, 2020

(all dollars in thousands)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 575,082	$ 583,411
Federal appropriations	13,783	20,824
Grants and contracts	312,336	312,359
Sales and services of education departments	22,988	20,081
Auxiliary enterprise charges	222,385	254,892
Other operating receipts	8,804	6,440
Payments for operating expenses	(361,046)	(417,138)
Payments to employees and fringe benefits	(991,699)	(1,001,383)
Payments for scholarships and fellowships	(31,849)	(30,314)
Loans issued to students	(4,566)	(3,270)
Collection of loans to students	3,426	3,223
Direct lending receipts	149,337	146,803
Direct lending disbursements	(149,337)	(146,803)
Scholarship and other miscellaneous custodial receipts	124,615	128,360
Scholarship and other miscellaneous custodial disbursements	(124,051)	(127,747)
Net cash used by operating activities	(229,792)	(250,262)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	311,833	294,616
Non-operating grants & contracts	1,335	1,162
Federal student financial aid (Pell)	22,078	20,233
Gifts for other than capital purposes	68,983	71,709
Other non-operating receipts	41,815	21,290
Net cash provided by noncapital financing activities	446,044	409,010
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Gifts for capital assets	129,641	95,438
Proceeds from issuance capital debt	92,501	8,777
Proceeds from the sale of capital assets	4,441	2,403
Acquisition and construction of capital assets	(223,917)	(239,101)
Proceeds from short-term financing	(32,694)	19,789
Principal paid on capital-related debt	(31,230)	(34,104)
Interest paid on capital-related debt	(17,542)	(19,809)
Net cash used by capital financing activities	(78,800)	(166,607)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	1,935,203	1,320,952
Interest on investments	3,349	5,632
Purchases of investments	(1,975,745)	(1,329,752)
Net cash used by investing activities	(37,193)	(3,168)
Net increase (decrease) in cash and cash equivalents	100,259	(11,027)
Cash and cash equivalents - beginning of year	200,687	211,714
Cash and cash equivalents - end of year	$ 300,946	$ 200,687

The accompanying *Notes to Financial Statements* are an integral part of this statement.

Statement of Cash Flows (continued)

For the year ended June 30, 2021 with comparative financial information as of June 30, 2020

(all dollars in thousands)

Reconciliation of Net Operating Expenses to Net Cash Used by Operating Activities

	2021	2020
Operating loss	$ (351,185)	$ (360,918)
Adjustments to reconcile net gain (loss) to net cash used by operating activities		
Depreciation expense	112,896	109,175
Changes in assets, deferred outflows, liabilities, and deferred inflows		
Receivables, net	(2,667)	3,519
Inventories	(1,707)	(1,462)
Prepaid and other asset items	(2,764)	(1,262)
OPEB asset	(775)	1,145
Notes receivable, net	1,195	2,254
Deferred outflow for VRS pension	(21,480)	(39,434)
Deferred outflow for other postemployment benefits	(3,482)	(10,509)
Accounts payable and other liabilities	7,659	(7,951)
Accrued payroll	4,750	2,114
Compensated absences	5,386	2,678
Unearned revenue	(4,203)	5,655
Pension liability	54,974	56,496
Other postemployment benefits liability	(6,560)	(19,074)
Federal loan contributions refundable	(2,335)	(2,301)
Deferred inflow for VRS pension	(15,968)	(9,624)
Deferred inflow for other postemployment benefits	(4,090)	18,624
Scholarship and other miscellaneous custodial accounts, net	564	613
Total adjustments	121,393	110,656
Net cash used by operating activities	$ (229,792)	$ (250,262)

Noncash Investing, Capital, and Financing Activities

	2021	2020
Change in accounts receivable related to non-operating income	$ (3,117)	(259)
Capital assets acquired through in-kind donations as a component of capital gifts and grants income	$ 4,620	1,118
Change in fair value of investments recognized as a component of investment income	$ 51,160	(34,059)
Change in value of interest payable affecting interest paid	$ (496)	(222)
Capital assets acquired through the assumption of a liability	$ 1,515	3,542
Change in interest receivable affecting interest income	$ 416	(546)
Loss on disposal of capital assets	$ 2,309	114
Capitalization of interest revenue and expense (net)	$ (1,842)	(116)
Amortization of bond premium/discount and gain/loss on debt refunding	$ (1,197)	(2,720)

The accompanying *Notes to Financial Statements* are an integral part of this statement.

Notes to Financial Statements

Contents

1. Summary of Significant Accounting Policies

Reporting Entity

Virginia Polytechnic Institute and State University is a public land-grant university serving the Commonwealth of Virginia, the nation, and the world community. The discovery and dissemination of new knowledge are central to its mission. Through its focus on teaching and learning, research and discovery, and outreach and engagement, the university creates, conveys, and applies knowledge to expand personal growth and opportunity, advance social and community development, foster economic competitiveness, and improve the quality of life.

The university includes all funds and entities over which the university exercises or can exercise oversight authority for financial reporting purposes.

Under Section 2100 of the GASB codification, Virginia Tech Foundation Inc. (VTF, or the foundation) is included as a component unit of the university.

A separate report is prepared for the Commonwealth of Virginia that includes all agencies, boards, commissions, and authorities over which the commonwealth exercises or can exercise oversight authority. The university is a component unit of the Commonwealth of Virginia and is included in the basic financial statements of the commonwealth.

Virginia Tech Foundation Inc.

The foundation is a legally separate, tax-exempt organization established in 1948 to receive, manage, and disburse private gifts in support of Virginia Tech programs. A 35-member board of directors governs the foundation. The foundation's bylaws provide that the rector of the board of visitors, the president of the alumni association, the president of the athletic fund, and the president of the university shall serve as ex-officio members of the VTF board. The remainder of the board consists of alumni and friends of the university who actively provide private support for university programs. Directors are elected by a vote of the membership of the foundation. Membership is obtained by making gifts at or above a specified level to the foundation.

The foundation serves the university by generating significant funding from private sources and aggressively managing its assets to provide funding that supplements state appropriations. It provides additional operating support to colleges and departments, helps fund major building projects, and provides seed capital for new university initiatives. Although the university does not control the timing or amount of receipts from the foundation, the majority of resources or income which the foundation holds and invests is restricted to the activities of the university by the donors. Because these restricted resources held by the foundation can only be used by or for the benefit of the university, the foundation is considered a component unit of the university. It is discretely presented in the financial statements. The administrative offices of Virginia Tech Foundation Inc. are located at University Gateway Center, 902 Prices Fork Road, Blacksburg, Virginia 24061.

During this fiscal year, the foundation distributed $80,689,000 to the university for both restricted and unrestricted purposes.

Financial Statement Presentation

GASB Statement 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, issued November 1999, establishes accounting and financial reporting standards for public colleges and universities within the financial reporting guidelines of GASB Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.* The standards are designed to provide financial information that responds to the needs of three groups of primary users of general-purpose external financial reports: the citizenry, legislative and oversight bodies, and investors and creditors. The university is required under this guidance to include *Management's Discussion and Analysis*, and basic financial statements, including notes, in its financial statement presentation.

Basis of Accounting

For financial reporting purposes, the university is considered a special-purpose government engaged only in business-type activities. Accordingly, the university's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Cash Equivalents

For purposes of the statements of net position and cash flows, the university considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents.

Short-term Investments

Short-term investments include securities with an original maturity over 90 days but less than or equal to one year at the time of purchase.

Investments

GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as modified by GASB Statement 59, and GASB Statement 72, *Fair Value Measurement and Application*, require that purchased investments, interest-bearing temporary investments classified with cash, and investments received as gifts be recorded at fair value (see *Note 4*). Changes in unrealized gain or loss on the carrying value of the investments are reported as a part of investment income in the *Statement of Revenues, Expenses, and Changes in Net Position*.

Accounts Receivable

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable also include amounts due from federal, state, and local governments, as well as nongovernmental sources, in connection with reimbursement of allowable expenses made according to the university's grants and contracts. Accounts receivable are recorded net of allowance for doubtful accounts. See *Note 5* for a detailed list of accounts receivable amounts by major categories.

Notes Receivable

Notes receivable consist of amounts due from the Federal Perkins Loan Program, the Health Professional Student Loan Program, other student loans, and loans to affiliated organizations. See *Note 6* for a list of notes receivable amounts by major categories.

Inventories

Inventories are stated at the lower of cost or market value (primarily first-in, first-out method) and consist mainly of expendable supplies for operations of auxiliary enterprises and fuel for the physical plant.

Prepaid Expenses

Prepaid expenses are expenses for future fiscal years that were paid in advance of June 30, 2021. Payments of expenses that extend beyond fiscal year 2022 are classified as noncurrent assets. Prepaid expenses consist primarily of library serial subscriptions, information technology contracts, property leases, and insurance.

Noncurrent Cash and Investments

Noncurrent cash and investments are reported as restricted because restrictions change the nature or normal understanding of the availability of the asset. These cash and investments include those restricted for the acquisition or construction of capital assets, those kept legally separate for the payment of principal and interest as required by debt covenants, unspent debt proceeds, and other restricted investments to make debt service payments or purchase other noncurrent assets.

Capital Assets

Capital assets consisting of land, buildings, infrastructure, and equipment are stated at appraised historical cost or actual cost where determinable. Construction in progress, equipment in process, and software in development are capitalized at actual cost as expenses are incurred. Library materials are valued using published average prices for library acquisitions, and livestock is stated at estimated market value. All gifts of capital assets are recorded at acquisition value as of the date of donation.

Equipment is capitalized when the unit acquisition cost is $2,000 or greater and the estimated useful life is one year or more. Software is capitalized when the sum of the acquisition and development costs exceed $100,000. Renovation costs are capitalized when expenses total more than $100,000, the asset value significantly increases, or the useful life is significantly extended. Routine repairs and maintenance are charged to operating expense in the year the expense is incurred.

Depreciation is computed using the straight-line method over the useful life of the assets. The useful life is 40 to 60 years for buildings, 10 to 50 years for infrastructure and land improvements, 10 years for library books, and 3 to 30 years for fixed and movable equipment. Livestock is not depreciated, as it tends to appreciate over the university's normal holding period.

Special collections are not capitalized due to the collections being: (1) held for public exhibition, education or research in the furtherance of public service rather than financial gain; (2) protected, kept unencumbered, cared for and preserved; and (3) subject to university policy requiring the proceeds from the sales of collection items to be used to acquire other items for collections.

Interest Capitalization

Interest expense incurred during the construction of capital assets is capitalized, if material, net of interest income earned on resources set aside for this purpose. The university incurred and capitalized net interest expense related to the construction of capital assets totaling $1,842,000 for this fiscal year.

Pensions

The Virginia Retirement System (VRS) State Employees Retirement Plan and the Virginia Law Officers' Retirement System (VaLORS) Retirement Plan are single-employer pension plans that are treated like cost-sharing plans. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the VRS plan and the VaLORS plan, and the additions to/deductions from the VRS plan's and the VaLORS plan's net fiduciary position have been determined on the same basis as VRS reported them. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable according to the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits

Pre-Medicare Retiree Healthcare Plan – Pre-Medicare Retiree Healthcare is a single-employer defined benefit plan that is treated like a cost-sharing plan for financial reporting purposes. This program was established by *Title 2.2, Chapter 28, Code of Virginia* for retirees who are not yet eligible to participate in Medicare. It is the same health insurance program offered to active employees and managed by the Virginia Department of Human Resources Management. After retirement, Virginia Tech no longer subsidizes the retiree's premium; however, since both active employees and retirees are included in the same pool for determining health insurance rates, retiree rates are effectively lower than what might otherwise be available outside of this benefit.

Group Life Insurance – The Virginia Retirement System (VRS) Group Life Insurance (GLI) program is a multiple-employer, cost-sharing plan. It provides coverage to state employees, teachers and employees of participating political subdivisions. The GLI program was established under *§51.1-500* *et seq., Code of Virginia*, as amended, which provides the authority under which benefit terms are established or may be amended. The GLI program is a defined benefit plan that provides a group life insurance benefit for employees of participating employers.

State Employee Health Insurance Credit Program – The Virginia Retirement System (VRS) State Employee Health Insurance Credit (HIC) program is a single-employer plan that is presented as a multiple-employer, cost-sharing plan. The HIC program was established under *§51.1-1400 et seq., Code of Virginia*, as amended, which provides the authority under which benefit terms are established or may be amended. The HIC program is a defined benefit plan that provides credit toward the cost of health insurance coverage for retired state employees.

Line of Duty Act Program – The Virginia Retirement System (VRS) Line of Duty Act (LODA) program is a multiple-employer, cost-sharing plan. The LODA program was established under *§9.1-400 et seq., Code of Virginia*, as amended, which provides the authority under which benefit terms are established or may be amended. The LODA program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as public safety officers. In addition, health insurance benefits are provided to eligible survivors and family members.

VRS Disability Insurance Program – The Virginia Retirement System (VRS) Disability Insurance Program (Virginia Sickness and Disability Program, VSDP) is a single-employer plan that is presented as a multiple-employer, cost-sharing plan. The VSDP program was established under *§51.1-1100 et seq., Code of Virginia*, as amended, which provides the authority under which benefit terms are established or may be amended. The VSDP program is a managed care program that provides sick, family and personal leave and short-term and long-term disability benefits for state police officers, state employees and VaLORS employees.

For measuring the net liability of these OPEB programs, their expenses, deferred outflows and inflows of resources, information about their fiduciary net positions, and additions to or deductions from their net fiduciary positions have been determined on the same basis as reported by VRS. In addition, benefit payments for these programs are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Accrued Compensated Absences

Certain salaried employees' attendance and leave regulations make provisions for the granting of a specified number of days of leave with pay each year. The amount reflects all unused vacation leave and sabbatical leave, as well as the amount payable upon termination under the Commonwealth of Virginia's sick leave payout policy. The applicable share of employer-related taxes payable on the eventual termination payments is also included. The university's liability and expense for the amount of leave earned by employees, but not taken, as of June 30, 2021, is recorded in the *Statement of Net Position* and is included in the various functional categories of operating expenses in the *Statement of Revenues, Expenses, and Changes in Net Position.*

Unearned Revenues

Unearned revenue represents revenue collected but not earned as of June 30, 2021, primarily composed of revenue for grants and contracts, prepaid athletic ticket sales, and prepaid student tuition and fees. Summer Session I tuition and fees received during the fiscal year are considered earned at the end of the refund period, approximately June 15th of each year. Tuition and fees received before year end for Summer Session II are unearned and recognized as revenue in the next fiscal year. Summer Session III is twelve weeks long and spans across fiscal years 2021 and 2022. The tuition and fees received for Summer Session III are considered half earned by June 30th, and half unearned and recognized as revenue in the next fiscal year. See *Note 9* for a detailed list of unearned revenue amounts.

Funds Held in Custody for Others

Funds held in custody for others represents funds held by the university on behalf of others as a result of agency relationships with various groups and organizations.

Noncurrent Liabilities

Noncurrent liabilities include: (1) the principal amounts of revenue bonds payable, notes payable, and capital lease obligations with maturities greater than one year; (2) pension plan liabilities; (3) OPEB liabilities; and (4) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year.

Deferred Outflows of Resources

Deferred outflows of resources are defined as the consumption of net assets applicable to a future reporting period. The deferred outflows of resources have a positive effect on net position, similar to assets.

Deferred Inflows of Resources

Deferred inflows of resources are defined as the acquisition of net assets applicable to a future reporting period. The deferred inflows of resources have a negative effect on net position, similar to liabilities.

Net Position

The university's net position is classified as follows:

Net investment in capital assets – Net investment in capital assets represents the university's total investment in capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted component of net position, expendable – The expendable category of the restricted component of net position includes resources for which the university is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted component of net position, nonexpendable – The nonexpendable category of the restricted component of net position is comprised of endowment and similar type funds where donors or other external sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested to produce present and future income to be expended or added to principal.

Unrestricted component of net position – Unrestricted net position represents resources derived from student tuition and fees, state appropriations, recoveries of facilities and administrative (indirect) costs, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to educational departments and general operations of the university and may be used at the discretion of the university's board of visitors to meet current expenses for any lawful purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the university's policy is to apply the expense towards restricted resources before unrestricted resources.

Income Taxes

The university is considered an agency of the Commonwealth of Virginia and, as such, is exempt from federal income tax under *Section 115(a) of the Internal Revenue Code.*

Classifications of Revenues and Expenses

The university has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowance; (2) sales and services of auxiliary enterprises, net of scholarship allowance; (3) most federal, state, local and nongovernmental grants and contracts and federal appropriations; and (4) interest on institutional student loans.

Non-operating revenues – Non-operating revenues are revenues received for which goods and services are not provided. State appropriations, gifts, and other revenue sources that are defined as non-operating revenues by GASB Statement 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis—for State and Local Governments* are included in this category.

Operating and non-operating expenses – Non-operating expenses include interest on debt related to the purchase of capital assets, and losses on disposal of capital assets. All other expenses are classified as operating expenses.

Scholarship Allowance

Student tuition and fees, certain auxiliary revenues, and student financial assistance expenses are reported net of scholarship allowance in the *Statement of Revenues, Expenses, and Changes in Net Position*. Scholarship allowance is the difference between the stated charge for goods and services provided by the university and the amount paid by students and third parties making payments on the students' behalf. For the fiscal year ended June 30, 2021, the scholarship allowance for student tuition and fee revenue and auxiliary enterprise revenue totaled $133,330,000 and $23,836,000, respectively. Scholarship allowance to students is reported using the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). The alternative method is an algorithm that computes scholarship allowance on a university-wide basis rather than on an individual student basis.

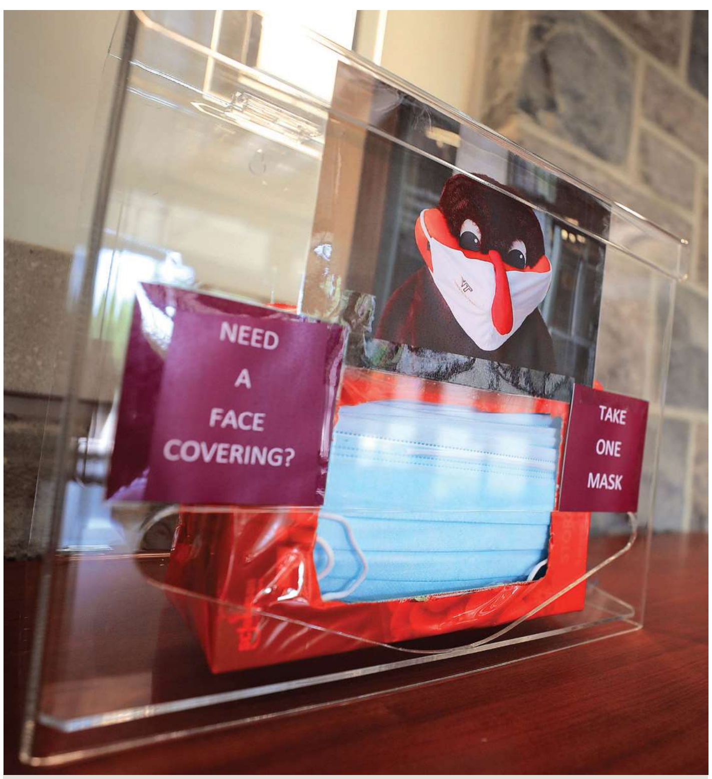
Comparative Data

The university presents its financial information on a comparative basis. The basic financial statements include certain prior-year summarized comparative information in total, but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, the prior year information should be read in conjunction with the university's financial statements for the year ended June 30, 2020, from which the summarized information was derived. Prior reports can be found at www.controller.vt.edu/resources/financialreporting.html.

2. Related Parties

In addition to the component unit discussed in *Note 1*, Virginia Tech also has related parties that were not considered significant. These financial statements do not include the assets, liabilities, and net position of the related parties that support university programs. The related parties of the university are: Virginia Tech Services Inc., Virginia Tech Alumni Association, Virginia Tech Athletic Fund Inc., Virginia Tech Intellectual Properties Inc., Virginia Tech Corps of Cadets Alumni Inc., Virginia Tech Applied Research Corporation (VTARC), Virginia Tech Innovations Corporation, Virginia Tech India Research and Education Forum (VTIREF), and any of the subsidiaries of these corporations.

The organizations are related to the university by affiliation agreements. These agreements require an annual audit to be performed by independent auditors. Affiliated organizations that hold no financial assets and certify all financial activities or transactions through the Virginia Tech Foundation Inc. may be exempt from the independent audit requirement. Exemption requirements are met by Virginia Tech Alumni Association, Virginia Tech Athletic Fund Inc., and Virginia Tech Corp of Cadets Alumni Inc. They are therefore not required to have an annual audit. Virginia Tech Services Inc., Virginia Tech Intellectual Properties Inc., Virginia Tech Applied Research Corporation, Virginia Tech Innovations Corporation, and Virginia Tech India Research and Education Forum (VTIREF) are required to have an annual audit. Auditors have examined the financial records of these organizations and a copy of their audit reports have been or will be provided to the university.



Disposable surgical masks were made available at four pickup points across campus, as part of the evidence-based measures implemented to prevent the spread of COVID-19.

Students and faculty alike committed to leading the COVID-19 response efforts in Blacksburg and New River Valley through the distribution of masks, hand sanitizer, and testing and vaccination resources during the pandemic.

3. Local Government Support

The university, through the operation of its Cooperative Extension Service, maintains offices in numerous cities and counties throughout the Commonwealth of Virginia. Personnel assigned to these locations receive a portion of their compensation from local governments. Also included in the expenses of these extension offices are unit support services, which include such items as rent, telephone, supplies, equipment, and extension program expenses. The estimated amount contributed by the various local governments totaled $13,308,000 in 2021, and has been included in revenues and expenses of the accompanying financial statements. The university received other local government support of $2,803,000 in 2021.

4. Cash, Cash Equivalents, and Investments

The following information is provided with respect to the university's cash, cash equivalents, and investments as of June 30, 2021. The following risk disclosures are required by GASB Statement 40, *Deposit and Investment Risk Disclosures:*

Custodial credit risk (category 3 deposits and investments) – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The university had no category 3 deposits or investments for 2021.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. GASB Statement 40 requires the disclosure of the credit quality rating on any investments subject to credit risk.

Concentration of credit risk – The risk of loss attributed to the magnitude of a government's investment in a single issuer is referred to as concentration of credit risk. GASB Statement 40 requires disclosure of any issuer with which more than five percent of total investments are held. More than five percent of the university's investments are in the Federal Home Loan Banks (FHLB). These comprise 12.4% of the university's total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

Additionally, the university's investment policy requires that each individual portfolio within the primary liquidity or extended duration allocations be diversified so that not more than three percent of the value of the respective portfolios will be invested in the securities or individual trusts of any single issuer. The limitation shall not apply to securities of the U.S. Government, an agency thereof, U.S. Government sponsored enterprises, securities fully insured or fully guaranteed by the U.S. Government, or money market funds.

Interest rate risk – This is the risk that interest rate changes will adversely affect the fair value of an investment. GASB Statement 40 requires disclosure of maturities for any investments subject to interest rate risk. The university uses a duration methodology to measure the maturities of its investment portfolios. The university's *Statement of Policy Governing the Investment of University Funds* established two major allocations, Primary Liquidity and Extended Duration, managed by external investment firms. Asset allocations to Primary Liquidity are targeted at 45% of total investments with a target duration of approximately 55 days. The Extended Duration allocation may be structured into three sub-portfolios; a Short Duration Portfolio, an Intermediate Duration Portfolio, and a Long Duration Portfolio.

Foreign currency risk – This risk refers to the possibility that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The university had no foreign investments or deposits for 2021.

Cash and Cash Equivalents

Cash deposits held by the university are maintained in accounts that are collateralized in accordance with the *Virginia Security for Public Deposits Act, Section 2.2-4400, et seq., Code of Virginia*. Cash and cash equivalents represent cash with the treasurer, cash on hand, certificates of deposit, and temporary investments with original maturities of 90 days or less, and cash equivalents with the Virginia State Non-Arbitrage Program (SNAP®). SNAP® offers a professionally-managed money market mutual fund, which provides a temporary pooled investment vehicle for proceeds pending expenditure, as well as record keeping, depository, and arbitrage rebate calculations. SNAP® complies with all standards of GASB Statement 79, *Certain External Investment Pools and Pool Participants*. SNAP® investments are reported using the net asset value per share, which is calculated on an amortized cost basis that provides a net asset value (NAV) per share that approximates fair value. Cash and cash equivalents reporting requirements are defined by GASB Statement 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting.*

Investments

A categorization of university investments follows. Short-term investments have an original maturity of over 90 days but less than or equal to one year. Long-term investments have an original maturity greater than one year.

Summary of investments
As of June 30, 2021
(all dollars in thousands)

	Current Assets	Noncurrent Assets	Total
Cash and cash equivalents	$ 273,362	$ 27,584	$ 300,946
Short-term investments	-	3,670	3,670
Long-term investments	-	719,148	719,148
Total cash and investments	$ 273,362	$ 750,402	1,023,764
Less cash			21,831
Total investments			$ 1,001,933

The investment policy of the university is established by the board of visitors and monitored by the board's Finance and Resource Management Committee. Authorized investments are set forth in the *Investment of Public Funds Act, Section 2.2-4500 through 2.2-4516, et seq., Code of Virginia*. Authorized investments include: U.S. Treasury and agency securities, corporate debt securities, asset-backed securities, mortgage-backed securities, AAA rated obligations of foreign governments, bankers acceptances and bank notes, negotiable certificates of deposit, repurchase agreements, commercial paper, and money market funds.

All gifts, local funds, and nongeneral fund reserves and balances that the university determines appropriate and permitted by law may be invested in the VTF Consolidated Endowment Program. These funds are governed by the foundation's investment and spending policies, and managed in accordance with the provisions of the *Virginia Uniform Prudent Management of Institutional Funds Act.*

Investments measured at fair value including categorizaton of credit quality and interest rate risk
Investments held on June 30, 2021
(*all dollars in thousands*)

	Credit Rating	Less than 1 Year	1-5 Years	6/30/2021	Fair Value Measurement* Level 1	Level 2
Investments by fair value level						
U.S. Treasury and agency securities [(1)]	N/A	$ 67,628	$ 41,488	$ 109,116	$ 108,950	$ 166
Debt securities						
Corporate bonds and notes	A1	4,534	8,988	13,522	-	13,522
Corporate bonds and notes	A2	6,477	23,406	29,883	-	29,883
Corporate bonds and notes	A3	3,588	18,024	21,612	-	21,612
Corporate bonds and notes	Aa1	-	2,004	2,004	-	2,004
Corporate bonds and notes	Aa2	732	3,641	4,373	-	4,373
Repurchase agreements	N/A	14,307	-	14,307	-	14,307
Asset backed securities	A2	-	805	805	-	805
Asset backed securities	Aaa	12,543	20,385	32,928	-	32,928
Asset backed securities [(2)]	AAA	4,275	21,807	26,082	-	26,082
Federal agency securities						
Unsecured bonds and notes	Aaa	142,741	2,400	145,141	-	145,141
Mortgage backed securities	Aaa	6,817	28,622	35,439	-	35,439
Mortgage backed securities [(2)]	AAA	-	1,357	1,357	-	1,357
Mortgage backed securities	N/A	-	1,583	1,583	-	1,583
Mutual funds	N/A	4,755	-	4,755	4,755	-
Total investments by fair value level		268,397	174,510	442,907	$ 113,705	$ 329,202
Investments measured at net asset value (NAV)						
Deposits with VTF		5,167	-	5,167		
Dairymen's Equity w/o specific maturity		-	-	63		
Investments w/o specific maturities, held with VTF		-	-	495,598		
Total investments measured at NAV		5,167	-	500,828		
Investments not measured at fair value						
Money market funds	Aaa-mf	45,641	-	45,641		
Money market funds [(2)]	AAAm	279	-	279		
Virginia SNAP® funds [(2)]	AAAm	12,278	-	12,278		
Total investments not measured at fair value		58,198	-	58,198		
Total investments		$ 331,762	$ 174,510	$ 1,001,933		

**Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.*

(1) Credit quality ratings are not required for U.S. Government securities that are explicitly guaranteed by the U.S. Government.
(2) Rating provided by Standard & Poor's Financial Services LLC. All other ratings provided by Moody's Investors Service Inc.

5. Accounts Receivable

Accounts receivable as of June 30, 2021
(all dollars in thousands)

Current accounts receivable	
Grants and contracts	$ 47,793
Student tuition and fees	4,918
Accrued investment interest	1,272
Auxiliary enterprises and other operating activities	15,325
Total current accounts receivable	69,308
Less allowance for doubtful accounts	1,826
Net current accounts receivable	67,482
Noncurrent accounts receivable	
Capital gifts, grants, and other receivables	8,601
Accrued investment interest	165
Build America Bond interest	120
Total noncurrent accounts receivable	8,886
Total accounts receivable	$ 76,368

6. Notes Receivable

Notes receivable as of June 30, 2021
(all dollars in thousands)

Current notes receivable	
Federal Perkins students loan program	$ 864
Brookings student loan programs	143
Other short-term loans	63
Total current notes receivable	1,070
Less allowance for doubtful accounts	50
Net current notes receivable	1,020
Noncurrent notes receivable	
Federal Perkins students loan program	6,107
VTT LLC operating & equipment loan	4,273
Brookings student loan programs	1,166
Health professional student loan program	644
Other short-term loans	38
Total noncurrent notes receivable	12,228
Less allowance for doubtful accounts	365
Net noncurrent notes receivable	11,863
Total notes receivable	$ 12,883

7. Capital Assets

A summary of changes to capital assets for the year ended June 30, 2021
(all dollars in thousands)

	Beginning Balance	Additions	Retirements	Ending Balance
Depreciable capital assets				
Buildings	$ 2,035,980	$ 64,177	$ 1,796	$ 2,098,361
Buildings – capital leases	112,273	1,516	-	113,789
Moveable equipment	622,377	52,387	19,527	655,237
Capitalized software and other intangible assets	28,931	143	118	28,956
Fixed equipment	150,603	10,500	289	160,814
Infrastructure	128,919	4,869	628	133,160
Infrastructure – capital leases	2,483	-	-	2,483
Library books	78,038	561	176	78,423
Total depreciable capital assets, at cost	3,159,604	134,153	22,534	3,271,223
Less accumulated depreciation and amortization				
Buildings	679,667	51,820	1,274	730,213
Buildings – capital leases	44,860	5,254	-	50,114
Moveable equipment	465,787	43,748	18,409	491,126
Capitalized software and other intangible assets	26,346	862	118	27,090
Fixed equipment	86,446	6,803	252	92,997
Infrastructure	105,278	2,644	628	107,294
Infrastructure – capital leases	930	311	-	1,241
Library books	71,966	1,454	176	73,244
Total accumulated depreciation and amortization	1,481,280	112,896	20,857	1,573,319
Total depreciable capital assets, net of accumulated depreciation and amortization	1,678,324	21,257	1,677	1,697,904
Nondepreciable capital assets				
Land	47,652	2,000	-	49,652
Livestock	223	7	-	230
Construction in progress	194,980	161,008	66,779	289,209
Equipment in process	14,745	5,050	13,708	6,087
Software in development	172	19	93	98
Total nondepreciable capital assets	257,772	168,084	80,580	345,276
Total capital assets, net of accumulated deprecation and amortization	$ 1,936,096	$ 189,341	$ 82,257	$ 2,043,180

A view of the classroom building near the construction site of the Data and Decision Sciences building, the first part of the new Global Business and Analytics Complex designed to provide collaboration space to address some of the world's significant data challenges.

8. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2021, consist of the following *(all dollars in thousands)*:

Accounts payable	$ 40,181
Accounts payable – capital projects	18,748
Accrued salaries and wages payable	89,158
Retainage payable	8,615
Total accounts payable and accrued liabilities	$ 156,702

Retainage payable represents funds held by the university as retainage on various construction contracts for work performed. Funds retained will be remitted as agreed upon satisfactory completion of the projects.

9. Unearned Revenue

Unearned revenue consists of the following at June 30, 2021 *(all dollars in thousands)*:

Grants and contracts	$ 21,088
Prepaid tuition and fees	11,330
Prepaid athletic tickets	9,150
Dining services meal plans	846
Other auxiliary enterprises	5,434
Total unearned revenue	$ 47,848

10. Commonwealth Capital Reimbursement Programs and Capital Gifts

The commonwealth has established several programs to provide state-supported institutions of higher education with bond proceeds for financing the acquisition and replacement of instructional and research equipment and facilities. During fiscal year 2021, funding has been provided to the university from three programs managed by the Virginia College Building Authority (VCBA): the 21st Century program, the Central Maintenance Reserve program, and the Equipment Trust Fund program. The VCBA issues bonds and uses the proceeds to reimburse the university and other institutions of higher education for expenses incurred in the acquisition of equipment and facilities. The university also receives capital funding for equipment and facilities from private gifts, grants, and contracts.

The *Statement of Revenues, Expenses, and Changes in Net Position* includes the amounts listed below for the year ended June 30, 2021, in the capital grants and gifts line item for equipment and facilities. Part of the funding for these programs is a receivable from the commonwealth at June 30, 2021 as shown in the subsequent paragraph *(all dollars in thousands)*:

VCBA 21st Century program	$ 81,118
Private gifts	15,709
VCBA Central Maintenance Reserve program	10,738
VCBA Equipment Trust Fund program	15,278
Grants and contracts	5,115
	$ 127,958

The "Due from the Commonwealth of Virginia" line items on the *Statement of Net Position* for the year ended June 30, 2021, include pending reimbursements from the following programs *(all dollars in thousands)*:

	Current	Noncurrent
VCBA Equipment Trust Fund program	$ 14,827	$ -
VCBA 21st Century program	-	7,798
	$ 14,827	$ 7,798

11. Short-term Debt

On March 31, 2008, the Virginia Tech Board of Visitors approved the short-term financing of capital projects with commercial paper issued through the Virginia Municipal League/Virginia Association of Counties (VML/VACo) commercial paper program. This tax-exempt commercial paper financing program gives the university access to a revolving facility to finance or refinance up to $50 million for capital projects under construction that have been previously approved for debt financing by either the board of visitors or the General Assembly of the Commonwealth of Virginia. In fiscal year 2020, the total amount authorized increased to $120 million in February and was subsequently reduced to $0 in April after a total pay down. Virginia Tech was reauthorized for $96.5 million in July 2020.

At June 30, 2021, the amount outstanding was $21,370,000. The average days-to-maturity was 27.5 days with a weighted average effective interest rate of 1.06%.

12. Summary of Long-term Indebtedness

Bonds Payable

The university has issued two categories of bonds pursuant to *Article X, Section 9, Constitution of Virginia.*

Section 9(d) bonds are revenue bonds which are limited obligations of the university, payable exclusively from pledged general revenues, and which are not legal or moral debts of the Commonwealth of Virginia. Pledged general revenues include general fund appropriations, student tuition and fees, facilities and administrative (indirect) cost recoveries, auxiliary enterprise revenues, and other revenues not required by law to be used for another purpose. The university has issued section 9(d) bonds directly through underwriters and also participates in the Public Higher Education Financing Program (Pooled Bond Program) created by the Virginia General Assembly in 1996. Through the Pooled Bond Program, VCBA issues section 9(d) bonds with the proceeds used to purchase debt obligations (notes) of the university and other institutions of higher education. The notes are secured by pledged general revenues of the university.

Section 9(c) bonds are general obligation revenue bonds issued by the Commonwealth of Virginia on behalf of the university and secured by the net revenues of the completed project and the full faith, credit, and taxing power of the Commonwealth of Virginia.

Bond covenants related to some of these bonds, both 9(c) and 9(d), require the use of established groups of funds called systems. The Virginia Tech Foundation Inc. and investment firms BNY Mellon Investment Management and Merganser Capital Management hold these funds in trust for managing the net revenues and debt service of certain university auxiliaries. The revenue bonds issued by the Dormitory and Dining Hall System, the Athletic Facilities System, the University Services System (includes Career and Professional Development, Center for the Arts, Health Services, Recreational Sports, Student Engagement and Campus Life, Cultural and Community Centers, Student Organizations, and Rescue Squad), and the Utility System (includes Virginia Tech Electric Service) are secured by a pledge of each system's net revenues generated from student or customer fees, and are further secured by the pledged general revenues of the university.

Notes Payable

Notes payable are debt obligations between VCBA and the university. VCBA issues bonds through the Pooled Bond Program and uses the proceeds to purchase debt obligations (notes) of the university. The notes are secured by the pledged general revenues of the university.

Capital Leases

Capital leases represent the university's obligation primarily to the Virginia Tech Foundation Inc. for lease agreements related mostly to facilities. The leased facilities include: the Hunter Andrews Information Systems building addition; the Integrated Life Sciences building (ILSB) which includes a separate lease for a vivarium located in the ILSB; the North End Center building and parking garage; the Prince Street building in Alexandria, Virginia; the Kentland Dairy complex; the Applied Projects building; multiple VTTI facilities; and the Kmart and Ardmore properties. The assets under capital leases are recorded at the net present value of the minimum lease payments during the lease term.

Revolving Lines of Credit

The university has revolving lines of credit with Atlantic Union Bank; First Bank and Trust Company; Truist Financial Corporation; and Wells Fargo Bank, N.A. with maximum principal amounts totaling $190,000,000. As of June 30, 2021, there were no amounts outstanding on these revolving lines of credit *(all dollars in thousands)*:

	Maximum Principal Amount
Atlantic Union Bank	$ 20,000
First Bank and Trust Company	30,000
Truist Financial Corporation	85,000
Wells Fargo Bank, N.A.	55,000
	$ 190,000

Long-term Debt Payable Activity

As of June 30, 2021

(all dollars in thousands)

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion
Bonds payable					
Section 9(c) general obligation revenue bonds	$ 105,620	$ 105,581	$ 22,409	$ 188,792	$ 11,024
Section 9(d) revenue bonds	52,204	34,995	2,623	84,576	2,560
Notes payable	219,141	65,344	118,853	165,632	6,460
Capital lease obligations	75,839	1,515	4,807	72,547	4,032
Total long-term debt payable	$ 452,804	207,435	148,692	$ 511,547	$ 24,076
Current year debt defeasance		(113,419)	(113,914)		
Total additions and retirements, net of current year defeasance		$ 94,016	$ 34,778		

Future Principal Commitments

For fiscal years subsequent to 2021

(all dollars in thousands)

	Section 9(c) Bonds	Section 9(d) Bonds	Notes Payable	Capital Lease Obligations	Total Long-term Debt Payable
2022	$ 11,024	$ 2,560	$ 6,460	$ 4,032	$ 24,076
2023	12,818	2,650	5,525	4,041	25,034
2024	13,304	4,475	12,890	4,245	34,914
2025	13,445	4,870	13,100	4,451	35,866
2026	13,985	4,745	13,105	4,682	36,517
2027 - 2031	58,103	25,895	58,705	22,229	164,932
2032 - 2036	29,305	25,875	34,035	22,992	112,207
2037 - 2041	21,370	10,950	13,620	5,875	51,815
Unamortized premiums (discounts)	15,438	2,556	8,192	-	26,186
Total future principal requirements	$ 188,792	$ 84,576	$ 165,632	$ 72,547	$ 511,547

Future Interest Commitments

For fiscal years subsequent to 2021

(all dollars in thousands)

	Section 9(c) Bonds	Section 9(d) Bonds	Notes Payable	Capital Lease Obligations	Total Long-term Debt Payable
2022	$ 5,730	$ 2,443	$ 4,975	$ 3,333	$ 16,481
2023	5,258	2,288	4,631	3,152	15,329
2024	4,747	2,181	4,308	2,959	14,195
2025	4,210	2,038	3,940	2,764	12,952
2026	3,673	1,899	3,583	2,549	11,704
2027 - 2031	10,560	7,358	12,136	9,510	39,564
2032 - 2036	3,592	3,353	4,596	4,875	16,416
2037 - 2041	1,004	688	632	721	3,045
Total future interest requirements	$ 38,774	$ 22,248	$ 38,801	$ 29,863	$ 129,686

Future Principal Commitments by System

For fiscal years subsequent to 2021

(all dollars in thousands)

	Section 9(c) Bonds	Section 9(d) Bonds	Notes Payable	Capital Lease Obligations	Total Long-term Debt Payable
Athletic system					
Principal	$ -	$ 35,505	$ -	$ -	$ 35,505
Unamortized premiums (discounts)	-	(3)	-	-	(3)
Total for athletic system	-	35,502	-	-	35,502
Dormitory and dining hall system					
Principal	155,026	40,570	17,675	-	213,271
Unamortized premiums (discounts)	13,553	2,418	1,205	-	17,176
Total for dormitory and dining hall system	168,579	42,988	18,880	-	230,447
Electric service utility system					
Principal	-	3,425	425	-	3,850
Unamortized premiums (discounts)	-	107	15	-	122
Total for utility system	-	3,532	440	-	3,972
University services system					
Principal	-	2,520	41,035	-	43,555
Unamortized premiums (discounts)	-	34	1,626	-	1,660
Total for university services system	-	2,554	42,661	-	45,215
All systems					
Principal	155,026	82,020	59,135	-	296,181
Unamortized premiums (discounts)	13,553	2,556	2,846	-	18,955
Total for all systems	168,579	84,576	61,981	-	315,136
Other nonsystem debt					
Principal	18,328	-	98,305	72,547	189,180
Unamortized premiums (discounts)	1,885	-	5,346	-	7,231
Total for other nonsystem debt	20,213	-	103,651	72,547	196,411
Total future principal requirements	$ 188,792	$ 84,576	$ 165,632	$ 72,547	$ 511,547

13. Detail of Long-term Indebtedness

As of June 30, 2021
(all dollars in thousands)

	Interest Rates	Maturity	Principal Payable	Unamortized Premium (Discount)	Ending Balance
Bonds Payable					
Revenue bonds - Section 9(d)					
Athletic system					
Series 2015B, issued $510	2.50% - 3.50%	2035	$ 510	$ (3)	$ 507
Series 2021, issued $40	2.15%	2036	40	-	40
Series 2021, issued $21,825 - refunding 2012B note payable	0.40% - 2.55%	2041	21,825	-	21,825
Series 2021, issued $7,055 - refunding 2010B note payable	0.40% - 2.55%	2041	7,055	-	7,055
Series 2021, issued $6,075 - refunding 2016A note payable	0.40% - 2.55%	2041	6,075	-	6,075
Total athletic system			35,505	(3)	35,502
Dormitory and dining hall system					
Series 2015A, issued $51,425	2.00% - 5.00%	2035	40,570	2,418	42,988
Electric service utility system					
Series 2015D, issued $4,390	2.75% - 4.00%	2035	3,425	107	3,532
University services system					
Recreational Sports auxiliary					
Series 2015C, issued $3,280	2.00% - 4.00%	2035	2,520	34	2,554
Total revenue bonds			82,020	2,556	84,576
General obligation revenue bonds - Section 9(c)					
Dormitory and dining hall system					
Series 2019B, issued $895 - refunding series 2009D	5.00%	2022	310	21	331
Series 2012A, issued $942 - partial refunding series 2004A	5.00%	2024	705	59	764
Series 2013B, issued $7,842 - partial refunding series 2007A	4.00% - 5.00%	2027	5,561	621	6,182
Series 2013B, issued $3,576 - partial refunding series 2007A	4.00% - 5.00%	2027	2,533	283	2,816
Series 2015B, issued $10,671 - partial refunding series 2008B	4.00% - 5.00%	2028	8,012	1,236	9,248
Series 2016B, issued $24,200 - partial refunding series 2009B	2.00% - 5.00%	2029	20,240	2,961	23,201
Series 2016B, issued $2,310 - partial refunding series 2009B	2.00% - 5.00%	2029	1,930	283	2,213
Series 2010A, issued $34,650	3.00% - 5.00%	2030	18,360	296	18,656
Series 2020B, issued $13,070 - refunding series 2011A	0.55% - 1.41%	2031	13,070	45	13,115
Series 2020A, issued $84,305	1.63% - 4.00%	2040	84,305	7,748	92,053
Total dormitory and dining hall system			155,026	13,553	168,579
Other nonsystem general obligation revenue bonds					
Parking facilities					
Series 2019B, issued $115 - refunding series 2009D	5.00%	2022	35	3	38
Series 2013B, issued $218 - partial refunding series 2006B	4.00% - 5.00%	2026	184	14	198
Series 2015B, issued $921 - partial refunding series 2008B	4.00% - 5.00%	2028	689	107	796
Series 2010A, issued $745	2.00% - 5.00%	2030	385	6	391
Series 2016B, issued $18,890 - partial refunding series 2009B	2.00% - 5.00%	2034	17,035	1,755	18,790
Total other nonsystem general obligation revenue bonds			18,328	1,885	20,213
Total general obligation revenue bonds			173,354	15,438	188,792
Total bonds payable			$ 255,374	$ 17,994	$ 273,368
Notes Payable					
Dormitory and dining hall system					
Series 2014B, issued $340 - partial refunding series 2005	3.00% - 5.00%	2026	$ 205	$ 16	$ 221
Series 2021B, issued $795 - partial refunding series 2012A	0.48% - 0.94%	2028	795	1	796
Series 2010A, issued $9,650	3.75% - 5.50%	2031	4,835	175	5,010
Series 2021A, issued $980 - partial refunding series 2010A	2.00% - 3.00%	2033	980	112	1,092
Series 2018A, issued $11,505	4.00% - 5.00%	2039	10,015	901	10,916
Series 2021B, issued $845 - partial refunding series 2018A	2.50% - 2.60%	2041	845	-	845
Total dormitory and dining hall system			17,675	1,205	18,880
Electric service utility system					
Series 2021A, issued $425 - refunding series 2010B	5.00%	2023	425	15	440
University services system					
Career Services auxiliary					
Series 2021A, issued $600 - refunding series 2010B	5.00%	2025	600	70	670
Center for the Arts auxiliary					
Series 2010A, issued $19,445	3.75% - 5.60%	2036	12,490	328	12,818
Series 2021A, issued $1,530 - partial refunding series 2010A	2.00%	2038	1,530	56	1,586
Series 2021B, issued $15,655 - refunding series 2011A	0.48% - 2.40%	2039	15,655	4	15,659
Health Services auxiliary					
Series 2015B, issued $800 - partial refunding series 2009A	3.00% - 5.00%	2029	575	62	637
Series 2016A, issued $7,945 - partial refunding series 2009B	3.00% - 5.00%	2030	5,905	819	6,724
Series 2016A, issued $2,780 - partial refunding series 2009B	3.00% - 5.00%	2030	2,065	287	2,352
Series 2021B, issued $175 - partial refunding series 2015B	1.33% - 1.53%	2031	175	-	175
Series 2021B, issued $1,510 - partial refunding series 20016A	1.53% - 1.71%	2032	1,510	-	1,510
Series 2021B, issued $530 - partial refunding series 2016A	1.53% - 1.71%	2032	530	-	530
Total university services system			41,035	1,626	42,661

Notes Payable (continued)

	Interest Rates	Maturity	Principal Payable	Unamortized Premium (Discount)	Ending Balance
Other nonsystem notes payable					
Boiler pollution controls					
Series 2014B, issued $720 - partial refunding series 2006A	3.00% - 5.00%	2024	120	13	133
Series 2016A, issued $375 - partial refunding series 2006A	3.00%	2027	375	22	397
Series 2021B, issued $235 - partial refunding series 2014B	0.94% - 1.13%	2029	235	-	235
Campus heating plant					
Series 2014B, issued $1,790 - partial refunding series 2007A	3.00% - 5.00%	2026	755	85	840
Series 2016A, issued $575 - partial refunding series 2007A	3.00% - 5.00%	2028	575	69	644
Series 2016A, issued $3,625 - partial refunding series 2009B	3.00% - 5.00%	2030	2,695	373	3,068
Series 2021B, issued $485 - partial refunding series 2014B	1.13% - 1.33%	2030	485	-	485
Series 2021B, issued $690 - partial refunding series 2016A	1.53% - 1.71%	2032	690	-	690
Chiller plant					
Series 2021B, issued $5,315 - refunding series 2011A	0.48% - 1.91%	2034	5,315	2	5,317
Goodwin Hall					
Series 2011A, issued $12,695	3.00% - 5.00%	2032	635	49	684
Series 2021B, issued $8,320 - partial refunding series 2011A	0.48% - 1.71%	2032	8,320	4	8,324
Holden Hall					
Series 2019A, issued $7,920	2.25% - 5.00%	2040	7,670	775	8,445
Holtzman Alumni Center and Skelton Conference Center					
Series 2021B, issued $10,840 - refunding series 2012A	0.48% - 1.81%	2033	10,840	5	10,845
ICTAS II					
Series 2016A, issued $8,345 - partial refunding series 2009B	3.00% - 5.00%	2030	7,665	1,105	8,770
Kelly Hall					
Series 2014B, issued $6,040 - partial refunding series 2006A	3.00% - 5.00%	2024	2,840	334	3,174
Series 2016A, issued $3,180 - partial refunding series 2006A	3.00%	2027	3,180	189	3,369
Life Sciences I Facility					
Series 2012A, issued $3,985 - partial refunding series 2005	5.00%	2025	1,040	127	1,167
Series 2021B, issued $1,235 - partial refunding series 2012A	0.48% - 1.00%	2025	1,235	2	1,237
Series 2014B, issued $1,005 - partial refunding series 2005	3.00% - 5.00%	2026	615	49	664
Steger Hall					
Series 2021A, issued $6,785 - refunding series 2010B	5.00%	2030	6,785	1,554	8,339
Surge space building					
Series 2014B, issued $2,730 - partial refunding series 2006A	3.00% - 5.00%	2022	605	58	663
Unified Communications					
Series 2015A, issued $6,160	5.00%	2023	1,985	207	2,192
Veterinary medicine instruction addition					
Series 2012B, issued $9,820	3.00% - 5.00%	2033	935	114	1,049
Series 2021B, issued $6,355 - partial refunding series 2012B	0.48% - 1.81%	2033	6,355	2	6,357
Virginia Tech Carilion biosciences addition					
Series 2017A and 2017B, issued $24,630	2.75% - 3.30%	2038	22,650	163	22,813
Series 2018B, issued $3,965	3.12% - 5.00%	2039	3,705	45	3,750
Total other nonsystem notes payable			98,305	5,346	103,651
Total notes payable			$ 157,440	$ 8,192	$ 165,632

Capital Leases Payable

	Principal Payable	Unamortized Premium (Discount)	Ending Balance
North End Center building and parking garage	$ 32,957	$ -	$ 32,957
Kentland Farm dairy complex	11,520	-	11,520
Applied Projects building	9,461	-	9,461
Integrated Life Sciences (ILSB) building and vivarium	8,914	-	8,914
Kmart and Ardmore properties	3,478	-	3,478
Hunter Andrews addition, Prince Street building, and VTTI properties	6,217	-	6,217
Total capital leases payable	$ 72,547	$ -	$ 72,547

14. Long-term Debt Defeasance

Current Year

During fiscal year 2021, the university issued $33,309,000 of 9(d) revenue bonds to refund $32,771,000 of notes payable. The university and the Commonwealth of Virginia, on behalf of the university, issued $13,061,000 of 9(c) general obligation revenue bonds to refund $13,518,000 of 9(c) general obligation revenue bonds, and issued $65,012,000 of notes payable to refund $65,963,000 of notes payable. The resulting net gain of $870,000 will be amortized over the life of the new debt. For financial reporting purposes, these bonds are considered an in-substance defeasance and have therefore been removed from the long-term debt payable line item of the *Statement of Net Position*. The assets in escrow have similarly been excluded. The details of each refunded debt issue are presented on the next page.

Long-term Debt Defeasance

Debt issues refunded as of June 30, 2021
(all dollars in thousands)

	Debt Refunded	Refunding Debt Issued	Accounting Gain (Loss)	Present Value Rate	Reduction (Increase) in Debt Service	Reduction (Increase) in Debt Service Discounted at Present Value
Section 9(d) revenue bonds						
Series 2010B note payable, issued $11,540	$ 6,595	$ 7,055	$ (460)	2.01%	$ (1,023)	$ 191
Series 2012B note payable, issued $32,625	19,405	21,825	(2,420)	2.01%	(3,465)	(99)
Series 2016A note payable, issued $5,385	4,945	6,075	(1,130)	2.01%	(1,197)	(296)
Premiums (discounts)	3,578	-	3,578			
Other accounting activity related to debt refunding	(1,752)	(1,646)	(106)			
Total for 9(d) revenue bonds	32,771	33,309	(538)		(5,685)	(204)
Section 9(c) general obligation revenue bonds						
Series 2011A, issued $18,860	12,520	13,070	(550)	1.48%	2,000	2,070
Premiums (discounts)	998	50	948			
Other accounting activity related to debt refunding	-	(59)	59			
Total for 9(c) general obligation revenue bonds	13,518	13,061	457		2,000	2,070
Notes payable						
Series 2010A, issued $19,445*	1,490	1,530	(40)	1.56%	(458)	(87)
Series 2010A, issued $9,650*	1,030	980	50	1.12%	(167)	(49)
Series 2010B, issued $10,155	8,330	6,785	1,545	0.55%	766	837
Series 2010B, issued $1,190	665	600	65	0.23%	23	26
Series 2010B, issued $435	435	425	10	0.15%	20	20
Series 2011A, issued $19,375	14,980	15,655	(675)	1.73%	2,253	2,384
Series 2011A, issued $12,695*	7,965	8,320	(355)	1.16%	1,238	1,217
Series 2011A, issued $7,515	5,085	5,315	(230)	1.32%	584	663
Series 2012A, issued $12,320	10,115	10,840	(725)	1.31%	10	355
Series 2012A, issued $3,985*	1,140	1,235	(95)	0.42%	40	40
Series 2012A, issued $795	735	795	(60)	0.73%	(10)	6
Series 2012B, issued $9,820*	5,935	6,355	(420)	1.28%	464	454
Series 2014B, issued $1,790*	445	485	(40)	1.24%	(55)	(13)
Series 2014B, issued $720*	215	235	(20)	1.04%	(21)	(6)
Series 2015B, issued $800*	160	175	(15)	1.44%	(26)	(6)
Series 2016A, issued $7,945*	1,395	1,510	(115)	1.62%	(256)	(35)
Series 2016A, issued $3,625*	635	690	(55)	1.63%	(120)	(18)
Series 2016A, issued $2,780*	490	530	(40)	1.62%	(90)	(12)
Series 2018B, issued $11,505*	780	845	(65)	2.55%	(417)	(28)
Premiums (discounts)	3,848	2,039	1,809			
Other accounting activity related to debt refunding	90	(332)	422			
Total for notes payable	65,963	65,012	951		3,778	5,748
Total for all long-term debt	$ 112,252	111,382	$ 870		$ 93	$ 7,614
Debt issuance costs		2,037				
Total refunding debt issued		$ 113,419				

**Partial refunding*

Debt Defeasance – Gains (Losses)

GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, reclassifies gains and losses on defeased debt to deferred outflows of resources or deferred inflows of resources. The tables below provide detail on the unamortized gains and losses included in the deferred outflows of resources and deferred inflows of resources by bond category for defeased outstanding debt from prior years.

Deferred Outflows for Debt Defeasance
As of June 30, 2021
(all dollars in thousands)

	Beginning Balance	Additions	Retirements	Ending Balance
Bonds payable				
Section 9(c) general obligation revenue bonds	$ (2,089)	$ -	$ 276	$ (1,813)
Section 9(d) revenue bonds	-	(754)	36	(718)
Notes payable	(4,695)	(164)	2,863	(1,996)
Total deferred outflows for debt defeasance	$ (6,784)	$ (918)	$ 3,175	$ (4,527)

Deferred Inflows for Debt Defeasance
As of June 30, 2021
(all dollars in thousands)

	Beginning Balance	Additions	Retirements	Ending Balance
Bonds payable				
Section 9(c) general obligation revenue bonds	$ 160	$ 457	$ (92)	$ 525
Section 9(d) revenue bonds	-	216	(10)	206
Notes payable	664	1,115	(722)	1,057
Total deferred inflows for debt defeasance	$ 824	$ 1,788	$ (824)	$ 1,788

15. Change in Other Liabilities

A summary of the changes in other liabilities for the year ended June 30, 2021

(all dollars in thousands)

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Accrued compensated absences	$ 50,252	$ 41,680	$ 36,294	$ 55,638	$ 27,556
Federal student loan program contribution refundable	10,712	231	2,566	8,377	-
Net pension liability	410,451	54,974	-	465,425	-
Other postemployment benefits	188,044	1,857	8,417	181,484	3,328
Total other liabilities	$ 659,459	$ 98,742	$ 47,277	$ 710,924	$ 30,884

16. Lease Commitments

The university has entered into numerous agreements to lease land, buildings, and equipment. With some of these agreements, the university is committed under various operating leases for equipment and space. In general, the leases are for three- to ten-year terms with renewal options. The university expects similar leases to replace these leases during the normal course of business. The total lease expense was approximately $31,698,000 for the year ended June 30, 2021. This amount includes approximately $18,167,000 in lease payments to the Virginia Tech Foundation Inc. for office and laboratory space. In addition, the total lease expense includes approximately $2,588,000 of short-term equipment rentals that can be terminated at any time.

A summary of future minimum lease payments under operating leases as of June 30, 2021, follows *(all dollars in thousands)*:

Year ended June 30,	
2022	$ 23,194
2023	17,628
2024	13,106
2025	5,061
2026	4,090
2027-2031	11,924
2032-2036	2,658
2037-2041	2,157
2042-2046	2,094
2047-2051	2,102
2052-2056	2,110
2057-2061	1,841
2062-2063	557
Total	$ 88,522

17. Capital Improvement Commitments

The amounts listed in the following tables represent the value of obligations remaining on capital improvement project contracts. These obligations are for future effort and as such have not been accrued as expenses or liabilities on the university's financial statements. Outstanding contractual commitments for capital improvement projects at June 30, 2021 are listed below.

Capital commitments by project

(all dollars in thousands)

Data and decision sciences building	$ 50,400
Corps leadership and military science building	36,385
New upper quad residence hall	34,177
Renovate Holden Hall	19,801
Livestock and poultry research phase I	17,750
Other projects	18,324
Total commitments by project	$ 176,837

Capital commitments by funding source

(all dollars in thousands)

VCBA 21st Century bonds to be paid by the commonwealth	$ 96,586
Private gifts	36,533
Bonds and notes payable to be paid by the university	34,302
University cost recoveries	4,732
Auxiliary enterprise funds	3,510
Other funding sources	1,174
Total commitments by funding source	$ 176,837

18. Pension Plan

Plan Descriptions

All full-time, salaried, permanent employees of state agencies are automatically covered by the VRS State Employee Retirement Plan (SERP) or the Virginia Law Officers' Retirement System (VaLORS) retirement plans upon employment, unless they are eligible faculty and choose to enroll in the optional retirement program described in *Note 19.* These plans are single employer plans treated as cost-sharing plans for financial reporting purposes. These plans are administered by the Virginia Retirement System (VRS, or the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees in the VRS State Employee Retirement Plan – Plan 1, Plan 2, and Hybrid – and two different benefit structures for covered employees in the VaLORS Retirement Plan – Plan 1 and Plan 2. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are described below:

Retirement Plan Provisions by Plan Structure

Plan 1

Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.

Plan 2

Same as Plan 1.

Hybrid Retirement Plan

The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.

- The defined benefit component is based on a member's age, service credit, and average final compensation at retirement using a formula.
- The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
- In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

Eligible Members

Eligible Members – Plan 1

Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund. VRS Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Eligible Members – Plan 2

Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Eligible Members – Hybrid Plan

Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

- State employees*
- Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.

*Some state employees are not eligible to participate in the Hybrid Retirement Plan. They include members of the Virginia Law Officers' Retirement System (VaLORS), and employees eligible for an optional retirement plan (ORP) who have prior service under Plan 1 or Plan 2. These employees must select Plan 1 or Plan 2 (as applicable) or the ORP plan.

Retirement Contributions

Retirement Contributions – Plan 1

State employees, excluding state elected officials, and optional retirement plan participants, contribute 5% of their compensation each month to their member contribution account through a pretax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.

Retirement Contributions – Plan 2

Same as Plan 1.

Retirement Contributions – Hybrid Plan

A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

Service Credit

Service Credit – Plan 1

Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Service Credit – Plan 2

Same as Plan 1.

Service Credit – Hybrid Plan

Defined Benefit Component: Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Defined Contributions Component: Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.

Vesting

Vesting – Plan 1

Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.

Vesting – Plan 2

Same as Plan 1.

Vesting - Hybrid Plan

Defined Benefit Component: Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined Contributions Component: Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.

- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required, except as governed by law.

Calculating the Benefit

Calculating the Benefit – Plan 1

The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction factor is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.

Calculating the Benefit – Plan 2

See definition under Plan 1.

Calculating the Benefit – Hybrid Plan

Defined Benefit Component: See definition under Plan 1.

Defined Contribution Component: The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

Average Final Compensation

Average Final Compensation – Plan 1

A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.

Average Final Compensation – Plan 2

A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

Average Final Compensation – Hybrid Plan

Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

Service Retirement Multiplier

Service Retirement Multiplier – Plan 1

For *SERP*, the retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for *VaLORS* employees is 1.70% or 2.00%.

Service Retirement Multiplier – Plan 2

For *SERP*, same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased, or granted on or after January 1, 2013. The retirement multiplier for *VaLORS* employees is 2.00%.

Service Retirement Multiplier – Hybrid Plan

Defined Benefit Component: *SERP* – The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. *VaLORS* – Not applicable.

Defined Contribution Component: Not applicable.

Normal Retirement Age

Normal Retirement Age – Plan 1

For *SERP*, age 65. For *VaLORS*, age 60.

Normal Retirement Age – Plan 2

For *SERP*, normal Social Security retirement age. For *VaLORS*, same as Plan 1.

Normal Retirement Age – Hybrid Plan

Defined Benefit Component: *SERP* – Same as Plan 2; *VaLORS* – Not applicable.

Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest Unreduced Retirement Eligibility

Earliest Unreduced Retirement Eligibility – Plan 1

For *SERP*, age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit. For *VaLORS*, age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.

Earliest Unreduced Retirement Eligibility – Plan 2

For *SERP*, normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90. For *VaLORS*, same as Plan 1.

Earliest Unreduced Retirement Eligibility – Hybrid Plan

Defined Benefit Component: *SERP* – Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service equal 90; *VaLORS* – Not applicable.

Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest Reduced Retirement Eligibility

Earliest Reduced Retirement Eligibility – Plan 1

For *SERP*, age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit. For *VaLORS*, age 50 with at least five years of service credit.

Earliest Reduced Retirement Eligibility – Plan 2

For *SERP*, age 60 with at least five years (60 months) of service credit. For *VaLORS*, same as Plan 1.

Earliest Reduced Retirement Eligibility – Hybrid Plan

Defined Benefit Component: *SERP* – Age 60 with at least five years (60 months) of service credit. For *VaLORS* – Not applicable.

Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Cost-of-Living Adjustment (COLA) in Retirement

Cost-of-Living Adjustment (COLA) in Retirement – Plan 1

The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

Eligibility

For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

Exceptions to COLA Effective Dates

The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability.
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.

The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

Cost-of-Living Adjustment (COLA) in Retirement – Plan 2
The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. Eligibility rules and exceptions are the same as Plan 1.

Cost-of-Living Adjustment (COLA) in Retirement – Hybrid Plan
Defined Benefit Component: The COLA is the same as Plan 2. The eligibility rules and exceptions are the same as Plan 1 and Plan 2.

Defined Contribution Component: Not applicable.

Disability Coverage
Disability Coverage – Plan 1
Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

Disability Coverage – Plan 2
Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

Disability Coverage – Hybrid Plan
State employees (including Plan 1 and Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VSDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

Purchase of Prior Service
Purchase of Prior Service – Plan 1
Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior service credit counts toward vesting, eligibility for retirement, and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.

Purchase of Prior Service – Plan 2
Same as Plan 1.

Purchase of Prior Service – Hybrid Plan
Defined Benefit Component: Same as Plan 1, with the exception that Hybrid Retirement Plan members are ineligible for ported service.

Defined Contribution Component: Not applicable.

Contributions
The contribution requirement for active employees is governed by *§51.1-145, Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each state agency's contractually required contribution rate for the year ended June 30, 2021 was 14.46% of covered employee compensation for employees in the VRS State Employee Retirement Plan. For employees in the VaLORS Retirement Plan, the contribution rate was 21.90% of covered employee compensation. These rates were based on an actuarially determined rates from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from Virginia Tech to the VRS State Employee Retirement Plan were $39,517,000 and $37,758,000 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions from Virginia Tech to the VaLORS Retirement Plan were $304,000 and $503,000 for the years ended June 30, 2021 and June 30, 2020, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2021, Virginia Tech reported a liability of $460,400,000 for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of $5,024,000 for its proportionate share of the VaLORS Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. Virginia Tech's proportion of the Net Pension Liability was based on Virginia Tech's actuarially determined employer contributions to the pension plan for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, Virginia Tech's proportion of the VRS State Employee Retirement Plan was 6.355% as compared to 6.423% at June 30, 2019. At June 30, 2020, the Virginia Tech's proportion of the VaLORS Retirement Plan was 0.643% as compared to 0.657% at June 30, 2019.

For the year ended June 30, 2021, Virginia Tech recognized pension expense of $55,562,000 for the VRS State Employee Retirement Plan and $668,000 for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2019 and June 30, 2020, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2021, Virginia Tech reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources *(all dollars in thousands):*

	SERP		VaLORS	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	$ 5,222	$ 4,685	$ 109	$ -
Net difference between projected and actual earnings on pension plan investments	35,816	-	296	-
Change in assumptions	19,126	-	107	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	5,069	-	73
Employer contributions subsequent to the measurement date	39,309		512	
Total	$ 99,473	$ 9,754	$ 1,024	$ 73

A total of $39,821,000 ($39,309,000 for SERP and $512,000 for VaLORS) reported as deferred outflows of resources related to pensions resulting from Virginia Tech's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows *(all dollars in thousands)*:

Year ended June 30,	SERP	VaLORS
2022	$ 8,169	$ 144
2023	$ 19,242	$ 105
2024	$ 11,504	$ 98
2025	$ 11,496	$ 92
2026	$ -	$ -

Actuarial Assumptions

VRS State Employee Retirement Plan (SERP)

The total pension liability for the VRS State Employee Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50% – 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

Mortality rates (SERP)

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement: RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on the VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 25%
Discount Rate	Decrease rate from 7.00% to 6.75%

VaLORS Retirement Plan

The total pension liability for the VaLORS Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50% – 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

Mortality rates (VaLORS)

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 year.

Post-Disablement: RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates	Update to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decrease rate from 50% to 35%
Discount Rate	Decrease rate from 7.00% to 6.75%

** Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.*

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement 67, less that system's fiduciary net position. As of June 30, 2020, NPL amounts for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan are as follows *(all dollars in thousands)*:

	SERP	VaLORS
Total Pension Liability	$ 26,014,925	$ 2,282,351
Plan Fiduciary Net Position	18,770,068	1,500,469
Employers' Net Pension Liability (Asset)	$ 7,244,857	$ 781,882
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.15%	65.74%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement 67 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
Inflation			2.50%
Expected arithmetic nominal return*			7.14%

** The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions, compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.*

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by Virginia Tech for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019, on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Virginia Tech's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents Virginia Tech's proportionate share of the VRS State Employee Retirement Plan (SERP) and the VaLORS Retirement Plan net pension liability using the discount rate of 6.75%, as well as what Virginia Tech's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate *(all dollars in thousands)*:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Virginia Tech's proportionate share of the VRS SERP net pension liability	$ 652,491	$ 460,400	$ 298,884
Virginia Tech's proportionate share of the VaLORS net pension liability	$ 6,897	$ 5,024	$ 3,478

Pension Plan Fiduciary Net Position

Detailed information about the VRS State Employee Retirement Plan's Fiduciary Net Position or the VaLORS Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Annual Comprehensive Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at https://www.varetire.org/pdf/publications/2020-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

The amount of payables outstanding to the VRS State Employee Retirement Plan (SERP) and the VaLORS Retirement Plan at June 30, 2021, was approximately $2.2 million for legally required contributions into the plans.

19. Defined Contribution Plans

Optional Retirement Plans

Full-time faculty and certain administrative staff may participate in optional retirement plans as authorized by the *Code of Virginia* rather than the VRS retirement plan. These optional retirement plans are defined contribution plans offered through Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF), and Fidelity Investments Tax-Exempt Services Company. There are two defined contribution plans. Plan 1 is for employees hired prior to July 1, 2010, and retirement benefits received are based upon the employer's 10.4 percent, plus net investment gains or losses. Plan 2 is for employees hired on or after July 1, 2010, and retirement benefits received are based upon the employer's 8.5 percent contribution and the employee's 5.0 percent contribution plus net investment gains or losses. Individual contracts issued under the plan provide for full and immediate vesting of both the university's and the employees' contributions. Total pension costs under this plan were approximately $32,415,000 for year ended June 30, 2021. Contributions to the optional retirement plan were calculated using the base salary amount of approximately $350,276,000 for this fiscal year.

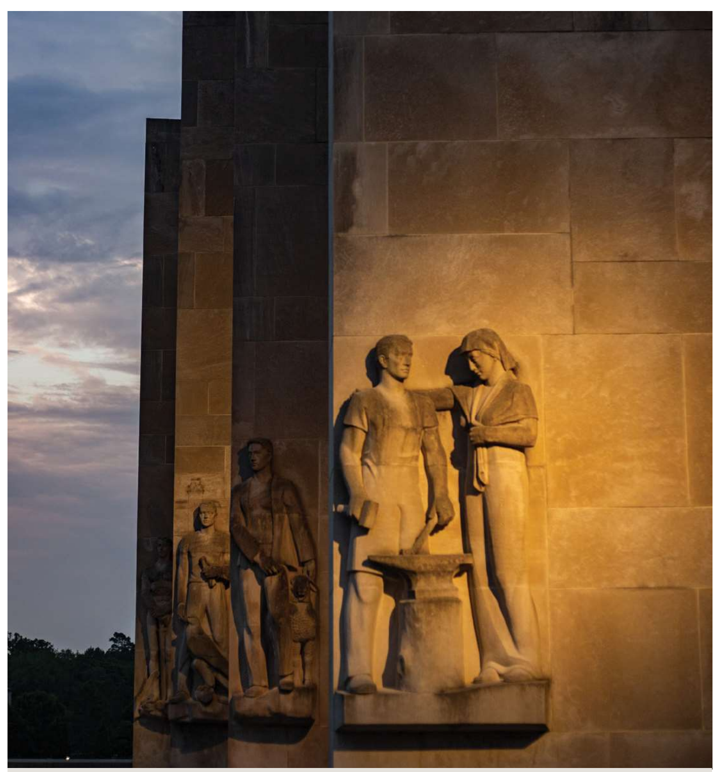
Deferred Compensation Plan

Employees of the university are employees of the Commonwealth of Virginia. State employees may participate in the commonwealth's deferred compensation plan. Participating employees can contribute to the plan each pay period with the commonwealth matching up to $20 per pay period. The dollar amount match can change depending on the funding available in the commonwealth's budget. The deferred compensation plan is a qualified defined contribution plan under *Section 401(a) of the Internal Revenue Code*. The university expense for matching contributions to this plan, which is an amount assessed by the commonwealth, was approximately $2,432,000 for the fiscal year 2021.

Federal Pension Plans

Certain Cooperative Extension Service (CES) professional employees are participants in either the Federal Employee Retirement System (FERS) or the Federal Civil Service Retirement System (CSRS). The FERS and CSRS are defined benefit plans in which benefits are based upon the highest base pay over any three consecutive years and the years of creditable service. The costs under these plans were approximately $58,000 for the year ended June 30, 2021. Contributions to the FERS and CSRS were calculated using the base salary amount of approximately $424,000 for the fiscal year 2021.

In addition, the university contributed $21,000 in employer contributions to the Thrift Savings Plan for the year ended June 30, 2021. The Thrift Savings Plan is a defined contribution plan in which the university matches employee contributions within certain limitations.



The War Memorial is one of the most inspiring places on campus. Its eight pylons stretch toward the sky, engraved both with the core values upon which the university was founded and with the names of more than 400 alumni who lost their lives in the line of duty.

The residence hall formerly known as Lee Hall was renamed in August 2020 for Janie and William Hoge, a local African American couple who hosted some of the first Black students attending Virginia Polytechnic Institute in the 1950s.

The residence hall formerly known as Barringer Hall was renamed in August 2020 for James Leslie Whitehurst Jr. '63, the first Black student permitted to live on campus in 1961.

20. Other Postemployment Benefits

The university participates in postemployment benefit programs that are sponsored by the commonwealth and administered by the Virginia Retirement System (VRS, or the System) or the Department of Human Resource Management. These programs include the Pre-Medicare Retiree Healthcare program, Virginia Sickness and Disability program, Group Life Insurance program, Retiree Health Insurance Credit program, and Line of Duty Act program. The specific information for each of these Other Postemployment Benefit (OPEB) programs is described below:

Plan Descriptions

Pre-Medicare Retiree Healthcare (PMRH) program

All full-time and part-time permanent salaried Virginia Tech employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are eligible to participate in the commonwealth's healthcare program upon employment. Retirees who are not yet eligible for Medicare health benefits may continue to participate in this program by meeting certain eligibility requirements.

Virginia Sickness and Disability (VSDP) program

All full-time and part-time permanent salaried Virginia Tech employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) hired on or after January 1, 1999 are automatically covered by VSDP upon employment. The VSDP program also covers Virginia Tech employees hired before January 1, 1999 who elected to transfer to VSDP rather than retain their eligibility to be considered for disability retirement.

Group Life Insurance (GLI) program

All full-time, salaried, permanent employees of Virginia Tech are automatically covered by the GLI program upon employment. (*Note*: In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance program. For members who elect the optional group life insurance coverage, the insurer bills Virginia Tech directly for the premiums. Virginia Tech deducts these premiums from members' paychecks and pays the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI program postemployment benefit.)

Retiree Health Insurance Credit (HIC) program

All full-time, salaried, permanent employees of Virginia Tech are automatically covered by the HIC program. Members earn one month of service credit toward the benefit for each month they are employed and for which Virginia Tech pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

Line of Duty Act (LODA) program

All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the LODA program. As required by statute, the VRS is responsible for managing the assets of the program. The Virginia Tech contributions are determined by the VRS actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

Plan Provisions

PMRH program

Eligible employees

For a VRS retiree to participate in the Pre-Medicare Retiree Healthcare (PMRH) program, the participant must:

- be a retiring state employee who is eligible for a monthly retirement benefit from the VRS, and
- be receiving (not deferring) the benefit immediately upon retirement*, and
- have his or her last employer before retirement be the Commonwealth of Virginia, and
- be eligible for coverage (even if not enrolled) as an active employee in the State Health Benefits Program until his or her retirement date (not including extended coverage), and
- have submitted within 31 days of his or her retirement date an enrollment form to his or her benefits administrator to enroll.

(* A retirement contribution or leave without pay status for retirement was reported in the month immediately prior to retirement date. Some faculty members may also be eligible if they are paid on an alternate pay cycle but maintain eligibility for active coverage until their retirement date.)

For an Optional Retirement Plan (ORP) retiree to participate in the PMRH program, the participant must:

- be a terminating state employee who is eligible for a benefit from one of the qualified ORP vendors, and
- have his or her last employer before termination be the Commonwealth of Virginia, and
- be eligible for coverage (even if not enrolled) in the State Employee Health Benefits Program at the time of termination, and
- meet the age and service requirements for an immediate retirement benefit under the VRS plan that would have been applicable had ORP coverage not been selected, and
- enroll in the State Retiree Health Benefits Program no later than 31 days from the date that coverage (or eligibility for coverage) was lost due to termination of employment.

(This applies to ORP terminations effective January 1, 2017, or later. For those who terminated employment prior to January 1, eligibility should be determined based on the policy in place at the time of their termination.)

There are no assets accumulated in a trust to pay benefits for this program.

VSDP program

Eligible employees

The Virginia Sickness and Disability Program (VSDP), also known as the Disability Insurance Trust Fund was established January 1, 1999 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities.

Eligible employees are enrolled automatically upon employment. They include:

- Full-time and part-time permanent salaried Virginia Tech employees covered under VRS, SPORS and VaLORS (members new to VaLORS following its creation on October 1, 1999, have been enrolled since the inception of VSDP).
- State employees hired before January 1, 1999, who elected to transfer to VSDP rather than retain their eligibility to be considered for VRS disability retirement.
- Virginia Tech faculty members who elect the VRS defined benefit plan.

Benefit Amounts

The Virginia Sickness and Disability Program (VSDP) provides the following benefits for eligible retirees:

- Long-Term Disability – If an employee becomes disabled within five years of his or her normal retirement age, the employee will receive up to five years of VSDP benefits, provided he or she remains medically eligible.
- Long-Term Care Plan – The program also includes a self-funded long-term care plan that assists with the cost of covered long-term care services.

Cost-of-Living Adjustment (COLA)

During periods an employee receives long-term disability benefits, the LTD benefit may be increased annually by an amount recommended by the actuary and approved by the board.

- Plan 1 employees vested as of 1/1/2013 – 100% of the VRS Plan 1 COLA (The first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%).
- Plan 1 employee non-vested as of 1/1/2013, Plan 2 and Hybrid Plan employees – 100% of the VRS Plan 2 and Hybrid COLA (The first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%).

For participating full-time employees taking service retirement, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the board, from the date of the commencement of the disability to the date of retirement.

100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS and VaLORS Plans, with a maximum COLA of 4.00%

For participating full-time employees receiving supplemental (work-related) disability benefits, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the board, from the date of the commencement of the disability to the date of retirement

GLI program

Eligible employees

The GLI program was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program. Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

Benefit amounts

The benefits payable under the GLI program have several components:

- Natural Death Benefit – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- Accidental Death Benefit – The accidental death benefit is double the natural death benefit.
- Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option.

Reduction in benefit amounts
The benefit amounts provided to members covered under the GLI program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)
For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the GLI program. The minimum benefit was set at $8,000 by statute. The amount increases annually based on the VRS Plan 2 cost-of-living adjustment and was increased to $8,616 effective June 30, 2021.

Retiree HIC program

Eligible Employees
The HIC program was established January 1, 1990 for retired state employees covered under VRS, SPORS, VaLORS and the Judicial Retirement System (JRS) who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include full-time and part-time permanent salaried state employees covered under VRS, SPORS, VaLORS and JRS.

Benefit amounts
The HIC program provides the following benefits for eligible employees:

- At Retirement – For employees who retire with at least 15 years of service credit, the monthly benefit is $4.00 per year of service per month with no cap on the benefit amount.
- Disability Retirement – For employees other than state police officers who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP), the monthly benefit is $120.00 or $4.00 per year of service, whichever is higher. For state police officers with a non-work-related disability who retire on disability or go on long-term disability under VSDP, the monthly benefit is $120.00 or $4.00 per year of service, whichever is higher. For state police officers with a work-related disability, there is no benefit provided under the HIC program if the premiums are being paid under the Virginia Line of Duty Act (LODA). However, they may receive the credit for premiums paid for other qualified health plans.

HIC program notes
The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VSDP must have at least 15 years of service credit to qualify for HIC as a retiree.

LODA program

Eligible Employees
The eligible employees of the LODA program are paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS).

Benefit Amounts
The Line of Duty Act Program (LODA) provides death and health insurance benefits for eligible individuals.

Death benefits – The Line of Duty Act program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows:

- $100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after.
- $25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date.
- An additional $20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.

Health insurance benefits – The Line of Duty Act program provides health insurance benefits. Prior to July 1, 2017, these benefits were managed though the various employee plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program. Beginning July 1, 2017, the health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by the Line of Duty Act.

Contributions

PMRH program

Virginia Tech does not pay a portion of the retirees' healthcare premium; however, since both active employees and retirees are included in the same pool for purposes of determining health insurance rates, this generally results in a higher rate for active employees. Therefore, Virginia Tech effectively subsidizes the costs of the participating retirees' healthcare through payment of Virginia Tech's portion of the premiums for active employees. Benefit payments are recognized when due and payable in accordance with the benefit terms. PMRH is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes and is administered by the Virginia Department of Human Resource Management.

VSDP program

The contribution requirements for the VSDP are governed by *§51.1-1140, Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for VSDP for the year ended June 30, 2021 was 0.61% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits payable during the year, with an adjustment to amortize the accrued OPEB assets. Contributions to the VSDP from Virginia Tech were $971,000 and $968,000 for the years ended June 30, 2021 and June 30, 2020, respectively.

GLI program

The contribution requirements for the GLI program are governed by *§§ 51.1-506 and 51.1-508, Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI program from Virginia Tech were $3,397,000 and $3,231,000 for the years ended June 30, 2021 and June 30, 2020, respectively.

Retiree HIC program

The contribution requirement for active employees is governed by *§51.1-1400(D), Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each state agency's contractually required employer contribution rate for the year ended June 30, 2021 was 1.12% of covered employee compensation for employees in the Retiree HIC program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from Virginia Tech to the Retiree HIC program were $7,050,000 and $7,262,000 for the years ended June 30, 2021 and June 30, 2020, respectively.

LODA program

The contribution requirements for the LODA program are governed by *§9.1-400.1, Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA program for the year ended June 30, 2021 was $717.31 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA program from Virginia Tech were $34,000 and $31,000 for the years ended June 30, 2021 and June 30, 2020, respectively.

Liabilities, Expenses, and Deferred Inflows/Outflows of Resources

At June 30, 2021, Virginia Tech reported the following net liabilities (assets) for its proportionate share of these programs:

PMRH	$	50,797,000
VSDP	$	(8,213,000)
GLI	$	50,486,000
HIC	$	79,244,000
LODA	$	957,000

These liabilities were measured as of June 30, 2020 and the total OPEB liability used to calculate each net liability was determined by an actuarial valuation as of that date. Virginia Tech's proportion of the PMRH OPEB liability was based on its healthcare premium contributions as a percentage of the total employer's healthcare premium contributions for all participating employers. For VSDP, GLI, HIC and LODA programs, Virginia Tech's proportionate share of each liability was based on Virginia Tech's actuarially determined employer contributions to each plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2020, Virginia Tech's proportionate share was:

PMRH	8.93% as compared to 8.72% at June 30, 2019
VSDP	3.72% as compared to 3.79% at June 30, 2019
GLI	3.03% as compared to 2.99% at June 30, 2019
HIC	8.63% as compared to 8.59% at June 30, 2019
LODA	0.23% as compared to 0.24% at June 30, 2019

For the year ended June 30, 2021, Virginia Tech recognized the following expenses for these programs:

PMRH	$	(10,917,000)
VSDP	$	796,000
GLI	$	2,404,000
HIC	$	7,561,000
LODA	$	82,000

Since there was a change in proportionate share between measurement dates, a portion of these expenses was related to deferred amounts from changes in proportion.

At June 30, 2021, Virginia Tech reported deferred outflows/inflows of resources related to these programs from the following sources *(all dollars in thousands)*:

Program	Source	Deferred Outflow		Deferred Inflow	
PMRH	Difference between expected and actual experience	$	-	$	25,862
	Change in assumptions		-		41,593
	Changes in proportion		7,531		584
	Amounts associated with transactions subsequent to measurement date		3,308		-
	Total	$	10,839	$	68,039
VSDP	Difference between expected and actual experience	$	772	$	1704
	Net difference between projected and actual earnings on investments		559		-
	Change in assumptions		110		337
	Changes in proportion		165		18
	VT contributions subsequent to measurement date		971		-
	Total	$	2,577	$	2,059
GLI	Difference between expected and actual experience	$	3,238	$	453
	Net difference between projected and actual earnings on investments		1,517		-
	Change in assumptions		2,525		1,054
	Changes in proportion		1,678		13
	VT contributions subsequent to measurement date		3,397		-
	Total	$	12,355	$	1,520

HIC	Difference between expected and actual experience	$ 33	$ 1,189
	Net difference between projected and actual earnings on investments	390	-
	Change in assumptions	1,320	376
	Changes in proportion	2,743	20
	VT contributions subsequent to measurement date	7,050	-
	Total	$ 11,536	$ 1,585
LODA	Difference between expected and actual experience	$ 102	$ 130
	Net difference between projected and actual earnings on investments	-	1
	Change in assumptions	256	60
	Changes in proportion	39	73
	VT contributions subsequent to measurement date	34	-
	Total	$ 431	$ 264

The following amounts reported as deferred outflows of resources related to each program, resulting from Virginia Tech's contributions subsequent to the measurement date, will be recognized as a reduction of each program's net liability (asset) in the fiscal year ending June 30, 2021 *(all dollars in thousands)*:

PMRH	$ 3,308
VSDP	$ 971
GLI	$ 3,397
HIC	$ 7,050
LODA	$ 34

Other amounts reported as deferred outflows/inflows of resources related to the OPEB programs will be recognized in each program's expense in future reporting periods as follows *(all dollars in thousands)*:

Year ended June 30,	PMRH	VSDP	GLI	HIC	LODA
2022	$ (17,333)	$ (161)	$ 1,239	$ 670	$ 17
2023	$ (17,333)	$ (11)	$ 1,667	$ 718	$ 17
2024	$ (14,401)	$ -	$ 2,037	$ 810	$ 18
2025	$ (7,888)	$ 6	$ 1,916	$ 654	$ 18
2026	$ (2,981)	$ (114)	$ 529	$ 49	$ 18
Thereafter	$ (572)	$ (173)	$ 49	$ -	$ 44

Actuarial Assumptions

PMRH Program Actuarial Assumptions

The total Pre-Medicare Retiree Healthcare OPEB liability was based on an actuarial valuation with a valuation date of June 30, 2020. The Department of Human Resource Management selected the economic, demographic and healthcare claim cost assumptions. The actuary provided guidance with respect to these assumptions. Initial healthcare costs trend rates used were 6.75 percent for medical and pharmacy and 4.00 percent for dental. The ultimate trend rates used were 4.50 percent for medical and pharmacy and 4.00 percent for dental.

Valuation Date	Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.
Measurement Date	June 30, 2020 (one year prior to the end of the fiscal year)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed
Effective Amortization Period	6.34 years
Discount Rate	2.21%
Projected Salary Increases	4.0%
Medical Trend Under 65	Medical and Rx: 6.75% to 4.50%, Dental: 4.00%
Year of Ultimate Trend	2029

Mortality Rates

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year, and females set back 1 year with 1.5% increase compounded from ages 70 to 85

Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates

The discount rate was based on the Bond Buyers GO 20 Municipal Bond index as of the measurement date which is June 30, 2020.

Changes of Assumptions

The following actuarial assumptions were updated since the June 30, 2019 valuation based on the recent experience study are as follows:

- Spousal coverage – reduced rate from 25% to 20%
- Retiree participation – reduced rate from 50% to 45%

Spousal coverage and retiree participation were both reduced based on a blend of recent experience and the prior year assumptions. The mortality assumption was modified slightly to reflect mortality improvement projection scale BB, including age over 65 in pre-retirement mortality base rates. No excise tax has been reflected due to the SECURE Act. Among the provisions was a repeal of three taxes and fees that were originally intended to help fund the Affordable Care Act (ACA): i) the excise tax on high-cost health plans (Cadillac tax); ii) the annual fee on health insurance providers; and iii) the medical devise excise tax. The trend rates were updated based on economic conditions as of June 30, 2020. Additionally, the discount rate was decreased from 3.51% to 2.21% based on the Bond Buyers GO 20 Municipal Bond Index.

VSDP, GLI, HIC, AND LODA PROGRAM ACTUARIAL ASSUMPTIONS

VSDP, GLI, and HIC – The total liability for these programs was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.5 percent
Salary increases, including inflation	
General state employees	3.5 percent – 5.35 percent
Teachers	3.5 percent – 5.95 percent
SPORS employees	3.5 percent – 4.75 percent
VaLORS employees	3.5 percent – 4.75 percent
JRS employees	4.5 percent
Locality – General employees	3.5 percent – 5.35 percent
Locality – Hazardous Duty employees	3.5 percent – 4.75 percent
Investment rate of return	6.75 percent, net of OPEB plan investment expenses, including inflation*

** Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, a more conservative 6.75% investment return assumption has been used.*

LODA - The total liability for these programs was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.5 percent
Salary increases, including inflation	
General state employees	N/A
SPORS employees	N/A
VaLORS employees	N/A
Locality employees	N/A
Medical cost trend rates assumption	
Under age 65	7.00 percent – 4.75 percent
Ages 65 and older	5.375 percent – 4.75 percent
Year of ultimate trend rate	
Under age 65	Fiscal year ended 2028
Ages 65 and older	Fiscal year ended 2023
Investment rate of return	2.21 percent, including inflation*

** Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 2.21% was used since it approximates the risk-free rate of return.*

Mortality rates – General State Employees (VSDP, GLI, LODA)

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement: RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%
Discount Rate	Decrease rate from 7.00% to 6.75% (N/A for LODA)

Mortality rates – Teachers (GLI)

Pre-Retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement: RP-2014 White Collar Employee Rates to age 49, White Collar Health Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement: RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

Mortality rates – SPORS Employees (VSDP, GLI, LODA)

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement: RP-2014 Disabled Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%
Discount Rate	Decreased rate from 7.00% to 6.75% (N/A for LODA)

Mortality rates – VaLORS Employees (VSDP, GLI, LODA)

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement: RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%
Discount Rate	Decreased rate from 7.00% to 6.75% (N/A for LODA)

Mortality rates – JRS Employees (GLI)

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% compounding increase from ages 70 to 85.

Post-Disablement: RP-2014 Disability Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

Mortality rates – Largest Ten Locality Employers - General Employees (GLI, HIC)

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement: RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%
Discount Rate	Decreased rate from 7.00% to 6.75%

Mortality rates – Non-Largest Ten Locality Employers - General Employees (GLI, HIC)

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement: RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14 to 15%
Discount Rate	Decreased rate from 7.00% to 6.75%

Mortality rates – Largest Ten Locality Employers with Hazardous Duty Employees (GLI, HIC)

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement: RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%
Discount Rate	Decreased rate from 7.00% to 6.75%

Mortality rates – Non-Largest Ten Locality Employers with Hazardous Duty Employees (GLI, HIC)

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement: RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 7.00% to 6.75%

Mortality rates – Largest Ten Locality Employers with Public Safety Employees (LODA)

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement: RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.
Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 60% to 70%

Mortality rates – Non-Largest Ten Locality Employers with Public Safety Employees (LODA)

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement: RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Net OPEB Liability

The net OPEB liability (NOL) for VSDP, GLI, HIC and LODA represents each program's total OPEB liability determined in accordance with GASB Statement 74, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for each program are as follows *(all dollars in thousands)*:

	VSDP	GLI	HIC	LODA
Total OPEB Liability	$ 269,531	$ 3,523,937	$ 1,043,383	$ 423,147
Plan Fiduciary Net Position	490,220	1,855,102	125,377	4,333
Employers' Net OPEB Liability (Asset)	$ (220,689)	$ 1,668,835	$ 918,006	$ 418,814
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	181.88%	52.64%	12.02%	1.02%

The total OPEB liability is calculated by the VRS actuary, and each plan's fiduciary net position is reported in the VRS financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB Statement 74 in the VRS notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

VSDP, GLI, HIC Programs

The long-term expected rate of return on the VRS investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of the VRS investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Weighted Average Arithmetic Long-term Expected Rate of Return	Long-term Expected Rate of Return
Public equity	34.00%	4.65%	1.58%
Fixed income	15.00%	0.46%	0.07%
Credit strategies	14.00%	5.38%	0.75%
Real assets	14.00%	5.01%	0.70%
Private equity	14.00%	8.34%	1.17%
Multi-Asset Public Strategies (MAPS)	6.00%	3.04%	0.18%
Private Investment Partnership (PIP)	3.00%	6.49%	0.19%
Total all asset classes	100.00%		4.64%
Expected inflation			2.50%
Expected arithmetic nominal return*			7.14%

** The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75%, which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%*

LODA Program

The long-term expected rate of return on LODA OPEB Program's investments was set at 2.21% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumptions. Instead, the assumed annual rate of return of 2.21% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2020.

Discount Rate

PMRH Program

The discount rate was decreased from 3.51% to 2.21% based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date of June 30, 2020. Spousal coverage was reduced from 25% to 20% and retiree participation was reduced from 50% to 45% based on a blend of recent experience and the prior year assumptions.

VSDP, GLI, HIC PROGRAMS

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by Virginia Tech for each of these programs will be subject to the portion of the VRS board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB fiduciary net position for these programs was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability for each of these programs.

LODA PROGRAM

The discount rate used to measure the total OPEB liability was 2.21%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and they will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2020, the rate contributed by Virginia Tech to the LODA OPEB program will be subject to the portion of the VRS board-certified rates that are funded by the Virginia General Assembly.

Sensitivity of Virginia Tech's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents Virginia Tech's proportionate share of the net OPEB liability for PMRH using the discount rate of 2.21%; VSDP, GLI, and HIC using the discount rate of 6.75%; and LODA using the discount rate of 2.21%. As well, Virginia Tech's proportionate share of the net OPEB liability (asset) is presented as it would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Virginia Tech's Proportionate Share of Net OPEB Liability (Asset)

	1.00% Decrease	Current Discount Rate	1.00% Increase
	1.21%	2.21%	3.21%
PMRH	$ 53,453	$ 50,797	$ 48,105
	5.75%	6.75%	7.75%
VSDP	$ (7,493)	$ (8,213)	$ (8,859)
GLI	$ 66,368	$ 50,486	$ 37,589
HIC	$ 87,810	$ 79,244	$ 71,872
	1.21%	2.21%	3.21%
LODA	$ 1,136	$ 957	$ 822

Sensitivity of Virginia Tech's Proportionate Share of the Net PMRH OPEB and LODA OPEB Liabilities to Changes in the Health Care Trend Rate

Because the Pre-Medicare Retiree Healthcare and Line of Duty Act programs contain provisions for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents Virginia Tech's proportionate share of the net OPEB liability for these programs using health care trend rate of 6.75% decreasing to 4.50% for PMRH and 7.00% decreasing to 4.75% for LODA. As well, Virginia Tech's proportionate share of the net OPEB liability is presented as it would be if it were calculated using a health care trend rate that is one percentage point lower or one percentage point higher than the current rate:

Virginia Tech's Proportionate Share of Net OPEB Liability

	1.00% Decrease	Current Health Care Trend Rate	1.00% Increase
PMRH	5.75% decreasing to 3.50%	6.75% decreasing to 4.50%	7.75% decreasing to 5.50%
	$ 45,535	$ 50,797	$ 56,968
LODA	6.00% decreasing to 3.75%	7.00% decreasing to 4.75%	8.00% decreasing to 5.75%
	$ 791	$ 957	$ 1,174

Fiduciary Net Position

Detailed information about Fiduciary Net Position for each of these programs is available in the separately issued VRS 2020 Annual Comprehensive Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at https://www.varetire.org/pdf/publications/2020-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the VSDP, GLI, and HIC OPEB programs

The amount payable outstanding at June 30, 2021 to each of these OPEB programs was as follows:

VSDP	$ 5,000
GLI	$ 188,000
HIC	$ 393,000

21. Grants, Contracts, and Other Contingencies

The university has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Claims against these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the outlay of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the university.

In addition, the university is required to comply with various federal regulations issued by the Office of Management and Budget. Failure to comply with certain system requirements of these regulations may result in questions concerning the allowance of related direct and indirect charges pursuant to such agreements. As of June 30, 2021, the university estimates that no material liabilities will result from such audits or questions.

22. Federal Direct Lending Program

The university participates in the Federal Direct Lending Program. Under this program, the university receives funds from the U.S. Department of Education for Stafford and Parent PLUS Loan Programs, and disburses these funds to eligible students. The funds can be applied to outstanding student tuition and fee charges or refunded directly to the student.

These loan proceeds are treated as student payments, with the university acting as a fiduciary agent for the student. Therefore, the receipt of the funds from the federal government is not reflected in the federal government grants and contracts total on the *Statement of Revenues, Expenses, and Changes in Net Position.* The activity is included in the noncapital financing section of the *Statement of Cash Flows.* For the fiscal year ended June 30, 2021, cash provided by the program totaled $149,337,000 and cash used by the program totaled $149,337,000.

23. Appropriations

The *Appropriation Act* specifies that unexpended general fund appropriations remaining on the last day of the current year, ending on June 30, 2021, shall be reappropriated for expenditure in the first month of the next year, beginning on July 1, 2021, except as may be specifically provided otherwise by the Virginia General Assembly. The governor may, at his discretion, unallot funds from the reappropriated balances that relate to unexpended appropriations for payments to individuals, aid to localities, or any pass-through grants.

Adjustments made to the university's original appropriation during this fiscal year are as follows *(all dollars in thousands)*:

Original legislative appropriation		
(per Chapter 1289, as amended by Chapters 56 and 552)		
Education and general programs	$	255,167
Student financial assistance		22,986
Commonwealth Research Initiative and Federal Action Contingency Trust		5,389
Unique military activities		2,757
Total appropriation		286,299
Adjustments		
Tech talent investment program		12,957
Affordable access		4,000
Commonwealth Research Initiative and Federal Action Contingency Trust		616
Student financial assistance		255
Other adjustments		(1,859)
Total adjustments		15,969
Adjusted appropriation	$	302,268

24. Expenses by Natural Classification within Functional Classification

The university's operating expenses by functional classification for the year ended June 30, 2021
(all dollars in thousands)

	Compensation and Benefits	Contractual Services	Travel	Supplies and Materials	Other Operating Expenses	Sponsored Program Subcontracts	Scholarships and Fellowships	Total
Instruction	$ 389,279	$ 18,903	$ 1,491	$ 9,374	$ 5,118	$ 135	$ 1,627	$ 425,927
Research	229,164	27,787	1,587	21,851	2,505	30,769	17,133	330,796
Public service	62,491	18,627	630	3,249	2,277	1,262	530	89,066
Academic support	78,257	14,997	334	7,010	5,022	-	296	105,916
Student services	20,185	2,679	95	1,340	443	713	108	25,563
Institutional support	76,373	4,828	802	1,415	8,878	24	603	92,923
Operations and maintenance	36,372	8,221	131	7,666	39,530	-	30	91,950
Student financial assistance*	238	2	-	2	15	-	31,830	32,087
Auxiliary enterprises	112,097	28,223	5,520	28,694	29,792	4	1,981	206,311
Subtotal before other costs	$ 1,004,456	$ 124,267	$ 10,590	$ 80,601	$ 93,580	$ 32,907	$ 54,138	1,400,539
Depreciation and amortization								112,896
Total operating expenses								$ 1,513,435

**Includes loan administrative fees and collection costs.*

25. Component Unit

The component unit statements and subsequent notes comply with the Governmental Accounting Standards Board (GASB) presentation format. Virginia Tech Foundation Inc. follows the Financial Accounting Standards Board (FASB) presentation format in their audited financial statements. Consequently, reclassifications have been made to convert their statements to the GASB format.

Virginia Tech Foundation Statement of Net Position

As of June 30, 2021

(all dollars in thousands)

Assets	
Current assets	
Cash and cash equivalents	$ 50,593
Short-term investments	90,835
Accounts and contributions receivable, net	80,938
Notes receivable, net	535
Inventories	297
Prepaid expenses	1,422
Other current assets	8,351
Total current assets	232,971
Noncurrent assets	
Cash and cash equivalents	111,624
Accounts and contributions receivable, net	118,216
Notes and deeds of trust receivable, net	22,556
Net investments in direct financing leases	69,432
Irrevocable trusts held by others, net	5,839
Long-term investments	1,740,491
Depreciable capital assets, net	199,856
Nondepreciable capital assets	175,954
Intangible assets, net	3,622
Other noncurrent assets	7,042
Total noncurrent assets	2,454,632
Total assets	2,687,603
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	8,140
Accrued compensated absences	427
Deferred revenue	7,326
Long-term debt payable	26,202
Other current liabilities	6,591
Total current liabilities	48,686
Noncurrent liabilities	
Accrued compensated absences	341
Deferred revenue	3,524
Long-term debt payable	301,782
Liabilities under trust agreements	25,595
Agency deposits held in trust	570,833
Other noncurrent liabilities	6,997
Total noncurrent liabilities	909,072
Total liabilities	957,758
Net Position	
Invested in capital assets, net of related debt	198,849
Restricted, nonexpendable	736,643
Restricted, expendable	
Scholarships, research, instruction, and other	634,690
Unrestricted	159,663
Total net position	$ 1,729,845

Virginia Tech Foundation Statement of Revenues, Expenses, and Changes in Net Position

For the year ended June 30, 2021
(all dollars in thousands)

Operating Revenues	
Gifts and contributions	$ 105,772
Auxiliary enterprise revenue	
Hotel Roanoke	11,185
River Course	1,627
Rental income	44,397
Other operating revenues	19,028
Total operating revenues	182,009
Operating Expenses	
Instruction	5,004
Research	8,049
Public service	5,563
Academic support	14,505
Institutional support	
Other university programs	14,067
Fundraising	10,869
Management and general	6,355
Operation and maintenance of plant	
Operation and maintenance of plant	7,249
Research cost centers	8,707
Student financial assistance	32,763
Auxiliary enterprises	
Hotel Roanoke	7,457
River Course	1,938
Depreciation expense	10,842
Other operating expenses	13,167
Total operating expenses	146,535
Operating Income	35,474
Non-Operating Revenues (Expenses)	
Investment income, net	12,823
Net gain on investments	199,200
Interest expense on debt related to capital assets	(9,243)
Net non-operating revenues	202,780
Income Before Other Revenues, Expenses, Gains, or Losses	238,254
Change in valuation of split interest agreements	8,143
Capital grants and gifts	18,439
Gain on disposal of capital assets	48
Additions to permanent endowments	52,740
Loss on extinguishment of debt	(1,646)
Other revenues	5,431
Total other revenues, expenses, gains, or losses	83,155
Net Position	
Increase in net position	321,409
Net position – beginning of year	1,408,436
Net position – end of year	$ 1,729,845

Notes to Component Unit Statements

Contributions Receivable – Virginia Tech Foundation Inc.

The following summarizes unconditional promises to give at June 30, 2021 *(all dollars in thousands)*:

Receivable in less than one year	$	67,273
Receivable in one to five years		73,259
Receivable in more than five years		54,460
Total contributions receivable, gross		194,992
Discount to reduce estimated future cash flows to fair value and allowance for uncollectible contributions receivable		(11,556)
Contributions receivable, measured at fair value	$	183,436

The discount rates ranged from 0.14% to 2.05% at June 30, 2021 and as of June 30, 2021 the foundation is unaware of any conditional promises to give.

Investments – Virginia Tech Foundation Inc.

The overall investment objective of the foundation is to invest its operating funds in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities, and to invest its endowed funds in a manner that maintains the purchasing power of the endowment. The foundation diversifies its investments among various asset classes incorporating multiple strategies and managers. Major investment decisions, such as asset allocation and spending, are authorized by the board's Investment Committee, which oversees the foundation's investment program in accordance with established guidelines.

In addition to traditional equity and fixed-income securities, the foundation may also hold shares or units in traditional institutional funds, as well as in alternative investment funds involving hedged, private equity and real asset strategies. Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges and other instruments, and are valued accordingly. Private equity funds primarily employ buyout and venture capital strategies. Real asset funds generally hold interests in public real estate investment trusts (REITs), public natural resource equities, private commercial real estate, and private natural resources such as power plants and oil and gas companies. Private equity and real asset strategies therefore often require the estimation of fair values by the fund managers in the absence of readily determinable market values. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable public earnings multiples, projected cash flows, recent sale prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. Moreover, the fair values of the foundation's interests in shares or units of these funds, because of liquidity and capital commitment terms that vary depending on the specific fund or partnership agreement, may differ from the fair value of the funds' underlying net assets.

The following tabulation summarizes changes in relationships between cost and fair value of investments *(all dollars in thousands)*:

	Fair value	Cost	Net gain
June 30, 2021	$ 1,831,326	$ 1,588,925	$ 242,401
June 30, 2020	1,479,250	1,399,232	80,018
Unrealized net gain for the year, including net gain on agency deposits held in trust of $60,772			162,383
Realized net gain for the year, including net gain on agency deposits held in trust of $47,036			144,673
Total net gain for the year, including net gain on agency deposits held in trust of $107,808			$ 307,056

As of June 30, 2021, long-term investments included investment assets held in internally-managed trust funds with a carrying value totaling $58,869.

The foundation is required by Maryland state law to maintain segregated assets for all annuities issued in an amount at least equal to the sum of its outstanding deferred giving arrangements liability, discounted to present value. As of June 30, 2021, the foundation had recorded annuity obligations of $6,783. As of June 30, 2021, the foundation had separately invested cash reserves of $13,975 and had met its minimum reserve requirement under Maryland state law.

Fair Value Hierarchy – Virginia Tech Foundation Inc.

Accounting Standards Codification (ASC) Topic 820 establishes a three-tier fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are as follows:

Level 1 – Inputs that use quoted prices (unadjusted) in active markets for identical assets or liabilities that the foundation has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

The fair values of the foundation's corporate debt securities and state, county and municipal securities are obtained from a third-party pricing service provider. The fair values provided by the pricing service provider are estimated using pricing models, where the inputs to those models are based on observable market inputs including credit spreads and broker-dealer quotes, among other inputs. The foundation classifies the prices obtained from the pricing services within Level 2 of the fair value hierarchy because the underlying inputs are directly observable from active markets. However, the pricing models used do entail a certain amount of subjectivity and, therefore, differing judgments in how the underlying inputs are modeled could result in different estimates of fair value.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The assets that were measured at fair value on a recurring basis at June 30, 2021 are presented in the first table on the next page.

The second table on the next page summarizes the foundation's investments in entities that calculate net asset value as a practical expedient to estimate fair value as of June 30, 2021, as well as liquidity and funding commitments.

Assets measured at fair value - Virginia Tech Foundation Inc.
At June 30, 2021
(all dollars in thousands)

	Total	Fair value measurements at reporting date using Level 1	Level 2	Level 3	NAV*
Contributions receivable	$ 183,436	$ -	$ -	$ 183,436	$ -
Short-term investments					
Corporate debt securities	39,496	39,496	-	-	-
U.S. government treasuries	44,780	44,780	-	-	-
U.S. government agencies	6,559	6,559	-	-	-
Total short-term investments	90,835	90,835	-	-	-
Long-term investments					
Cash and cash equivalents	49,975	49,237	738	-	-
U.S. government treasuries	17,356	1,221	16,135	-	-
U.S. government agencies	10,118	10,118	-	-	-
State, county, and municipal securities	97	-	97	-	-
Equity securities	219,739	219,739	-	-	-
Hedge funds	235,607	580			235,027
Private real assets	91,432	-	-	-	91,432
Private credit	167,190	-	288	-	166,902
Private equity	221,036	-	-	-	221,036
Private equity alternative investments	299,172	-	-	-	299,172
Corporate bonds	22,908	22,908	-	-	-
Corporate debt securities	217,804	146,474	70,221	1,109	-
Mortgage receivable	4,496	4,496	-	-	-
Foreign securities	147,353	131,711	-	-	15,642
Real estate	36,208	-	-	36,208	-
Total long-term investments	1,740,491	586,484	87,479	37,317	1,029,211
Irrevocable trusts held by others	5,839	-	-	5,839	-
Total	$ 2,020,601	$ 677,319	$ 87,479	$ 226,592	$ 1,029,211

* *Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated financial statements.*

Assets measured using NAV estimate - Virginia Tech Foundation Inc.
At June 30, 2021
(all dollars in thousands)

	Fair Value	Uncalled Commitments	Remaining Life	Redemption Frequency	Trade to Settlement Terms	Redemption Notice Period
Public equity funds(1)	$ 81,529	$ -	N/A	≤ Quarterly	5-15 days	30-90 days
Public equity funds(2)	231,430	7,236	N/A	> Quarterly	5-15 days	30-180 days
Hedge funds(3)	32,746	-	N/A	≤ Quarterly	5-15 days	30-90 days
Hedge funds(3)	202,034	-	N/A	> Quarterly	5-15 days	30-90 days
Private credit funds(4)	138,547	35,208	1-10 years	N/A	N/A	N/A
Private equity funds(5)	222,165	61,722	1-10 years	N/A	N/A	N/A
Private real assets funds(6)	120,759	65,279	1-10 years	N/A	N/A	N/A
	$ 1,029,210	$ 169,445				

(1) The amount represents funds that invest in publicly traded equity securities and can be liquidated at the end of each quarter or more frequently. There are currently no restrictions on redemption of these investments. The managers directly invest primarily in long equity securities and, at times, opportunistically invest in short equity securities. Management seeks to achieve a return in excess of an appropriate equity benchmark such as the MSCI ACWI.

(2) The amount represents funds that invest in publicly traded equity securities and can be liquidated at times longer than the end of a quarter. The longest time to liquidation is 42 months. There are currently no restrictions on redemption of these investments. The managers directly invest primarily in long equity securities and, at times, opportunistically invest in short equity securities. Management seeks to achieve a return in excess of an appropriate equity benchmark such as the MSCI ACWI.

(3) The amount represents investments in funds that invest in hedge fund strategies such as long/short, event-driven and global macro. Management of the funds seeks to achieve an annualized return that is at least 7% in excess of the 91-day U.S. Treasury Bill rate. The funds invest both long and short equity and fixed income securities and there is no restriction on the types of securities and financial instruments they are allowed to invest in.

(4) The amount represents investments in funds that invest in credit related securities and have a liquidity structure similar to private equity. These investments can never be redeemed from the funds, and it is estimated that the underlying assets of the fund will be liquidated over the next one to 10 years.

(5) The amount represents investments in funds that invest in private equity in buyouts and venture capital, both domestically and internationally. The allocation to buyouts is 96% and to venture capital 4%. Uncalled commitments are approximately $46,542 to buyouts and $15,180 to venture capital. These investments can never be redeemed from the funds and it is estimated that the underlying assets of the fund will be liquidated over the next one to 10 years.

(6) The amount represents investments in funds that invest in private real assets in real estate and natural resources, primarily domestically. The allocation to real estate is 65% and to natural resources 35%. Uncalled commitments are approximately $49,398 to real estate and $15,881 to natural resources. These investments can never be redeemed from the funds, and it is estimated that the underlying assets of the fund will be liquidated over the next one to 10 years.

Notes to Component Unit Statements, continued

Land, Buildings, and Equipment - Virginia Tech Foundation Inc.

A summary of land, buildings, and equipment at cost, less accumulated depreciation for the year ending June 30, 2021 is presented as follows *(all dollars in thousands)*:

Depreciable capital assets	
Buildings	$ 286,375
Equipment and other	41,426
Land improvements	25,807
Total depreciable capital assets, at cost	353,608
Less accumulated depreciation	(153,752)
Total depreciable capital assets, net	199,856
Nondepreciable capital assets	
Land	119,014
Vintage and other collection items	7,004
Livestock	876
Construction in progress	49,060
Total nondepreciable capital assets	175,954
Total capital assets, net	$ 375,810

As of June 30, 2021, outstanding contractual commitments for projects under construction approximated $62,892.

Long-Term Debt Payable - Virginia Tech Foundation Inc.

Notes payable

The following is a summary of outstanding notes payable at June 30, 2021 *(all dollars in thousands)*:

Unsecured revolving line of credit note payable with total availability of $100,000 due August 1, 2021, plus variable interest at one-month LIBOR plus 0.4% (0.500% as of June 30, 2021)	$ 3,972
Unsecured note payable issued March 30, 2021 to VTF as part of the extended federal COVID-19 Paycheck Protection Program (PPP) administered by the U.S. Small Business Association (SBA). Loan proceeds may only be used for payroll costs, interest on covered mortgage obligations, covered rent obligations, covered utility payments, worker protection costs related to COVID-19, and certain supplier costs and operating expenses incurred during the 24-week period after the loan disbursement date. The note bears interest at 1% with principal and interest payments deferred for 10 months following the 24-week covered period. The foundation intends to use the entire loan for qualifying expenses. Under the terms of the PPP, certain amounts may be forgiven if proceeds are used for qualifying expenses.	363
Unsecured note payable issued February 19, 2021 to the Hotel Roanoke LLC (HRLLC) as a second draw PPP loan issued as part of the extended federal COVID-19 relief program administered by the SBA. Loan proceeds may only be used for payroll costs, interest on covered mortgage obligations, covered rent obligations, covered utility payments, worker protection costs related to COVID-19, and certain supplier costs and operating expenses incurred during the 24-week period after the loan disbursement date. The note bears interest at 1% with principal and interest payments deferred for 10 months following the 24 week covered period. The foundation intends to use the entire loan for qualifying expenses. Under the terms of the PPP, certain amounts may be forgiven if proceeds are used for qualifying expenses.	1,726
Unsecured note payable upon the sale of the hotel and repayment of all debt of the hotel and the Hotel Roanoke Foundation	1,775
Total notes payable	$ 7,836

The aggregate annual maturities of notes payable for each of the five years and thereafter subsequent to June 30, 2021, are *(all dollars in thousands)*:

Year ending June 30,	
2022	$ 4,025
2023	575
2024	575
2025	576
2026	310
Upon the sale of the hotel and repayment of all debt of the hotel and HRF	1,775
Total notes payable	$ 7,836

During 2003, the foundation used proceeds from borrowings on notes payable totaling $13,800 to provide a loan to an unrelated party through a promissory note receivable. The unrelated party used the proceeds to purchase the University Mall building located in Blacksburg, Virginia. The promissory note receivable, which requires interest payments only until maturity, earned interest at a fixed rate of 6.18% through June 30, 2013 and 6.96% thereafter through June 30, 2023, the maturity date. The promissory note receivable is secured by a first deed of trust in the real property of the University Mall, as well as the assignment of leases, rents, and security agreements.

Bonds payable

The foundation is obligated under the Economic Development Authority of Montgomery County, Virginia Revenue and Refunding Bonds (Series 2011A) and Taxable Revenue and Refunding Bonds (Series 2011B) dated November 17, 2011. Proceeds were used to refinance all or a portion of the outstanding Series 2000, Series 2005, Series 2009A, and Series 2009B bonds and two notes payable, retire certain interest rate swaps, and finance the construction of several commercial facilities and other facilities to be used in support of the university. The original Series 2011A and Series 2011B bonds, which bear a weighted average fixed interest rate of 3.69% and 4.03%, respectively, have annual serial and sinking fund maturities beginning June 1, 2012 and concluding June 1, 2039 in varying amounts ranging from $1,505 to $5,200. The Series 2017A and Series 2017B bonds, as further described below, refunded portions of the Series 2011A bonds. The Series 2019A and Series 2019B, as further described below, refunded portions of the Series 2011B bonds. The Series 2020A bonds refunded the remaining 2011A bonds. The Series 2011B bonds currently have a final maturity of 2022.

The foundation is obligated under the Economic Development Authority of Montgomery County, Virginia Tax-Exempt Revenue and Refunding Bonds (Series 2012A) and Taxable Revenue and Refunding Bonds (Series 2012B) dated December 1, 2012. Proceeds were used to refinance a portion of the outstanding Series 2009B bonds and to finance the construction of several facilities to be used in support of the university. During 2014, an additional $1,817 was borrowed on the Series 2012B bonds to finance the construction of a facility to be used in support of the university. The Series 2012A bonds, which bear a fixed interest rate of 1.99%, have monthly payments of principal and interest beginning February 1, 2013 and concluding June 1, 2022. The Series 2012B bonds bore a variable interest rate of LIBOR plus 125 basis points (1.44% at June 30, 2013), until the final advance date of October 1, 2013 and thereafter bear a fixed interest rate of 3.05%, have monthly interest commencing on February 1, 2013, and have monthly payments of principal and interest beginning November 1, 2013 and concluding on January 1, 2033. The Series 2012B bonds are subject to mandatory tender on December 27, 2022 at the bondholder's option.

The foundation is obligated under the Economic Development Authority of Montgomery County, Virginia Revenue and Refunding Bonds (Series 2013A) and Taxable Revenue and Refunding Bonds (Series 2013B) dated October 30, 2013. Proceeds were used to finance the construction of several commercial facilities and several facilities to be used in support of the university. The bonds, which bear a weighted average fixed interest rate of 3.95% and 3.87%, respectively, have annual serial and sinking fund maturities beginning June 1, 2014 and concluding June 1, 2038 in varying amounts ranging from $280 to $4,010. At June 30, 2021 unspent bond proceeds of $308 were included in restricted cash and cash equivalents. The Series 2020A bonds, as further described below, refunded portions of the Series 2013A and 2013B bonds. The unrefunded portion of the Series 2013A and 2013B bonds currently have a final maturity of 2024.

The foundation is obligated under the Economic Development Authority of Montgomery County, Virginia Revenue and Refunding Bonds (Series 2017A) and Taxable Revenue and Refunding Bonds (Series 2017B) dated May 17, 2017. Proceeds were used to refinance all or a portion of the outstanding Series 2009A, Series 2010A, Series 2010B, and Series 2011A bonds, refinance a VTREF note payable, and renovate a facility used in support of the university. The Series 2017A and 2017B bonds, which bear a weighted average fixed interest rate of 2.93% and 3.43%, respectively, have annual serial and sinking fund maturities beginning June 1, 2018 and concluding June 1, 2039 in varying amounts ranging from $580 to $4,670.

The foundation is obligated under the Economic Development Authority of Montgomery County, Virginia Revenue and Refunding Bonds (Series 2017C) dated May 17, 2017. Proceeds were used to refinance all of the outstanding Series 2005 bonds and the remaining portion of the Series 2009A bonds. The Series 2017C bonds, which bear a variable interest rate calculated as 65% of one-month LIBOR plus 0.407%, have annual serial maturities beginning June 1, 2018 and concluding June 1, 2027 in varying amounts ranging from $1,340 to $3,380.

The foundation is obligated under a promissory note with Union Bank and Trust (Series 2017D) dated December 19, 2017. Proceeds were used to finance the construction of several facilities to be used in support of the university. The promissory note, which bears a fixed interest rate of 3.7%, has annual serial maturities beginning

October 1, 2019 and concluding October 1, 2037 in varying amounts ranging from $115 to $825. At June 30, 2021 unspent bond proceeds of $4 were included in restricted cash and cash equivalents.

During the year ended June 30, 2017, the foundation used the proceeds from the Series 2017 bond issuances to refinance all of its Industrial Development Authority of Montgomery County, Virginia Variable Rate Revenue Bonds Series 2005 and Industrial Development Authority of Montgomery County, Virginia Revenue Bonds Series 2009A bonds in the amounts of $12,065 and $16,495, respectively. The foundation also partially refunded $44,190 of its Series 2010A, $5,620 of its Series 2010B, and $14,515 of its Series 2011A bonds as well. The foundation defeased or partially refunded these bonds payable by placing the proceeds of new bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased or partially refunded bonds are not reflected in the foundation's component unit financial statements.

The foundation is obligated under the Economic Development Authority of Montgomery County, Virginia Revenue Bonds (Series 2019A) and Taxable Revenue and Refunding Bonds (Series 2019B) dated November 5, 2019. Proceeds will be used to finance costs related to the acquisition, construction, and equipping of certain facilities, funding capitalized interest, refinancing all or a portion of the outstanding Series 2010B and Series 2011B bonds, and paying certain costs of issuance. The Series 2019A and 2019B bonds, which bear a weighted average fixed interest rate of 2.54% and 3.06%, respectively, have annual serial and sinking fund maturities beginning June 1, 2020 and concluding June 1, 2044 in varying amounts ranging from $60 to $7,615. At June 30, 2021 unspent bond proceeds of $40,406 and $31,614 are included in restricted cash and cash equivalents and short-term investments, respectively.

The foundation is obligated under the Economic Development Authority of Montgomery County, Virginia Taxable Revenue and Refunding Bonds (Series 2020A) dated July 7, 2020. Proceeds will be used to finance costs related to the acquisition, construction, and equipping of certain facilities; refinance all or a portion of the outstanding Series 2011A, Series 2013A and Series 2013B bonds; and pay certain costs of issuance. The Series 2020A bonds, which bear a weighted average fixed interest rate of 2.24%, have annual serial maturities beginning June 1, 2021 and concluding June 1, 2038 in varying amounts ranging from $565 to $4,625.

The foundation refunded the remaining $29,150 of its Series 2011A, partially refunded $13,170 of its Series 2013A, and partially refunded $6,575 of its 2013B bonds. The foundation defeased or partially refunded these bonds payable by placing the proceeds of new bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased or partially refunded bonds are not reflected in the foundation's component unit statements. In connection with these bond transactions, the foundation recorded a loss on early extinguishment of debt of $2,953 in the component unit statement of revenues, expenses, and changes in net position for the year ended June 30, 2021.

Principal amounts outstanding for bonds payable and the related unamortized premium amounts where applicable as of June 30, 2021, are as follows *(all dollars in thousands)*:

Bond Series		
Series 2011B	$	2,190
Series 2012A		80
Series 2012B		4,710
Series 2013A		1,880
Series 2013B		5,045
Series 2017A		35,520
Series 2017B		38,580
Series 2017C		11,065
Series 2017D		10,670
Series 2019A		52,900
Series 2019B		99,640
Series 2020A		49,320
Unamortized premium on Series 2013A		130
Unamortized premium on Series 2017A		2,042
Unamortized premium on Series 2019A		9,377
Unamortized discount on Series 2019B		(685)
Unamortized bond issuance cost		(2,316)
Total bonds payable	$	320,148

The aggregate annual maturities of bonds payable for each of the five years and thereafter subsequent to June 30, 2021, are as follows *(all dollars in thousands)*:

Year ending June 30,		
2022	$	22,409
2023		20,686
2024		19,834
2025		19,380
2026		26,632
2027 – 2031		85,835
2032 – 2036		79,713
2037 – 2041		43,060
2042 – 2044		4,915
Total	$	322,464

Total interest expense incurred in the aggregate related to notes payable and bonds payable during the year ended June 30, 2021 totaled $7,139.

Interest Rate Swaps

Effective September 1, 2005, the foundation entered into an interest rate swap agreement (Swap 1) with a lending institution. This agreement was based on the principal balances of the Series 2001A and Series 2002A bond issues, which were refinanced by the Series 2005 bonds and more recently by the Series 2017C bonds. The foundation participates as a fixed rate payer with a fixed rate of 3.265% for a 17-year term ending June 1, 2022. The lending institution participates as a floating rate payer with a floating interest rate, which is calculated based on the weighted average of 70% of USD-LIBOR-BBA of 0.05889% at June 30, 2021.

Effective September 1, 2006, the foundation entered into an interest rate swap agreement (Swap 2) with a lending institution. This agreement was based on the principal balances of the Series 2005 bond issue, which were refinanced by the Series 2017C bonds. The foundation participates as a fixed rate payer with a fixed rate of 3.21300% ending June 1, 2025. The lending institution participates as a floating rate payer with a floating interest rate, which is calculated based on the weighted average of 70% of USD-LIBOR-BBA of 0.05945% at June 30, 2021.

Effective March 14, 2007, the foundation entered into an interest rate swap agreement (Swap 3) with a lending institution. This agreement was based on the principal balances of the Series 2007 bond issue, which were refinanced by the Series 2009 bonds and more recently by the 2017C bonds. The foundation participates as a fixed rate payer with a fixed rate of 3.737% ending June 1, 2027. The lending institution participates as a floating rate payer with a floating interest rate, which is calculated based on the weighted average of SIFMA Municipal Swap Index, of 0.03133% at June 30, 2021.

The following table summarizes the fair values of the foundation's interest rate swaps at June 30 and changes in the fair values of those swaps during the year ended June 30, 2021 *(all dollars in thousands)*:

		Fair values		Change in Fair values
Swap 1	$	1	$	52
Swap 2		260		153
Swap 3		893		326
Total	$	1,154	$	531

Agency Deposits Held in Trust – Virginia Tech Foundation Inc.

Under an agreement between the university and the foundation, the foundation serves as agent in connection with the investment, management, and administration of the Pratt Estate Funds. Under a similar agreement, the foundation also serves as agent for the investment and management of other university non-general funds to assist the university in its goal of achieving enhanced earnings. In addition, the foundation serves as agent and maintains investments for the Virginia Tech Alumni Association Inc., Virginia Tech Services Inc., and certain other associations.

A summary of agency deposits held in trust for the year ending June 30, 2021 is presented as follows *(all dollars in thousands)*:

University – Pratt Estate	$	49,605
University – other		451,160
Virginia Tech Alumni Association Inc.		5,173
Virginia Tech Services Inc.		4,212
Other		60,683
Total agency deposits held in trust	$	570,833

26. Joint Ventures

The Hotel Roanoke Conference Center Commission was created by a joint resolution of the university and the City of Roanoke. The purpose of the commission is to establish and operate a publicly owned conference center in Roanoke adjacent to the renovated Hotel Roanoke. The powers of the commission are vested in commissioners. Each participating governing body appoints three commissioners for a total of six commissioners. The commission has authority to issue debt, and such debt is the responsibility of the commission. The intention of the commission is to be self-supporting through its user fees. The university and the City of Roanoke equally share in any operating deficit or additional funding needed for capital expenditures. The university made contributions of $80,000 using private funds to the commission for the fiscal year ended June 30, 2021. The administrative offices for the Hotel Roanoke Conference Center Commission are located at 106 Shenandoah Avenue, Roanoke, Virginia, 24016.

27. Jointly Governed Organizations

NRV Regional Water Authority

Created by a concurrent resolution of the university, the towns of Blacksburg and Christiansburg and joined by the county of Montgomery in fiscal year 2013, the authority operates and maintains the water supply system for the university and the other participating governing bodies. A five-member board governs the authority with one member appointed by each governing body and one at-large member appointed by the joint resolution of each of the governing bodies. The authority's indebtedness is not an obligation of the university and is payable solely from the revenues of the authority. The university paid $1,563,000 to the authority for the purchase of water for the fiscal year ended June 30, 2021.

Blacksburg-VPI Sanitation Authority

Created by a concurrent resolution of the university and the town of Blacksburg, the authority operates and maintains the wastewater treatment system for the participating governing bodies. Each participating governing body appoints one member of the five-member board of directors. Three at-large members are appointed by the joint resolution of each of the governing bodies. The authority's indebtedness is not an obligation of the university and is payable solely from the revenues of the authority. The university paid $1,233,000 to the authority for the purchase of sewer services for the fiscal year ended June 30, 2021.

Montgomery Regional Solid Waste Authority

Created by a joint resolution of the university, the towns of Blacksburg and Christiansburg, and the county of Montgomery, the authority represents its members in solid waste and recycling issues as well as operating a recycling facility. The authority is governed by its board which is comprised of representatives from each of the four jurisdictions served. Each governing body provides collection of solid waste and recyclables from within its jurisdiction, and delivers the collected materials to the authority for disposal of the waste and processing and marketing of the recyclables. All indebtedness is the obligation of the authority and payable from its revenues. The university paid $185,000 to the authority for disposal fees for the fiscal year ended June 30, 2021.

Virginia Tech/Montgomery Regional Airport Authority

Created by a joint resolution of the university, the towns of Blacksburg and Christiansburg, and the county of Montgomery, this authority serves to develop a regional airport based on the mission of servicing corporate executive markets and other general aviation markets; obtaining grants, loans and other funding for airport improvements and other activities; and promoting and assisting regional economic development. The authority is governed by its board, which consists of five members. Each participating governing body appoints one member of the board, and jointly all governing bodies appoint the fifth member. All indebtedness is the obligation of the authority and payable from its revenues. The university's funding commitment for fiscal year 2021 was $60,000, all of which Virginia Tech paid to the authority.

New River Valley Emergency Communications Regional Authority

Created by a joint resolution of the university, towns of Blacksburg and Christiansburg, and the county of Montgomery, this authority provides 911 dispatch and emergency communication services to the people of each jurisdiction and campus. The authority is governed by its board, which consists of five members. Each participating governing body appoints one member of the board, and jointly all governing bodies appoint the fifth member. The university paid $962,000 to the authority for the fiscal year ended June 30, 2021.

28. Risk Management and Employee Health Care Plans

The university is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; nonperformance of duty; injuries to employees; and natural disasters. The university participates in insurance plans maintained by the Commonwealth of Virginia. The state employee health care and worker's compensation plans are administered by the Department of Human Resource Management and the risk management insurance plans are administered by the Department of Treasury, Division of Risk Management. Risk management insurance includes property, general liability, medical malpractice, faithful performance of duty bond, automobile, boiler and machinery, as well as air and watercraft plans. The university pays premiums to the Commonwealth of Virginia for the aforementioned insurance coverage. In addition, the university contracts with private insurers to provide additional fidelity bonding coverage, automobile physical damage coverage, and overseas liability coverage. Information relating to the commonwealth's insurance plans is available in the Commonwealth of Virginia's *Annual Comprehensive Financial Report.*

29. Pending Litigation

The university has been named as a defendant in a number of lawsuits. The final outcome of the lawsuits cannot be determined at this time. However, management is of the opinion that any ultimate liability to which the university may be exposed will not have a material effect upon the university's financial position.

30. COVID-19 Relief Funding

During the fiscal year, the university was awarded an additional Higher Education Emergency Relief Fund (HEERF II) amount of $27.9 million from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and $49.7 million from the American Rescue Plan (ARP). CRRSAA funds of $9.8 million were spent to provide students with emergency aid grants. CRRSAA funds were also spent to address institutional pandemic impacts, including $2.8 million for implementing evidence-based measures for preventing the spread of COVID-19 and $13.3 million for recovery of lost revenues caused by the disruption of on-campus operations. The university's total lost revenues stemming from the pandemic exceeded the institutional portion of the awarded HEERF amounts. At year end, $2.0 million of CRRSAA and $49.7 million of ARP were unexpended.

The university was also awarded $13.3 million in Coronavirus Relief Funding (CRF) as federal pass-through funds from the Commonwealth of Virginia during the fiscal year. The funds were used primarily to refund student dorm and dining fees, utilize university facilities for implementing evidence-based practices to stop the spread of COVID-19, provide personal protective equipment, and reimburse computer and peripheral equipment used in distance learning and teleworking. As of June 30, 2021, the university had spent $1.6 million of unexpended award from the previous fiscal year and $13.3 million of the current year's award towards these purposes. All CRF monies were expended at fiscal year end.

The university also expended the remaining balance of its CARES Act award from the prior fiscal year, allocating $0.9 million to emergency aid grants to students and $0.8 million to institutional support. Additionally, the university received and expended numerous small awards throughout the year totaling $0.9 million.

Required Supplementary Information

Required Supplementary Information for Pension Plans

Schedule of Virginia Tech's Share of Net Pension Liability (SERP)*

For the years ended June 30, 2021-2015
(all dollars in thousands)

	Proportion of net pension liability	Proportionate share of net pension liability	Employer's covered payroll	Proportionate share of net pension liability as a percentage of employer's covered payroll	Plan fiduciary net position as a percentage of total pension liability
2021	6.35%	$ 460,400	$ 271,869	169.35%	72.15%
2020	6.42%	$ 405,894	$ 270,954	149.80%	75.13%
2019	6.46%	$ 349,811	$ 270,309	129.41%	77.39%
2018	6.55%	$ 381,766	$ 262,376	145.50%	75.33%
2017	6.58%	$ 433,375	$ 263,416	164.52%	71.29%
2016	6.52%	$ 398,980	$ 246,888	161.60%	72.81%
2015	6.30%	$ 352,916	$ 243,099	145.17%	74.28%

Schedule of Virginia Tech's Share of Net Pension Liability (VaLORS)*

For the years ended June 30, 2021-2015
(all dollars in thousands)

	Proportion of net pension liability	Proportionate share of net pension liability	Employer's covered payroll	Proportionate share of net pension liability as a percentage of employer's covered payroll	Plan fiduciary net position as a percentage of total pension liability
2021	0.64%	$ 5,024	$ 2,296	218.82%	65.74%
2020	0.66%	$ 4,557	$ 2,293	198.74%	68.31%
2019	0.66%	$ 4,144	$ 2,294	180.65%	69.56%
2018	0.67%	$ 4,397	$ 2,315	189.94%	67.22%
2017	0.67%	$ 5,201	$ 2,328	223.41%	61.01%
2016	0.66%	$ 4,716	$ 2,247	209.88%	62.64%
2015	0.70%	$ 4,706	$ 2,461	191.22%	63.05%

**The amounts presented have a measurement date of the previous fiscal year end.*

Schedule of Virginia Tech's Pension Contributions (SERP)

For the years ended June 30, 2021 - 2015
(all dollars in thousands)

	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of employer's covered payroll
2021	$ 39,309	$ 39,309	$ -	$ 271,869	14.46%
2020	$ 37,758	$ 37,758	$ -	$ 283,418	13.32%
2019	$ 36,003	$ 36,003	$ -	$ 270,954	13.29%
2018	$ 36,466	$ 36,466	$ -	$ 270,309	13.49%
2017	$ 35,348	$ 35,348	$ -	$ 262,376	13.47%
2016	$ 36,931	$ 36,931	$ -	$ 263,416	14.00%
2015	$ 30,392	$ 30,392	$ -	$ 246,488	12.30%

Schedule of Virginia Tech's Pension Contributions (VaLORS)

For the years ended June 30, 2021 - 2015
(all dollars in thousands)

	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of employer's covered payroll
2021	$ 512	$ 512	$ -	$ 2,296	22.30%
2020	$ 503	$ 503	$ -	$ 2,367	21.25%
2019	$ 496	$ 496	$ -	$ 2,293	21.63%
2018	$ 483	$ 483	$ -	$ 2,294	21.05%
2017	$ 487	$ 487	$ -	$ 2,315	21.04%
2016	$ 439	$ 439	$ -	$ 2,328	18.86%
2015	$ 397	$ 397	$ -	$ 2,247	17.67%

All schedules above are intended to show information for 10 years. Since 2015 is the first year for this presentation, only seven years are available. Additional years will be included as they become available.

Notes to Required Supplementary Information for Pension Plans

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except for the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows.

VRS – State Employee Retirement Plans (SERP)

Mortality Rates	Update to a more current mortality table – RP-2014 projected to 2020`
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%
Discount Rate	Decrease rate from 7.00% to 6.75%

VaLORS Retirement Plan

Mortality Rates	Update to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decrease rate from 50% to 35%
Discount Rate	Decrease rate from 7.00% to 6.75%

Required Supplementary Information for Other Postemployment Benefit Plans

Schedule of Virginia Tech's Share of OPEB Liability (Asset)

For the years ended June 30, 2021-2018

(all dollars in thousands)

	Year*	PMRH	VSDP	GLI	HIC	LODA
Employer's proportion of the collective total OPEB liability (asset)	2021	8.93%	3.72%	3.03%	8.63%	0.23%
	2020	8.72%	3.79%	2.99%	8.59%	0.24%
	2019	8.53%	3.81%	2.95%	8.32%	0.23%
	2018	8.34%	3.79%	2.87%	8.19%	0.25%
Employer's proportionate share of the collective total OPEB liability (asset)	2021	$ 50,797	$ (8,213)	$ 50,486	$ 79,244	$ 957
	2020	$ 59,214	$ (7,438)	$ 48,635	$ 79,327	$ 868
	2019	$ 85,746	$ (8,583)	$ 44,770	$ 75,868	$ 735
	2018	$ 108,278	$ (7,790)	$ 43,235	$ 74,567	$ 663
Employer's covered payroll (where applicable)	2021		$ 161,260	$ 622,611	$ 621,914	
	2020		$ 153,447	$ 585,890	$ 585,614	
	2019		$ 147,739	$ 553,929	$ 558,853	
	2018		$ 142,553	$ 526,681	$ 531,560	
Proportionate share of the collective total OPEB liability (asset) as a percentage of employer's covered payroll	2021		5.09%	8.11%	12.74%	
	2020		4.85%	8.30%	13.55%	
	2019		5.81%	8.08%	13.58%	
	2018		5.46%	8.21%	14.03%	
Covered-employee payroll (where applicable)	2021	$ 642,357				N/A**
	2020	$ 601,489				N/A**
	2019	$ 575,313				N/A**
	2018	$ 548,609				N/A**
Proportionate share of the collective total OPEB liability (asset) as a percentage of covered-employee payroll	2021	7.91%				N/A**
	2020	9.84%				N/A**
	2019	14.90%				N/A**
	2018	19.74%				N/A**
Plan Fiduciary Net Position as a percentage of the total OPEB liability (asset)	2021	N/A	181.88%	52.64%	12.02%	1.02%
	2020	N/A	167.18%	52.00%	10.56%	0.79%
	2019	N/A	194.74%	51.22%	9.51%	0.60%
	2018	N/A	186.63%	48.86%	8.03%	1.30%

**The amounts presented have a measurement date of the previous fiscal year end.*

***The contributions for the Line of Duty Act Program (LODA) are based on the number of participants in the program using a per capita-based contribution versus a payroll-based contribution.*

This schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only four years are available. Additional years will be included as they become available.

Schedule of Virginia Tech's Share of OPEB Contributions
For the years ended June 30, 2021-2018
(all dollars in thousands)

	Year	VSDP	GLI	HIC	LODA
Contractually required contribution	2021	$ 971	$ 3,397	$ 7,050	$ 34
	2020	$ 968	$ 3,231	$ 7,262	$ 31
	2019	$ 950	$ 3,039	$ 6,836	$ 32
	2018	$ 977	$ 2,880	$ 6,653	$ 25
Contributions in relation to contractually required contribution	2021	$ 971	$ 3,397	$ 7,050	$ 34
	2020	$ 968	$ 3,231	$ 7,262	$ 31
	2019	$ 950	$ 3,039	$ 6,836	$ 32
	2018	$ 977	$ 2,880	$ 6,653	$ 25
Contribution deficiency (excess)	2021	$ -	$ -	$ -	$ -
	2020	$ -	$ -	$ -	$ -
	2019	$ -	$ -	$ -	$ -
	2018	$ -	$ -	$ -	$ -
Employer's covered payroll (where applicable)	2021	$ 159,351	$ 625,278	$ 623,963	
	2020	$ 161,260	$ 622,611	$ 621,914	
	2019	$ 153,447	$ 585,890	$ 585,614	
	2018	$ 147,739	$ 553,929	$ 558,853	
Contributions as a percentage of employer's covered payroll	2021	0.61%	0.54%	1.13%	
	2020	0.60%	0.52%	1.17%	
	2019	0.62%	0.52%	1.17%	
	2018	0.66%	0.52%	1.19%	
Covered-employee payroll (where applicable)	2021				N/A*
	2020				N/A*
	2019				N/A*
	2018				N/A*
Contributions as a percentage of covered-employee payroll	2021				N/A*
	2020				N/A*
	2019				N/A*
	2018				N/A*

**The contributions for the Line of Duty Act Program (LODA) are based on the number of participants in the program using a per capita-based contribution versus a payroll-based contribution.*

This schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only four years are available. Additional years will be included as they become available.

Notes to Required Supplementary Information for OPEB Plans

PMRH Program
There are no assets accumulated in a trust to pay related benefits.

Changes of benefit terms – There have been no changes to the benefit provisions since the prior actuarial valuation.

Changes of assumptions – The following assumptions were updated since the July 1, 2019 valuation based on recent experience:

- Spousal Coverage – reduced the rate from 25% to 20%
- Retiree Participation – reduced the rate from 50% to 45%

Spousal coverage and retiree participation were both reduced based on a blend of recent experience and the prior year assumptions. The mortality assumption was modified slightly to reflect mortality improvement projection scale BB, including ages over 65 in pre-retirement mortality base rates. No excise tax has been reflected due to the SECURE Act. Among the provisions was a repeal of three taxes and fees that were originally intended to help fund the Affordable Care Act (ACA): i) the excise tax on high-cost health plans (Cadillac tax); ii) the annual fee on health insurance providers; and iii) the medical device excise tax. The trend rates were updated based on economic conditions as of June 30, 2020. Additionally, the discount rate was decreased from 3.51% to 2.21% based on the Bond Buyers GO 20 Municipal Bond Index.

GLI, HIC, LODA, and VSDP Programs
Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016 except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

General State Employees (GLI, LODA, VSDP)

Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%
Discount Rate	Decreased rate from 7.00% to 6.75% (N/A for LODA)

Teachers (GLI)

Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

SPORS Employees (GLI, LODA, VSDP)

Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%
Discount Rate	Decreased rate from 7.00% to 6.75% (N/A for LODA)

VaLORS Employees (GLI, LODA, VSDP)

Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%
Discount Rate	Decreased rate from 7.00% to 6.75% (N/A for LODA)

JRS (GLI)

Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Largest Ten Locality Employers – General Employees (GLI, HIC)

Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers – General Employees (GLI, HIC)

Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decreased rate from 7.00% to 6.75%

Largest Ten Locality Employers – Hazardous Duty Employees (GLI, HIC)

Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers – Hazardous Duty Employees (GLI, HIC)

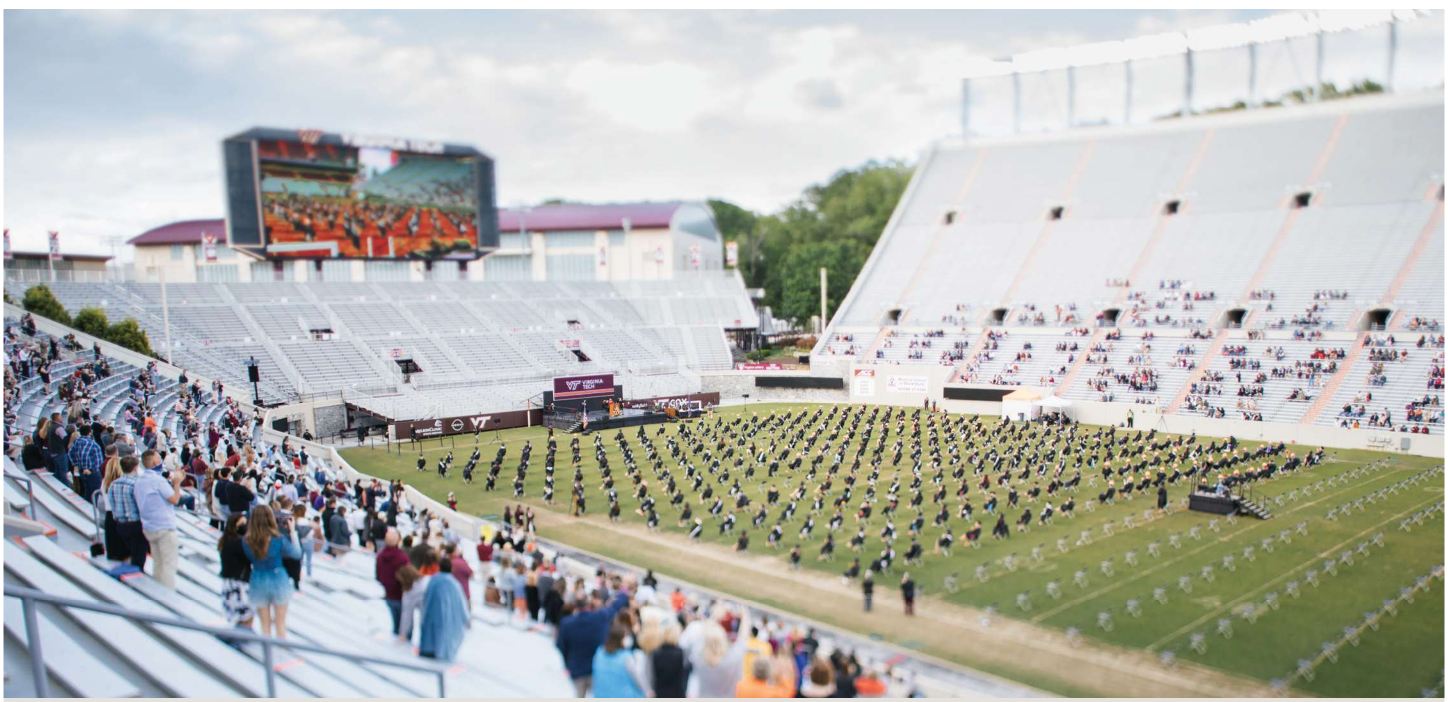
Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 7.00% to 6.75%

Largest Ten Locality Employers with Public Safety Employees (LODA)

Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Non-Largest Ten Locality Employers with Public Safety Employees (LODA)

Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%



Students and visitors attended a socially-distanced commencement ceremony for the College of Architecture and Urban Studies in Lane Stadium. The event was one of several in-person ceremonies held in May 2021 over the course of one week to celebrate graduating Hokies.

Optional Supplementary Information

Virginia Tech Foundation Inc.

The purpose of Virginia Tech Foundation Inc. is to receive, invest, and manage private funds given for the support of programs at Virginia Tech and to foster and promote the growth, progress, and general welfare of the university.

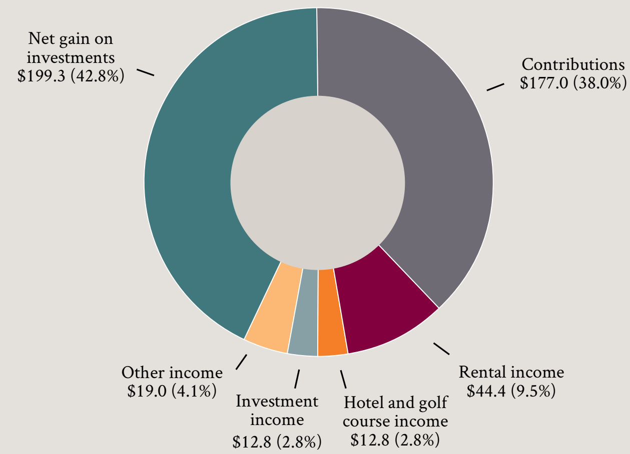
During the current fiscal year, the foundation recognized $177.0 million in contributions for support of the university. Investment income of $12.8 million, along with net gain on investments of $199.3 million, resulted in a $212.1 million net gain on investment activity. Property rental, hotel operating, and golf course income totaled $57.2 million. Other income accounted for $19.0 million.

Total income of $465.3 million was offset by $155.8 million in expenses that supported the university and its programs. Direct support to various university programs aggregated $97.8 million, which included $32.8 million in scholarship support to students and faculty and $13.7 million towards university capital projects. Additional expenses such as fundraising, management and general, research center, hotel operating, golf course, and other costs totaled $58.0 million. Total net position increased by $321.4 million over the previous year.

The graphs on this page are categorized as presented in the foundation's audited financial statements that follow the Financial Accounting Standards Board (FASB) presentation requirements.

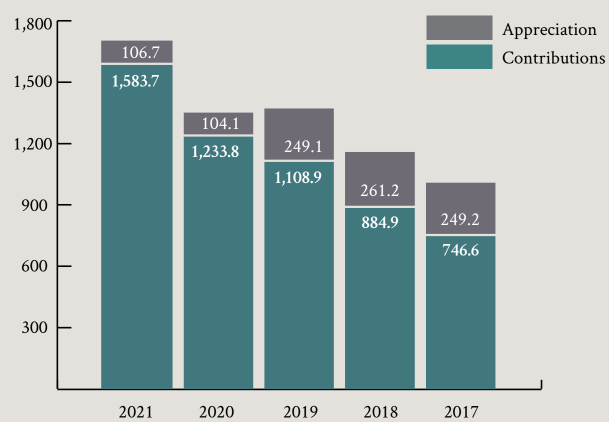
Virginia Tech Foundation Revenues and Investment Gains

For the year ended June 30, 2021
(all dollars in millions)



Virginia Tech Foundation Endowment Market Value*

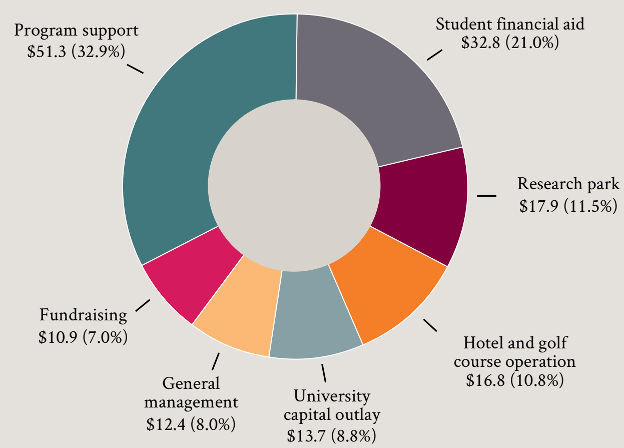
For the year ended June 30, 2021
(all dollars in millions)



*Market value of endowment funds includes agency deposits held in trust of $570.8 million.
(Source: Virginia Tech Investment Managers, unaudited)

Virginia Tech Foundation Expenses

For the year ended June 30, 2021
(all dollars in millions)



Affiliated Corporations Financial Highlights

For the years ended June 30, 2021-2017
(all dollars in thousands)

	2021[1]	2020	2019[2]	2018	2017
Assets					
Virginia Tech Foundation Inc.	$ 2,687,603	$ 2,265,838	$ 2,107,138	$ 1,891,019	$ 1,723,910
Virginia Tech Innovation Corporation	N/A	9,488	10,798	11,646	11,956
Virginia Tech Services Inc.	7,380	7,311	6,803	8,762	10,595
Virginia Tech Applied Research Corporation	4,610	4,219	4,885	4,414	3,696
Virginia Tech Intellectual Properties Inc.	2,102	1,735	1,201	1,063	933
Total Assets	$ 2,701,695	$ 2,288,591	$ 2,130,825	$ 1,916,904	$ 1,751,090
Revenues					
Virginia Tech Foundation Inc.	$ 465,260	$ 210,179	$ 257,082	$ 266,582	$ 318,291
Virginia Tech Innovation Corporation	N/A	4,921	7,015	5,564	5,401
Virginia Tech Services Inc.	2,533	4,172	18,872	22,160	22,187
Virginia Tech Applied Research Corporation	13,419	11,233	11,431	12,038	9,233
Virginia Tech Intellectual Properties Inc.	2,502	2,052	2,193	1,932	2,016
Total Revenues	$ 483,714	$ 232,557	$ 296,593	$ 308,276	$ 357,128
Expenses					
Virginia Tech Foundation Inc.	$ 155,779	$ 180,673	$ 170,041	$ 179,567	$ 164,310
Virginia Tech Innovation Corporation	N/A	6,612	6,655	5,600	4,993
Virginia Tech Services Inc.	2,433	3,438	18,957	22,133	22,480
Virginia Tech Applied Research Corporation	13,262	11,415	10,715	10,985	8,640
Virginia Tech Intellectual Properties Inc.	2,138	2,016	2,155	1,727	2,235
Total Expenses	$ 173,612	$ 204,154	$ 208,523	$ 220,012	$ 202,658

(1) Virginia Tech Innovation Corporation amounts for the current year were not available at publication date.
(2) Virginia Tech Services Inc. restated.

The organizations included above are related to the university by affiliation agreements. These agreements, approved by the Virginia Tech Board of Visitors, require an annual audit to be performed by independent auditors. These auditors have examined the financial records of the organizations presented in the table above and copies of their audit reports have been or will be provided to the university. Values presented in this table are based solely upon these audit reports and do not include any consolidation entries to alter these amounts. Affiliated organizations that hold no financial assets and certify all financial activities or transactions through the Virginia Tech Foundation Inc. may be exempt from the independent audit requirement. Virginia Tech Athletic Fund Inc., Virginia Tech Corps of Cadets Alumni Inc., and Virginia Tech Alumni Association meet exemption requirements and are not presented separately in this table. Additionally, Virginia Tech India Research and Education Forum (VTIREF) is not presented in this table due to the immateriality of its financial figures in comparison with the organizations included.

The Holtzman Alumni Center is home to the Virginia Tech Alumni Association. The center hosts conferences, alumni events, hotel guests, weddings, and other special events. It also showcases alumni and local artists throughout the year in its second-floor gallery.

Consolidating Schedule of Net Position

As of June 30, 2021
(*all dollars in thousands*)

	Current Funds		Loan	Endowment &	Plant	Agency	
Assets	Unrestricted	Restricted	Funds	Similar Funds	Funds	Funds	Total
Current Assets							
Cash and cash equivalents (Note 4)	$ 188,648	$ 68,910	$ 3,196	$ -	$ -	$ 12,608	$ 273,362
Short-term investments (Notes 4, 25)	-	-	-	-	-	-	-
Accounts and contributions receivable, net (Notes 1, 5, 25)	19,715	47,767	-	-	-	-	67,482
Notes receivable, net (Notes 1, 6)	-	-	1,020	-	-	-	1,020
Due from Commonwealth of Virginia (Note 10)	14,827	-	-	-	-	-	14,827
Inventories	15,153	-	-	-	-	-	15,153
Prepaid expenses	18,250	919	-	-	-	-	19,169
Other current assets	-	-	-	-	-	-	-
Due to (from) other funds	(58,256)	9,650	-	(542)	49,148	-	-
Total current assets	198,337	127,246	4,216	(542)	49,148	12,608	391,013
Noncurrent assets							
Cash and cash equivalents (Note 4)	6	-	-	27	27,551	-	27,584
Short-term investments (Note 4)	-	-	-	331	3,339	-	3,670
Due from Commonwealth of Virginia (Note 10)	-	-	-	-	7,798	-	7,798
Accounts and contributions receivable, net (Notes 1, 5, 25)	-	-	-	-	8,886	-	8,886
Notes receivable, net (Notes 1, 6)	4,273	-	7,590	-	-	-	11,863
Net investments in direct financing leases	-	-	-	-	-	-	-
Irrevocable trusts held by others, net	-	-	-	-	-	-	-
Long-term investments (Notes 4, 25)	620,890	-	-	74,429	23,829	-	719,148
Depreciable capital assets, net (Notes 7, 25)	-	-	-	-	1,697,904	-	1,697,904
Nondepreciable capital assets (Notes 7, 25)	-	-	-	-	345,276	-	345,276
Intangible assets, net	-	-	-	-	-	-	-
Other assets	106	8,213	-	-	-	-	8,319
Total noncurrent assets	625,275	8,213	7,590	74,787	2,114,583	-	2,830,448
Total assets	823,612	135,459	11,806	74,245	2,163,731	12,608	3,221,461
Deferred Outflows of Resources							
Deferred loss on long-term debt defeasance (Note 14)	-	-	-	-	4,527	-	4,527
Deferred outflow for VRS pension (Note 18)	96,523	3,974	-	-	-	-	100,497
Deferred outflow for other post employment benefits (Note 20)	33,343	4,395	-	-	-	-	37,738
Total deferred outflows	129,866	8,369	-	-	4,527	-	142,762
Liabilities							
Current liabilities							
Accounts payable and accrued liabilities (Note 8)	107,816	20,784	-	-	27,363	739	156,702
Accrued compensated absences (Notes 1, 15)	22,714	4,842	-	-	-	-	27,556
Unearned revenue (Notes 1, 9)	25,209	22,639	-	-	-	-	47,848
Funds held in custody for others	2	-	-	-	-	11,869	11,871
Commercial paper (Note 11)	-	-	-	-	21,370	-	21,370
Long-term debt payable (Notes 12, 13, 25)	-	-	-	-	24,076	-	24,076
Other postemployment benefits liabilities (Note 20)	2,891	437	-	-	-	-	3,328
Other liabilities	-	-	-	-	-	-	-
Total current liabilities	158,632	48,702	-	-	72,809	12,608	292,751
Noncurrent liabilities							
Accrued compensated absences (Notes 1, 15)	23,152	4,930	-	-	-	-	28,082
Federal student loan program contributions refundable (Note 15)	-	-	8,377	-	-	-	8,377
Unearned revenue	-	-	-	-	-	-	-
Long-term debt payable (Notes 12, 13, 25)	-	-	-	-	487,471	-	487,471
Liabilities under trust agreements	-	-	-	-	-	-	-
Agency deposits held in trust (Note 25)	-	-	-	-	-	-	-
Pension liability (Note 18)	463,151	2,274	-	-	-	-	465,425
Other postemployment benefits liabilities (Note 20)	179,872	(1,716)	-	-	-	-	178,156
Other liabilities	4,755	-	-	-	-	-	4,755
Total noncurrent liabilities	670,930	5,488	8,377	-	487,471	-	1,172,266
Total liabilities	829,562	54,190	8,377	-	560,280	12,608	1,465,017
Deferred Inflows of Resources							
Deferred gain on long-term debt defeasance (Note 14)	-	-	-	-	1,788	-	1,788
Deferred inflow for VRS pension (Note 18)	9,827	-	-	-	-	-	9,827
Deferred inflow for other postemployment benefits (Note 20)	71,408	2,059	-	-	-	-	73,467
Total deferred outflows	81,235	2,059	-	-	1,788	-	85,082
Net Position							
Net investment in capital assets	-	-	-	-	1,519,767	-	1,519,767
Restricted, nonexpendable	-	-	-	14,864	-	-	14,864
Restricted, expendable							
Scholarships, research, instruction, and other	-	87,579	3,429	59,381	-	-	150,389
Capital projects	-	-	-	-	7,224	-	7,224
Debt service and auxiliary operations	-	-	-	-	79,199	-	79,199
Unrestricted	42,681	-	-	-	-	-	42,681
Total net position	$ 42,681	$ 87,579	$ 3,429	$ 74,245	$ 1,606,190	$ -	$ 1,814,124

Consolidating Schedule of Revenues, Expenses, and Changes in Net Position

As of June 30, 2021
(*all dollars in thousands*)

	Current Funds		Loan	Endowment &	Plant	
	Unrestricted	Restricted	Funds	Similar Funds	Funds	Total
Operating Revenues						
Student tuition and fees	$ 579,816	$ 1,724	$ -	$ -	$ -	$ 581,540
Federal appropriations	-	13,412	-	-	-	13,412
Federal grants and contracts	54,972	169,027	-	-	597	224,596
State grants and contracts	1,052	15,498	-	-	-	16,550
Local grants and contracts	437	15,674	-	-	-	16,111
Nongovernmental grants and contracts	7,662	48,400	-	-	-	56,062
Sales and services of educational departments	22,927	61	-	-	-	22,988
Auxiliary enterprise revenue	222,184	3	-	-	-	222,187
Other operating revenues	7,305	1,434	65	-	-	8,804
Total operating revenues	896,355	265,233	65	-	597	1,162,250
Operating Expenses						
Instruction	419,280	6,647	-	-	-	425,927
Research	116,884	213,897	-	-	15	330,796
Public service	47,643	41,423	-	-	-	89,066
Academic support	102,857	3,059	-	-	-	105,916
Student services	25,229	334	-	-	-	25,563
Institutional support	80,371	12,552	-	-	-	92,923
Operation and maintenance of plant	80,492	18	-	-	11,440	91,950
Student financial assistance	10,374	22,414	(701)	-	-	32,087
Auxiliary enterprises	197,357	8,954	-	-	-	206,311
Depreciation and amortization	-	-	-	-	112,896	112,896
Total operating expenses	1,080,487	309,298	(701)	-	124,351	1,513,435
Operating Income (Loss)	(184,132)	(44,065)	766	-	(123,754)	(351,185)
Non-Operating Revenues (Expenses)						
State appropriations	270,264	32,004	-	-	-	302,268
Gifts	12,286	56,764	-	-	-	69,050
Coronavirus relief funds	25	43,410	-	-	-	43,435
Non-operating grants and contracts	-	1,335	-	-	-	1,335
Federal student financial aid (Pell)	-	22,078	-	-	-	22,078
Investment income, net	67,623	(703)	-	14,714	14,991	96,625
Interest expense on debt related to capital assets	(132)	-	-	-	(13,848)	(13,980)
Other non-operating revenue	(5,747)	(9,640)	-	-	15,657	270
Net non-operating revenues (expenses)	344,319	145,248	-	14,714	16,800	521,081
Income (Loss) before Other Revenues, Expenses, Gains, or Losses	160,187	101,183	766	14,714	(106,954)	169,896
Capital grants and gifts	15,353	5,114	-	-	107,491	127,958
Gain on disposal of capital assets	-	-	-	-	2,309	2,309
Total other revenues, expenses, gains, and losses	15,353	5,114	-	-	109,800	130,267
Increase in Net Position	175,540	106,297	766	14,714	2,846	300,163
Mandatory transfers	(58,804)	(545)	-	-	59,349	-
Nonmandatory transfers	21,631	(5,405)	(405)	(2,473)	(13,348)	-
Equipment and library book transfers	(34,488)	(8,909)	-	-	43,397	-
Scholarship allowance transfer	74,368	(74,368)	-	-	-	-
Total transfers	2,707	(89,227)	(405)	(2,473)	89,398	-
Increase in Net Position after Transfers	178,247	17,070	361	12,241	92,244	300,163
Net position - beginning of year	(135,566)	70,509	3,068	62,004	1,513,946	1,513,961
Net position - end of year	$ 42,681	$ 87,579	$ 3,429	$ 74,245	$ 1,606,190	$ 1,814,124

Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

November 5, 2021

The Honorable Glenn A. Youngkin, Governor of Virginia

The Honorable Kenneth R. Plum, Chairman, Joint Legislative Audit and Review Commission

Board of Visitors, Virginia Polytechnic Institute and State University

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the business-type activities and aggregate discretely presented component unit of **Virginia Polytechnic Institute and State University** (Virginia Tech) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Virginia Tech's basic financial statements and have issued our report thereon dated November 5, 2021. Our report includes a reference to other auditors. We did not consider internal controls over financial reporting or test compliance with certain provisions of laws, regulations, contracts, and grant agreements for the financial statements of the component unit of Virginia Tech, which were audited by other auditors in accordance with auditing standards generally accepted in the United States of America, but not in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Virginia Tech's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Virginia Tech's internal control. Accordingly, we do not express an opinion on the effectiveness of Virginia Tech's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Virginia Tech's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Status of Prior Findings and Recommendations

We did not follow-up on the finding included in our report dated November 12, 2020, and titled "Report Student Status Enrollment Changes Timely to National Student Loan Data System" as part of our audit because Virginia Tech did not implement corrective action during our audit period. Virginia Tech anticipates completing corrective action by April 2022 and as such, we will follow-up on this finding as part of our fiscal year 2022 financial statement audit. Despite the timing of the corrective action, we were required to complete certain procedures in this area for fiscal year 2021 to support our opinion on compliance over the Student Financial Assistance Programs Cluster major federal program for the Commonwealth of Virginia's Single Audit. Additional information regarding the Commonwealth of Virginia's Student Financial Assistance Programs Cluster audit is available as part of a standalone Student Financial Assistance Programs Cluster report which will be issued in February 2022. Virginia Tech took adequate corrective action for the findings titled, "Strengthen the Schedule of Expenditures of Federal Awards Review Process" and "Improve Timeliness of Grant Closeout."

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. We discussed this report with management at an exit conference held on November 11, 2021.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

KJS/vks

University Administrative Officers

(as of June 30, 2021)

Virginia Tech Board of Visitors

Horacio A. Valeiras, *Rector*

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Shelley Butler Barlow

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Melissa Byrne Nelson

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College of Engineering

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Laura Belmonte
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Robert T. Sumichrast
Pamplin College of Business

Ronald D. Fricker Jr. (*interim*)
College of Science

Tyler O. Walters
University Libraries

M. Daniel Givens
Virginia-Maryland College of Veterinary Medicine

Lee A. Learman
Virginia Tech Carilion School of Medicine

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President

Cyril R. Clarke
Executive Vice President and Provost

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Vice President for Campus Planning, Infrastructure, and Facilities

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Vice President and Dean for Graduate Education

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Vice President for Health Sciences and Technology

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Vice President and Executive Director, Innovation Campus

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Vice President for Information Technology and Chief Information Officer

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Menah Pratt-Clarke
Vice President for Diversity, Inclusion, and Strategic Affairs

Steven H. McKnight
Vice President for Strategic Alliances

Lisa J. Wilkes
Vice President for Strategic Initiatives / Special Assistant to the President

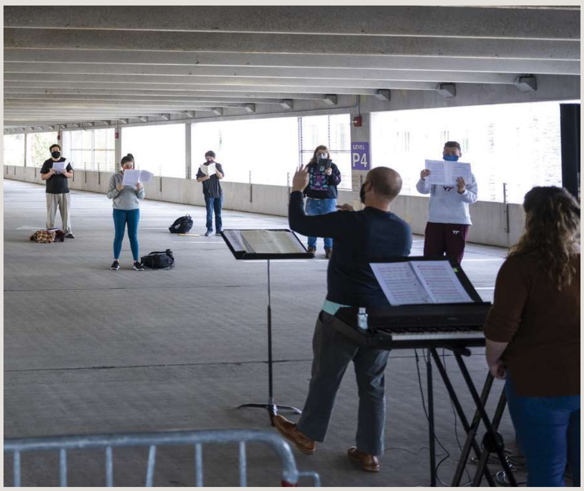
Frank Shushok Jr.
Vice President for Student Affairs

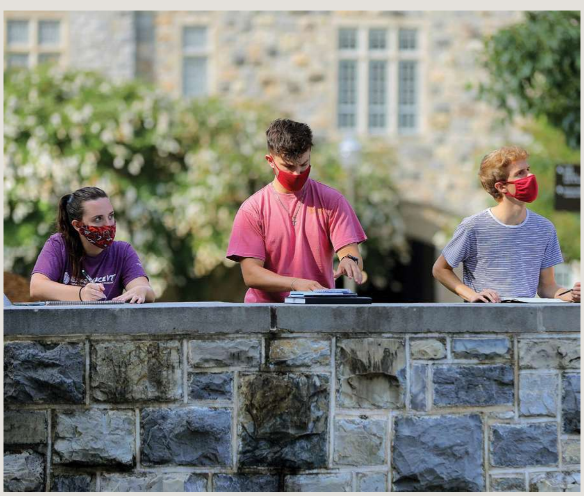
Financial and Business Officers

John J. Cusimano
University Treasurer and
Associate Vice President for Finance for the VT Foundation

Melinda J. West
Associate Vice President for Finance and University Controller

Sharon M. Kurek
Executive Director of Audit, Risk, and Compliance





Prepared by the Office of the University Controller,
Virginia Tech, Blacksburg, VA, 24061.

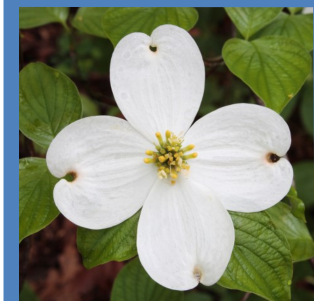
Published January 2022.

This report and reports from prior years are available at www.controller.vt.edu/resources/financialreporting.html.

Photographs courtesy of Virginia Tech University Relations.

For more information, contact the Financial Reporting department at 540.231.6418.

VIRGINIA TECH™



VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

INTERCOLLEGIATE ATHLETICS PROGRAMS FOR THE YEAR ENDED JUNE 30, 2021

Auditor of Public Accounts
Staci A. Henshaw, CPA
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Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

March 7, 2022

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Timothy D. Sands
President, Virginia Polytechnic Institute and State University

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below on **Virginia Polytechnic Institute and State University's** (Virginia Tech) Schedule of Revenues and Expenses (Schedule) for the year ended June 30, 2021. University management is responsible for the Schedule and its compliance with National Collegiate Athletic Association (NCAA) requirements.

University management has agreed to and acknowledged that the procedures are appropriate to meet the intended purpose of evaluating whether the Schedule is in compliance with NCAA Constitution 3.2.4.17.1, for the year ended June 30, 2021. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

<u>Agreed-Upon Procedures Related to the
Schedule of Revenues and Expenses of Intercollegiate Athletics Programs</u>

Procedures described below were limited to material items. For the purpose of this report, and as defined in the agreed-upon procedures, items are considered material if they exceed four percent of total revenues or total expenses, as applicable. The procedures and associated findings are as follows:

Internal Controls

1. We reviewed the relationship of internal control over intercollegiate athletics programs to internal control reviewed in connection with our audit of the university's financial statements. In addition, we identified and reviewed those controls unique to the

Intercollegiate Athletics Department, which were not reviewed in connection with our audit of the university's financial statements.

2. Intercollegiate Athletics Department management provided a current organizational chart. We also made certain inquiries of management regarding control consciousness, the use of internal audit in the department, competence of personnel, protection of records and equipment, and controls regarding information systems with the Information Technology Department.

3. Intercollegiate Athletics Department management provided us with their process for gathering information on the nature and extent of affiliated and outside organizational activity for or on behalf of the university's intercollegiate athletics programs. We tested these procedures as noted below.

Affiliated and Outside Organizations

4. Intercollegiate Athletics Department management identified all related affiliated and outside organizations and provided us with copies of audited financial statements for each such organization for the reporting period.

5. Intercollegiate Athletics Department management prepared and provided to us a summary of revenues and expenses for or on behalf of the university's intercollegiate athletics programs by affiliated and outside organizations included in the Schedule.

6. Intercollegiate Athletics Department management provided to us any additional reports regarding internal control matters identified during the audits of affiliated and outside organizations performed by independent public accountants. We were not made aware of any internal control findings.

Schedule of Revenues and Expenses of Intercollegiate Athletics Programs

7. Intercollegiate Athletics Department management provided to us the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs for the year ended June 30, 2021, as prepared by the university and shown in this report. We recalculated the addition of the amounts in the Schedule, traced the amounts on the Schedule to management's trial balance worksheets, and agreed the amounts in management's trial balance worksheets to the Intercollegiate Athletics Department's accounts in the accounting records. Certain adjustments to the Schedule were necessary to conform to NCAA reporting guidance. We discussed the nature of adjusting journal entries with management and are satisfied that the adjustments are appropriate.

8. We compared each major revenue and expense account over ten percent of total revenues or total expenses, respectively, to prior period amounts and budget estimates.

Variances exceeding ten percent of prior period amounts or budget estimates are explained below:

Line Item	**Explanation**
Admin Salaries (Budget Item)	The university had a $4.5 million or 93 percent difference between budgeted and actual admin salaries due to the budget for football being held in the admin salary fund instead of being allocated out to the football fund where the actual year-to-date expenses were recorded.
Direct state or other government support	The direct state or other government support line item of $13 million is new to the Schedule for fiscal year 2021 to reflect an allocation of federal Higher Education Emergency Relief Funding (HEERF) to offset lost revenue caused by the COVID-19 pandemic.
Contributions	The reduction of $5.6 million or 25.5 percent in contributions is due to a decrease in funds drawn from the Virginia Tech Foundation to cover scholarship and other operating expenses.

Revenues

9. We obtained the amount of ticket sales revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.

10. We obtained the amount of direct state or other government support revenue from the Schedule. We compared amounts to corroborative supporting documentation and noted them to be substantially in agreement.

11. We obtained documentation of the university's methodology for allocating student fees to intercollegiate athletics programs. We compared student fees reported in the Schedule to amounts reported in the accounting records and an expected amount based on fee rates and enrollment. We found these amounts to be substantially in agreement with minor differences attributed to the methodology used for projecting student fee revenue.

12. We compared amounts reported in the Schedule for indirect institutional support to corroborative supporting documentation and noted them to be substantially in agreement.

13. Intercollegiate Athletics Department management provided us with a listing of all contributions of moneys, goods or services received directly by its intercollegiate athletics programs from any affiliated or outside organization, agency or group of individuals that constitutes ten percent or more of all contributions received during the reporting period. Except for contributions received from the Virginia Tech Foundation, Inc., an affiliated organization, we noted no individual contribution which constituted more than ten percent of total contributions received for intercollegiate athletics programs. We reviewed contributions from the Virginia Tech Foundation, Inc., which exceeded ten percent of all contributions and agreed them to supporting documentation. We identified a reconciling difference of $2,969 between the amount reported in the Schedule and the amount reported as contributions by the Virginia Tech Foundation.

14. We obtained the amount of in-kind revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.

15. Intercollegiate Athletics Department management provided us with a listing and copy of the agreements related to media rights. We gained an understanding of the relevant terms of the agreement and agreed selected amounts to proper posting in the accounting records and supporting documentation. We identified a reconciling difference of $18,896 between the amount reported on the Schedule and the amount reported in the accounting system. Following adjustment, media rights revenue has been properly reported in the Schedule.

16. We obtained the amount of NCAA distribution revenue from the Schedule. We agreed amounts to corroborative supporting documentation and noted them to be substantially in agreement.

17. We obtained the amount of conference distributions (non-media and non-football bowl) revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.

18. We obtained the amount of conference distributions of football bowl generated revenue from the Schedule. After reclassifying $6,657,296 from conference distributions (non-media and non-football bowl) to conference distributions of football bowl generated revenue, we deemed the amount to be properly reported in the Schedule.

19. We obtained the amount of program, novelty, parking, and concession sales revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.

20. We obtained the amount of royalties, licensing, advertisement, and sponsorships revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.

21. We obtained the amount of athletics-restricted endowment and investments income revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.

22. We obtained the amount of other operating revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.

Expenses

23. Intercollegiate Athletics Department management provided us a listing of institutional student aid recipients during the reporting period. Since the university used the ARMS software to prepare athletic aid detail, we selected 60 individual student-athletes across all sports and obtained the students' account detail from the university's student information system. We agreed each student's information to the information reported in the NCAA Membership Financial Reporting System by comparing the reported amounts to amounts in the finance and student information systems. We also ensured that the total aid amount for each sport agreed to amounts reported as financial aid in the student accounting system. We performed a check of selected students' information as reported in the NCAA Membership Financial Reporting System to ensure proper calculation of revenue distribution equivalencies.

24. We obtained the amount of guarantee expense from the Schedule. The amount was deemed to be immaterial for detailed testing.

25. Intercollegiate Athletics Department management provided us with a listing of coaches, support staff, and administrative personnel employed and paid by the university during the reporting period. We selected and tested individuals, including football and men's and women's basketball coaches, and compared amounts paid during the fiscal year from the payroll accounting system to their contract or other employment agreement document. We found that recorded expenses equaled amounts paid as salary and bonuses and were in agreement with approved contracts or other documentation.

26. We obtained the amount of severance payments expense from the Schedule. The amount was deemed to be immaterial for detailed testing.

27. We obtained the amount of recruiting and team travel expense from the Schedule. These amounts were deemed to be immaterial for detailed testing.

28. We selected a sample of disbursements for direct overhead and administration and other operating expenses from the Schedule. We compared and agreed the selected operating expenses to adequate supporting documentation. We found all reviewed amounts to be properly approved, reasonable to intercollegiate athletics, and properly recorded in the accounting records.

29. We obtained the amount of lease payments and rental fees from the Schedule. The amount was deemed to be immaterial for detailed testing.

30. We obtained a listing of debt service payments for athletics facilities for the reporting year. We selected a sample of debt payments included in the Schedule, including the two highest facility payments, and agreed them to supporting documentation.

31. We obtained an understanding of the university's methodology for charging indirect cost to the athletic department. We evaluated indirect cost charges for reasonableness and noted proper reporting of these charges in the Schedule.

Other Reporting Items

32. We obtained repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. We recalculated annual maturities reported in the notes to the Schedule and agreed total annual maturities and total outstanding athletic-related debt to supporting documentation.

33. We agreed total outstanding institutional debt to supporting debt schedules and the university's audited financial statements and general ledger.

34. We agreed the fair value of athletics-dedicated endowments to supporting documentation provided by the university's foundation.

35. We agreed the fair value of institutional endowments to supporting documentation provided by the university's foundation.

36. We obtained a schedule of athletics-related capital expenditures made during the period. We selected a sample of transactions to validate existence and accuracy of recording and recalculated totals.

Additional Procedures

37. We compared the sports sponsored, as reported in the NCAA Membership Financial Reporting System, to the Calculation of Revenue Distribution Equivalencies Report (CRDE) from the ARMS software for the institution. We noted agreement of the sports reported.

38. We compared total current year grants-in-aid revenue distribution equivalencies to total prior year reported equivalencies per the NCAA Membership Financial Report submission and noted no variations exceeding four percent when compared to prior year.

39. We obtained the university's Sports Sponsorship and Demographics Forms Report for the reporting year. We validated that the countable sports identified by the institution met the minimum requirements for number of contests and minimum number of participants

as defined in NCAA Bylaw 20.9.6.3 or qualified for the extraordinary blanket waiver per NCAA guidance due to the COVID-19 pandemic. We ensured that countable sports have been properly identified in the NCAA Membership Financial Reporting System for the purpose of revenue distribution calculations.

40. We compared the current number of sports sponsored to the prior year total reported in the university's NCAA Membership Financial Report submission and noted no variations when compared to prior year.

41. We obtained a listing of student-athletes receiving Pell grant awards from the university's student information system and agreed the total value of these Pell grants to the amount reported in the NCAA Membership Financial Reporting System. We noted agreement of the amounts reported.

42. We compared the total number of Pell grant awards in the current year to the number reported in the prior year NCAA Membership Financial Report submission. We noted no variations greater than 20 grants when compared with the prior year.

We were engaged by university management to perform this agreed-upon procedures engagement and conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit, examination, or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs or any of the accounts or items referred to above. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the university and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of Virginia Tech and its President and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

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VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY
SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
For the year ended June 30, 2021

	Football	Men's Basketball	Women's Basketball	Men's Other Sports	Women's Other Sports	Non-Program Specific	Total
Operating revenues:							
Ticket sales	$ -	$ 3,180	$ -	$ 45,880	$ -	$ -	$ 49,060
Direct state or other government support	-	-	-	-	-	13,028,286	13,028,286
Student fees	-	-	-	-	2,536,926	8,353,029	10,889,955
Direct institutional support	-	584		1,597	1,534	-	3,715
Indirect Institutional Support	-	-	-	-	-	5,447,267	5,447,267
Contributions	2,190,290	41,959	10,094	194,572	115,889	13,689,130	16,241,934
In-Kind	7,755	48,223	-	-	3,104	28,287	87,369
Media rights	21,701,689	7,702,508	290,030	-	-	25,897	29,720,124
NCAA distributions	-	2,302,320	-	-	-	1,298,946	3,601,266
Conference distributions (non-media and non-football bowl)	-	262,337	-	35,000	119,000	-	416,337
Conference distributions of football bowl generated revenue	6,657,296	-	-	-	-	-	6,657,296
Program, novelty, parking, and concession sales	136,615	-	-	-	-	805	137,420
Royalties, licensing, advertisement and sponsorships	1,230,973	72,500	72,500	293,003	232,140	996,372	2,897,488
Athletics-Restricted endowment and investments income	33,069	-	-	-	-	2,914,901	2,947,970
Other operating revenue	-	-	-	62,665	62,833	434,660	560,158
Total operating revenues	31,957,687	10,433,611	372,624	632,717	3,071,426	46,217,580	92,685,645
Operating expenses:							
Athletic student aid	4,562,916	725,868	857,033	3,367,277	4,769,046	266,762	14,548,902
Guarantees	419,000	215,000	59,164	23,998	4,221	-	721,383
Coaching salaries, benefits, and bonuses paid by the university and related entities	8,410,355	3,315,870	1,238,965	3,071,442	2,695,626	-	18,732,258
Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities	1,879,385	805,090	544,199	450,954	249,860	12,628,724	16,558,212
Severance payments	115,612	63,890	16,039	11,841	14,504	141,699	363,585
Recruiting	86,362	57,040	60,249	18,208	10,823	-	232,682
Team travel	772,872	337,856	196,984	681,059	647,393	-	2,636,164
Sports equipment, uniforms, and supplies	1,613,980	114,810	27,690	523,555	370,180	311,983	2,962,198
Game expenses	402,633	63,476	50,572	145,109	92,363	804,264	1,558,417
Fundraising, marketing and promotion	132,991	16,776	6,440	30,801	19,106	847,494	1,053,608
Sports camp expenses	25	-	-	-	-	-	25
Spirit groups	144,545	-	-	-	-	116,338	260,883
Athletic facility leases and rental fees	-	-	-	126,192	125,720	-	251,912
Athletic facility debt service	3,597,483	279,935	279,935	-	-	2,301,593	6,458,946
Direct overhead and administrative expenses	2,115,195	429,866	65,152	271,737	199,389	2,205,334	5,286,673
Indirect institutional support	-	-	-	-	-	5,447,267	5,447,267
Indirect cost paid to the institution by athletics	75,744	-	-	-	-	459,769	535,513
Medical expenses and insurance	239,723	34,362	43,095	249,957	283,331	992,450	1,842,918
Memberships and dues	4,984	355	944	23,037	20,775	20,981	71,076
Student-Athlete meals (non-travel)	1,074,654	116,098	57,540	447,418	356,259	89,031	2,141,000
Other operating expenses	979,155	112,754	68,906	199,341	92,360	4,769,112	6,221,628
Football bowl expenses	72,259	-	-	-	-	-	72,259
Total operating expenses	26,699,873	6,689,046	3,572,907	9,641,926	9,950,956	31,402,801	87,957,509
Excess (deficiency) of revenues over (under) expenses	$ 5,257,814	$ 3,744,565	$ (3,200,283)	$ (9,009,209)	$ (6,879,530)	$ 14,814,779	$ 4,728,136
Other Reporting Items:							
Total athletics-related debt							$ 98,863,000
Total institutional debt							$ 485,361,000
Value of athletics-dedicated endowments							$ 73,420,735
Value of institutional endowments							$ 1,583,719,452
Total athletics-related capital expenditures							$ 17,311,000

The accompanying Notes to the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs are an integral part of this Schedule.

VIRGINIA TECH
NOTES TO SCHEDULE OF REVENUES AND EXPENSES OF INTERCOLLEGIATE ATHLETICS PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2021

1. BASIS OF PRESENTATION

The accompanying Schedule of Revenues and Expenses of Intercollegiate Athletic Programs has been prepared on the accrual basis of accounting. The purpose of the Schedule is to present a summary of revenues and expenses of the intercollegiate athletic programs of the university for the year ended June 30, 2021. The Schedule includes those intercollegiate athletics revenues and expenses made on behalf of the university's athletics programs by outside organizations not under the accounting control of the university. Because the Schedule presents only a selected portion of the activities of the university, it is not intended to and does not present either the financial position, changes in fund balances, or cash flows for the year then ended. Revenues and expenses directly identifiable with each category of sport presented are reported accordingly. Revenues and expenses not directly identifiable to a specific sport are reported under the category "Non-Program Specific."

2. AFFILIATED ORGANIZATIONS

The university received $19,189,903 from the Virginia Tech Foundation, Inc. Approximately $14,548,902 of these funds were used for grant-in-aid scholarships for student-athletes. These amounts received are included in the accompanying Schedule as follows: $12,247,154 is included in the Contributions line item and $2,301,748 is included in the Athletics-Restricted Endowment and Investments Income line item.

3. LONG-TERM DEBT

<u>Externally-Funded debt</u>

The university, on behalf of the Intercollegiate Athletic Department, has obtained debt financing for capital improvement projects as needed. These debts usually consist of Section 9(d) revenue bonds issued by the university or notes payable issued through the Virginia College Building Authority (VCBA) and will be repaid by the department using operating revenues and private fundraising proceeds. Outstanding principal as of June 30, 2021 (in dollars):

Project	Maturity	Principal
Indoor Practice Facility		
Series 2015B, 9(d) revenue bond	2035	$ 510,000
Series 2021, 9(d) revenue bond	2036	40,000
Lane Stadium - West Side Expansion		
Series 2021, 9(d) refunding revenue bond	2041	21,825,000
Lane Stadium - South End Zone		
Series 2021, 9(d) refunding revenue bond	2041	7,055,000
Hahn Hurst Basketball Practice Center		
Series 2021, 9(d) refunding revenue bond	2041	6,075,000
		$35,505,000

Internally-Funded debt

The university has internally loaned the Intercollegiate Athletic Department funds for capital improvement projects as needed. These debts will be repaid by the department using operating revenues and private fundraising proceeds. Outstanding principal as of June 30, 2021 (all dollars):

Project	Maturity	Principal
Student Athletic Performance Center	2030	$ 4,248,000
ACC Media Studio	2031	10,250,000
Creativity & Innovation District	2041	21,200,000
Baseball Stadium and Rector Field House	2045	27,660,000
		$63,358,000

A summary of future principal and interest commitments for fiscal years subsequent to June 30, 2021 is presented as follows (all dollars):

	Principal	Interest	Total
2022	$ 3,049,000	$ 1,751,000	$ 4,800,000
2023	3,098,000	1,645,000	4,743,000
2024	4,864,000	1,592,000	6,456,000
2025	5,175,000	1,531,000	6,706,000
2026	4,987,000	1,460,000	6,447,000
2027-2031	25,088,000	6,167,000	31,255,000
2032-2036	19,882,000	4,183,000	24,065,000
2037-2041	21,538,000	2,189,000	23,727,000
2042-2045	11,182,000	427,000	11,609,000
	$98,863,000	$20,945,000	$119,808,000

4. UNIVERSITY ADMINISTRATION FEE

As with all auxiliary enterprises, the university charges the Intercollegiate Athletic Department an administrative fee. For fiscal year 2021, the university was authorized by the state to reduce the amount of administrative fee charged to the auxiliaries due to the significant financial impact on auxiliary enterprises caused by the COVID-19 pandemic. During the fiscal year the Intercollegiate Athletic Department paid $535,513 to the university. This amount is included on the Indirect Cost Paid to the Institution by Athletics line item and includes $75,744 in Football and $459,769 in the Non-Program Specific category. The university waived $4,165,940 of the administrative fee which is included in the Non-Program Specific category of the Indirect Institutional Support line item.

5. CAPITAL ASSETS

Capital assets consisting of buildings, infrastructure, and equipment are stated at appraised historical cost or actual cost where determinable. Construction in progress (CIP) is capitalized at actual cost as expenses are incurred. All gifts of capital assets are recorded at fair marketvalue as of the donation date.

Equipment is capitalized when the unit acquisition cost is $2,000 or greater and the estimated useful life is one year or more. Software is capitalized when the acquisition and/or the development costs exceed $100,000. Renovation costs are capitalized when expenses total more than $100,000, the asset value significantly increases, or the useful life is significantly extended. Routine repairs and maintenance are charged to operating expense in the year theexpense is incurred.

Depreciation is computed using the straight-line method over the useful life of the assets. The useful life is 40 to 60 years for buildings, ten to 50 years for infrastructure and land improvements, and three to 30 years for fixed and movable equipment.

A summary of changes in capital assets follows for the year ending June 30, 2021 (all dollars in thousands):

	Beginning Balance	Additions	Retirements	Ending Balance
Depreciable capital assets				
Buildings	$ 209,592	$ 22,540	$ 63	$232,069
Moveable equipment	13,595	1,600	39	15,156
Software	313	-	-	313
Fixed equipment	13,101	1,487	-	14,588
Infrastructure	20,547	1,392	628	21,311
Total depreciable capital assets, at cost	257,148	27,019	730	283,437
Less accumulated depreciation:				
Buildings	$ 63,134	$ 5,076	$ 63	$ 68,147
Moveable equipment	6,644	1,357	36	7,965
Software	285	9	-	294
Fixed equipment	5,502	681	-	6,183
Infrastructure	17,927	702	628	18,001
Total accumulated depreciation	93,492	7,825	727	100,590
Total depreciable capital assets net of accumulated depreciation	163,656	19,194	3	182,847
Non-depreciable capital assets				
Construction in progress	15,435	14,761	24,469	5,727
Total non-depreciable capital assets	15,435	14,761	24,469	5,727
Total capital assets, net of accumulated depreciation	$ 179,091	$ 33,955	$ 24,472	$ 188,574

VIRGINIA TECH

As of June 30, 2021

BOARD OF VISITORS

Horacio A. Valeiras
Rector

Letitia A. Long
Vice Rector

Edward H. Baine
Shelley Butler Barlow
Carrie H. Chenery
Greta J. Harris
Charles T. Hill
Anna L. James
Sharon Brickhouse Martin
Melissa Byrne Nelson
L. Chris Petersen
Mehul P. Sanghani
Jeffrey E. Veatch
Preston M. White

Kim O'Rourke
Secretary to the Board of Visitors

UNIVERSITY OFFICIALS

Timothy D. Sands
President

Whit Babcock
Director of Intercollegiate Athletics Programs

Discussion of Future Topics

COMPLIANCE, AUDIT, AND RISK COMMITTEE

April 4, 2022

The Chair of the Compliance, Audit, and Risk Committee will discuss agenda items for future meetings and adjourn the committee meeting.

Open Session Agenda

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

Latham A/B, The Inn at Virginia Tech

3:00 p.m.

April 3, 2022

	Agenda Item	Reporting Responsibility
	1. Welcome and Opening Remarks	Ed Baine
	2. Consent Agenda	Ed Baine
	a. Approval of Minutes of the November 8, 2021 Meeting	
	b. Approval of Minutes of the March 22, 2022 Meeting	
	c. Report on Actions Taken Under the Delegation of Authority and Policy 4240 and the Corresponding Financial and Programmatic Impacts	
*	d. Approval of Revised Resolution for Authority to Loan Funds to Virginia Tech Innovations Corporation and Its Subsidiary(ies)	
*	e. Approval of Resolution to Appoint University Commissioner to the Hotel Roanoke Conference Center Commission	
	3. Update on Advancement	Charlie Phlegar
♦	4. Update on the Tuition and Fee Rate Development for 2022-23	Ken Miller
*	5. Approval of 2022-23 Compensation for Graduate Assistants	Ken Miller Tim Hodge
	6. University's Annual Financial Statements	Ken Miller Melinda West
	7. Intercollegiate Athletics Programs Report for Year Ended June 30, 2021	Ken Miller Melinda West
*	8. Approval of Year-to-Date Financial Performance Report (July 1, 2021 – December 31, 2021)	Tim Hodge Bob Broyden
	9. Discussion of Future Agenda Topics and Closing Remarks	Ed Baine

* **Requires full Board approval.**

♦ **Discusses Enterprise Risk Management topic(s).**

Briefing Report

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

April 3, 2022

Open Session

1. **Welcome and Opening Remarks**

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

   a. **Approval of Minutes of the November 8, 2021 Meeting:** The Committee will review and approve the minutes of the November 8, 2021 meeting.

   b. **Approval of Minutes of the March 22, 2022 Meeting:** The Committee will review and approve the minutes of the March 22, 2022 meeting.

   c. **Report on Actions Taken Under the Delegation of Authority and Policy 4240 and the Corresponding Financial and Programmatic Impacts:** The Committee will receive an update on the actions taken under the delegation of authority and policy 4240 and the corresponding financial and programmatic impacts. There have been no actions taken since the quarterly update provided at the March 2021 Finance and Resource Management open session meeting.

* d. **Approval of Revised Resolution for Authority to Loan Funds to Virginia Tech Innovations Corporation and Its Subsidiary(ies):** The Committee will review for approval the revised resolution for authority to loan funds to Virginia Tech Innovations Corporation and Its Subsidiary(ies). The original resolution was passed at the June 2021 Board of Visitors meeting and it allowed the university to loan working capital up to $2.5 million to Virginia Tech Innovations Corporation (VTIC) and its subsidiary(ies) outside the United States. The proposed revisions would expand this resolution to allow the university to advance working capital to a newly created or planned limited liability corporation (LLC) under VTIC.

* e. **Approval of Resolution to Appoint University Commissioner to the Hotel Roanoke Conference Center Commission:** The resolution seeks approval to appoint the Vice President for Finance as a representative of the university on the Hotel Roanoke Conference Center Commission.

*** Requires full Board approval.**
♦ Discusses Enterprise Risk Management topic(s).

3. **Update on Advancement**: University Advancement will provide a report on their fundraising efforts including campaign updates, the most recent numbers for New Gifts and Commitments (NG&C) and Cash, growth model updates, and an overview of the progress made to reach the 22 percent participation rate by 2022 goal.

♦ 4. **Update on the Tuition and Fee Rate Development for 2022-23:** The Committee will receive an update on the development of tuition and fee rates for 2022-23. This update will include an overview of the budget development process.

* 5. **Approval of 2022-23 Compensation for Graduate Assistants:** The Committee will review and take action on the proposed 2022-23 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 university proposes a 5.0 percent increase in the stipend scale. The key components of the graduate student compensation package include competitive stipends, stipend supplement, tuition assistance, and health insurance.

6. **University's Annual Financial Statements:** The Committee will receive an overview of the university's annual financial statements for the fiscal year ending June 30, 2021.

   The financial statements have been prepared in accordance with generally accepted accounting principles, and the Auditor of Public Accounts (APA) issued an unmodified (or clean) opinion. The APA reported two written audit comments: one comment for improving the timeliness of enrollment data to the National Student Loan Data System, and the other comment for improving compliance over enrollment reporting. The university is in the process of implementing corrective action plans to address these audit comments.

   At June 30, 2021, the university had total net position of approximately $1.8 billion, an increase of $300.1 million or 19.8 percent since fiscal year 2020. Total unrestricted net assets increased by $178.2 million or 131.5 percent to $42.7 million.

   Total revenues for fiscal year 2021 were $1.8 billion, an increase of $142.9 million or 8.6 percent over fiscal year 2020. This increase was due to the rebounding of the investment markets, which resulted in significant realized and unrealized investment gains. The increase in COVID-19 relief funds further increased non-operating revenues.

   Total operating expenses for fiscal year 2021 were $1.5 billion, decrease of $36.2 million or 2.3 percent. The decrease was primarily in the Auxiliary Enterprises category, predominately in the

* **Requires full Board approval.**
♦ **Discusses Enterprise Risk Management topic(s).**

Athletics and Dormitory and Dining Programs due to the financial impacts of the pandemic.

7. **Intercollegiate Athletics Programs Report for Year Ended June 30, 2021:** The Committee will receive a report on the Auditor of Public Accounts (APA) Intercollegiate Athletics Program review for fiscal year 2021. The APA performed certain agreed-upon procedures to evaluate whether the Schedule of Revenues and Expenses of the Intercollegiate Athletics Program for fiscal year ended June 30, 2021, is in compliance with the National Collegiate Athletic Association (NCAA) bylaws. This review does not constitute an audit and therefore no opinion is issued.

* 8. **Approval of Year-to-Date Financial Performance Report (July 1, 2021 – December 31, 2021):** The Committee will review for approval the Year-to-Date Financial Performance Report for July 1, 2021 to December 31, 2021. For the second quarter, budget adjustments were made to reflect revisions to projected revenues and expenditures. The operating budget was increased due to the receipt of federal pandemic relief funds, with $23.9 million in student aid in Sponsored Programs and $23.1 million in institutional aid in All Other Programs. The operating budget was also increased for higher than anticipated enrollment and in the Cooperative Extension/Agriculture Experiment Station Division for the carryover of federal funds. The auxiliary budget was decreased in the Residential Program to reflect lower occupancy and increased to accommodate the purchase of microwave-refrigerators for the residence halls for next fall. The Athletics Program budget revenues and expenses were increased for participation in the Pinstripe Bowl.

   Dining revenues were slightly higher than expected after a revenue budget reduction in anticipation of continued pandemic impacts. The university will continue to monitor this situation and develop a budget adjustment. Athletics expenses were higher than projected due to a football coaching transition. $12 million of financing will be aligned in the third quarter.

   For the quarter ending December 31, 2021, $79.1 million was expended for Educational and General capital projects, and $24.7 million was expended on Auxiliary Enterprises capital projects. Cumulative capital outlay expenditures for the quarter ending December 31, 2021 totaled $103.8 million.

9. **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).

WELCOME AND OPENING REMARKS

ED BAINE

COMMITTEE CHAIR, FINANCE AND RESOURCE MANAGEMENT COMMITTEE

CONSENT AGENDA

a. Approval of Minutes of the November 8, 2021 Meeting

b. Approval of Minutes of the March 22, 2022 Meeting

c. Report on Actions Taken Under the Delegation of Authority and Policy 4240 and the Corresponding Financial and Programmatic Impacts

* d. Approval of Revised Resolution for Authority to Loan Funds to Virginia Tech Innovations Corporation and Its Subsidiary(ies)

* e. Approval of Resolution to Appoint University Commissioner to the Hotel Roanoke Conference Center Commission

Committee Minutes

FINANCE AND RESOURCE MANAGEMENT COMMITTEE
The Inn at Virginia Tech
November 7-8, 2021

Joint Open Session with the Buildings and Grounds Committee
November 7, 2021

Board Members Present: Ed Baine, Sharon Brickhouse Martin, Shelley Butler Barlow, Paolo Fermin – Undergraduate Student Representative, Greta Harris, C. T. Hill, Anna James, Tish Long, Phil Miskovic – Graduate Student Representative, Melissa Nelson, Chris Petersen, Mehul Sanghani, Horacio Valeiras, Robert Weiss – Faculty Representative, Preston White, Serena Young – Staff Representative

Virginia Tech Personnel: Callan Bartel, Lynsay Belshe, Eric Brooks, Bob Broyden, Charlene Casamento, Cyril Clarke, Al Cooper, David Crotts, John Cusimano, Jon Deskins, Corey Earles, Jeff Earley, Kari Evans, Ron Fricker, Kay Heidbreder, Chris Kiwus, Sharon Kurek, Jack Leff, Rob Mann, Nancy Meacham, Ken Miller, Liza Morris, Justin Noble, Kim O'Rourke, Mark Owczarski, Charlie Phlegar, Dwayne Pinkney, Ellen Plummer, Menah Pratt-Clarke, Don Taylor, Dwyn Taylor, Tim Sands, Jon Clark Teglas, Tracy Vosburgh

* 1. **Ratification of the 2022-2028 Capital Outlay Plan:** The Committees reviewed for ratification the 2022-2028 Capital Outlay Plan.

This is a proposed ratification of the 2022-2028 Capital Outlay Plan (Plan) approved at the March 2021 meeting, where the Committees approved the university's list of potential projects for inclusion in the Plan and authorized the university to develop and submit the final Plan in accordance with future guidance from the state.

In response to the instructions and guidance from the state, adjustments to the Plan included the insertion of a planning project for the Virginia Tech-Carilion School of Medicine and Fralin Biomedical Research Institute Expansion. This project was added to the General Fund priorities to provide opportunities to further explore discussions with Carilion Clinic, the City of Roanoke, and the commonwealth for this initiative. The other changes were technical in nature. As required by the instructions, only a portion of the projects were submitted in the funding request to the state.

The General Fund projects submitted may be used by the state to update its capital outlay plan and to make funding decisions in the 2022 budget session. Under the university's Management Agreement for Capital Projects, projects funded entirely with nongeneral funds may be approved by the Board on an as-needed basis.

The Committees recommended the 2022-2028 Capital Outlay Plan to the full Board for ratification.

* 2. **Approval of Resolution to Amend a Long-term Lease for the Virginia Tech Research Center – Arlington (VTRC-A):** The Committees reviewed for approval a resolution to amend a long-term lease for the Virginia Tech Research Center – Arlington.

The VTRC-A building, located at 900 Glebe Road in Arlington, Virginia, was constructed by the Virginia Tech Foundation (Foundation) on behalf of the university to expand research and development in the Greater Washington D.C. Metro area. The university currently leases levels two through six of the building, approximately 104,800 square feet, from the Foundation. The Virginia Tech Applied Research Corporation (VT-ARC) is an affiliated university-related corporation that currently leases the entire seventh level of the building from the Foundation. The seventh level includes a mix of offices, meeting rooms, and other spaces for VT-ARC's research and robust technology portfolio.

In order to streamline and simplify the business agreements between the organizations the plan calls for the university to amend its existing lease to assume the lease of the seventh level of the VTRC-A, and for VT-ARC to lease space as needed from the university.

The university has developed an entirely nongeneral fund resource plan to support the $1.54 million annual lease for the seventh level and VT-ARC's outstanding loan balance due to the Foundation. The lease will reflect the standard break-even arrangement between the Foundation and the university. The terms for the lease would provide for up to ten years of occupancy, the present value of which would be approximately $11 million and would exceed the capital project threshold of $3 million.

This request is for authorization to amend the university's lease with the Foundation to include the seventh level space.

The Committees recommended the Resolution to Amend a Long-term Lease for the Virginia Tech Research Center – Arlington to the full Board for approval.

There being no further business, the meeting adjourned at 5:48 p.m.

<u>Open Session</u>
November 8, 2021

Board Members Present: Ed Baine, Sharon Brickhouse Martin, Shelley Butler Barlow, Paolo Fermin – Undergraduate Student Representative, Greta Harris, Tish Long, Phil Miskovic – Graduate Student Representative, Serena Young – Staff Representative

Virginia Tech Personnel: Beth Armstrong, Callan Bartel, Lisa Blackwell, James Bridgeforth, Eric Brooks, Bob Broyden, Charlene Casamento, Cyril Clarke, Joseph Cooley, Al Cooper, John Cusimano, Jon Deskins, Holli Drewery, Kari Evans, Jeff Early, Bryan Garey, Luisa Havens Gerardo, Ellington Graves, Debbie Greer, Rebekah Gunn, Kay Heidbreder, Jim Hillman, Tim Hodge, Elizabeth Hooper, Byron Hughes, Chris Kiwus, Sharon Kurek, Jack Leff, Elizabeth McClanahan, Nancy Meacham, Ken Miller, Laurel Miner, Terri Mitchell, Kim O'Rourke, Mark Owczarski, Charlie Phlegar, Dwayne Pinkney, Ellen Plummer, Menah Pratt-Clarke, Julia Ross, Robin Queen, Tim Sands, Frank Shushok, Dan Sui, Don Taylor, Tracy Vosburgh, Melinda West

1. **Welcome and Opening Remarks:** The Committee Chair welcomed the attendees and gave 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 August 30-31, 2021 Meeting**

   b. **Annual Write-off of Delinquent Accounts:** As of June 30, 2021, the amount of write-offs of delinquent accounts totaled $341,139 which represents 0.03 percent of the 2020 annual operating revenues of $1.19 billion. The current year write-off is consistent with the total write-off amounts in recent years.

* c. **Approval of Pratt Fund Program and Expenditures Report:** 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 fiscal year 2020-2021, the College of Engineering had total expenditures of $849,543 and the Department of Animal Nutrition had total expenditures of $710,671.

   d. **Report on Actions Taken Under the Delegation of Authority and Policy 4240 and the Corresponding Financial and Programmatic Impacts:** The Committee received an update on the actions taken under the delegation of authority and policy 4240 and the corresponding financial and programmatic impacts. There have been no actions taken since the quarterly update provided at the March 2021 Finance and Resource Management open session meeting.

* e. **Approval of Resolution Updating Policy 12111, Acceptance of Terms and Conditions Associated with Donations, Gifts, & Other Private Philanthropic Support:** The Committee reviewed for approval a resolution updating Policy 12111, Acceptance of Terms and Conditions Associated with Donations, Gifts, & Other Private Philanthropic Support.

The Committee approved the items on the Consent Agenda and recommended the Pratt Fund Program and Expenditure Report and the Resolution Updating Policy 12111, Acceptance of Terms and Conditions Associated with Donations, Gifts, & Other Private Philanthropic Support to the full Board for approval.

3. **Update on Advancement:** University Advancement provided a report on their fundraising efforts including a campaign update and an overview of the progress made to reach the 22 percent participation rate by 2022 goal. Advancement also provided the most recent New Gifts and Commitments, cash totals, and participation rates as of October 31 which are significantly higher when compared to the same time last year.

♦ 4. **Annual Report on Research Finances and Resources:** The Committee received a comprehensive annual report on research finances and resources highlighting university research development and expenditures, proposal trends, and an overview of Link, License, and Launch. This report also included an overview of the Enterprise Risk landscape and mitigation strategies.

* 5. **Approval of Board Rates for Spring 2022:** The Committee reviewed for approval the proposed board rates for the Spring 2022 semester. The Board of Visitors set Board rates for the 2021-2022 academic year in March 2021. In September 2021, the university approved an increase to entry wage levels for Dining Services employees to $15 per hour for hourly wage employees and $15.25 per hour for salaried employees. These significant and unanticipated cost increases require revisions to menu prices in the university's dining halls. In order to maintain the purchasing power of student meal plans, a 9.1 percent increase is proposed for board fees, effective for the spring 2022 semester, to cover the market adjustment for compensation rates. Additional financial aid resources will be provided to students with the greatest need to offset the rate increase.

The Committee recommended the proposed board rates for Spring 2022 to the full Board for approval.

6. **Annual Report on the University's Student Financial Aid Resources:** The Committee received a comprehensive report on the university's scholarship and financial aid program. In its Management Agreement with the commonwealth, the university affirmed its commitment to increase the support for student financial aid. The university continues to work proactively to ensure access and affordability. The amount of total student financial aid awarded increased from $537.9 million to $541.4 million in fiscal year 2021.

7. **Report on Investments and Quasi-Endowments:** The Committee received a report on university investments and quasi-endowments, investment performance and related benchmarks, estimated payouts for fiscal year 2022, and planned use of such funds. The university has two investment pools: a short to intermediate-term pool managed within the university and a long-term pool managed by the Virginia Tech Foundation, Inc. The report shows the purposeful growth of funds invested in the endowment pool managed by the Foundation, which consists of true endowments, quasi-endowments and nongeneral fund reserves and balances, and local funds owned by the university.

   As of June 30, 2021, the market value of university funds invested in the short to intermediate-term pool was $501.8 million and in the Foundation was $500.8 million. The short-term university investment income for fiscal year 2022 is estimated to be approximately $2.4 million and the long-term investment income for fiscal year 2022 is estimated to be approximately $19.7 million. The university's investment income is budgeted for restricted and unrestricted purposes to support scholarships, professorships, graduate student assistantships, auxiliary enterprises, the Virginia Tech Carilion School of Medicine, one-time or limited recurring commitments for strategic institutional goals and initiatives, and building adequate operating reserves. This includes the strategic milestone of growing net assets by $20 million per year.

♦ 8. **Discussion on Resource Development:** The Committee received a presentation on resource development and had an opportunity for discussion. The presentation includes resource management strategies, cost drivers, tuition considerations, initiative planning, philanthropy, and enterprise risk.

* 9. **Review and Approval of the 2022-2028 Six-Year Plan:** The Committee reviewed for approval the 2022-2028 Six-Year Plan. The Higher Education Opportunity Act of 2011 established goals and objectives for higher education in Virginia, and outlined an annual planning process that requires submission of six-year academic, financial, and enrollment plans for the future three biennia. The focus of the plan, submitted each odd-year, is the first biennium of the planning period, and even-year submissions may revise these plans as necessary.

The university received instructions for the development of the 2022-2028 Six-Year Plan on April 30, 2021 and an initial submission was provided to the state on July 1, 2021. After a review and response period, the university and state finalized the plan on October 1, 2021. This report provides an overview of this process and key assumptions used in the development of the plans.

An element of the nongeneral fund revenue are placeholders for tuition and fee rates for 2022-2024. Currently, the plan includes tuition and fee increase placeholders for multiple scenarios based on various levels of General Fund support by the commonwealth and reflect the university's continued moderation of rate increases. While the plan includes these placeholders for planning purposes, it does not commit to a rate at this time; the Board retains the authority for approving the final tuition and fee rates. Tuition and fees are traditionally approved by the Board in the spring.

The Six-Year Plan submission begins a discussion with the commonwealth about the university's planned progress towards the goals of the Statewide Strategic Plan for Higher Education and how the university can partner with the state to advance shared outcomes. This process is also an important step in positioning the university to seek state support during the Executive Budget development process each fall.

The Committee recommended the 2022-2028 Six-Year Plan to the full Board for approval.

10. **Review and Acceptance of the Annual Report on University Debt Ratio and Debt Capacity:** The Committee received for acceptance a report on the university's debt ratio and debt capacity. At the conclusion of fiscal year 2020-21, outstanding long-term debt of the university totaled $511.5 million with a debt ratio of 3.29 percent of operating expenditures. The university requested amended guidance to manage debt issuances at a level that ensures the debt ratio does not exceed six percent of operating expenditures.

* 11. **Approval of Year-to-Date Financial Performance Report (July 1, 2021 – September 30, 2021):** The Committee reviewed for approval the Year-to-Date Financial Performance Report for July 1, 2021 to September 30, 2021. For the first quarter, budget adjustments were made to reflect revisions to projected revenues and expenditures. To accomplish work that was delayed by the pandemic, the university authorized a one-time expenditure budget increase of $8.5 million for the University Division and $2.9 million for the Cooperative Extension and Agriculture Experiment Station. The annual expense budget for Auxiliary Enterprises was increased by $12.6 million for outstanding prior year

commitments and projects that were initiated but not completed before June 30, 2021.

Tuition and Fee revenues are ahead of projections due to higher than projected summer session enrollments and higher than projected nonresident graduate enrollment. Revenues in the Residential and Dining Hall Auxiliary Enterprise are lower than projected due to lower than anticipated residence hall occupancy; this was partially offset by higher than budgeted meal plan sales.

For the quarter ending September 30, 2021, $32.2 million was expended for Educational and General capital projects, and $12.8 million was expended on Auxiliary Enterprises capital projects. Cumulative capital outlay expenditures for the quarter ending September 30, 2021 totaled $45 million.

The Committee recommended the Year-to-Date Financial Performance Report to the full Board for approval.

12. **Discussion of Future Agenda Topics and Closing Remarks:** The Committee Chair requested input on future agenda topics.

    There being no further business, the meeting adjourned at 10:41 a.m.

*** Requires full Board approval.**
♦ Discusses Enterprise Risk Management topic(s).

Committee Minutes

FINANCE AND RESOURCE MANAGEMENT COMMITTEE
The Inn at Virginia Tech
March 22, 2022

Open Session
March 22, 2022

Board Members Present: Ed Baine, Sharon Brickhouse Martin, Carrie Chenery, Chris Petersen, Preston White

Virginia Tech Personnel: Callan Bartel, Cyril Clarke, Al Cooper, Corey Earles, Ron Fricker, Rachel Gabriele, Kay Heidbreder, Tim Hodge, Chris Kiwus, Nancy Meacham, Ken Miller, Ellen Plummer, Kim O'Rourke, Mark Owczarski, Tim Sands, Brennan Shepard, Don Taylor

♦ 1. **Review of Institutional Salary Data:** The Committee received a presentation on Institutional Salary Data. A comparison of faculty compensation for instructional faculty at Virginia Tech against the top 20 land grant institutions and our SCHEV Peer group were discussed.

There being no further business, the meeting adjourned at 3:47 p.m.

*** Requires full Board approval.**
♦ Discusses Enterprise Risk Management topic(s).

REVIEW OF INSTITUTIONAL SALARY DATA

CHRIS KIWUS, *INTERIM SENIOR VICE PRESIDENT AND CHIEF BUSINESS OFFICER*
KEN MILLER, *VICE PRESIDENT FOR FINANCE*

MARCH 22, 2022

Background

BACKGROUND

- VT annually monitors market competitiveness by comparing average salaries* to other research institutions, land grant institutions, and SCHEV Peer group
- Variety of data sources used to monitor average salaries
  - IPEDS, AAUP, and the Oklahoma State Annual Faculty Salary Survey
  - National comparison data is generally provided by rank and discipline
- Faculty compensation comparisons are multi-faceted. Variables that can be used to compare include:
  - Tenure-status
  - Rank
  - Discipline

* Salaries based on 9-month appointment.

FALL 2021 AVERAGE SALARY INCREASE

COMMONWEALTH OF VIRGINIA CONSOLIDATED SALARY AVERAGE GUIDANCE
LIMITED TO E&G-FUNDED INSTRUCTIONAL FACULTY

T&R Instructional Faculty	12/31/2020 FTE	12/31/2020 Average Salary	12/31/2021 FTE	12/31/2021 Average Salary	% Increase
Continuing	1,722	$ 105,464	1,722	$ 111,946	6.1%
Departed/Excluded	164	$ 102,051	-	-	-
New/Included	-	-	182	$ 96,265	-
Overall	**1,886**	**$ 105,167**	**1,904**	**$ 110,447**	**5.0%**

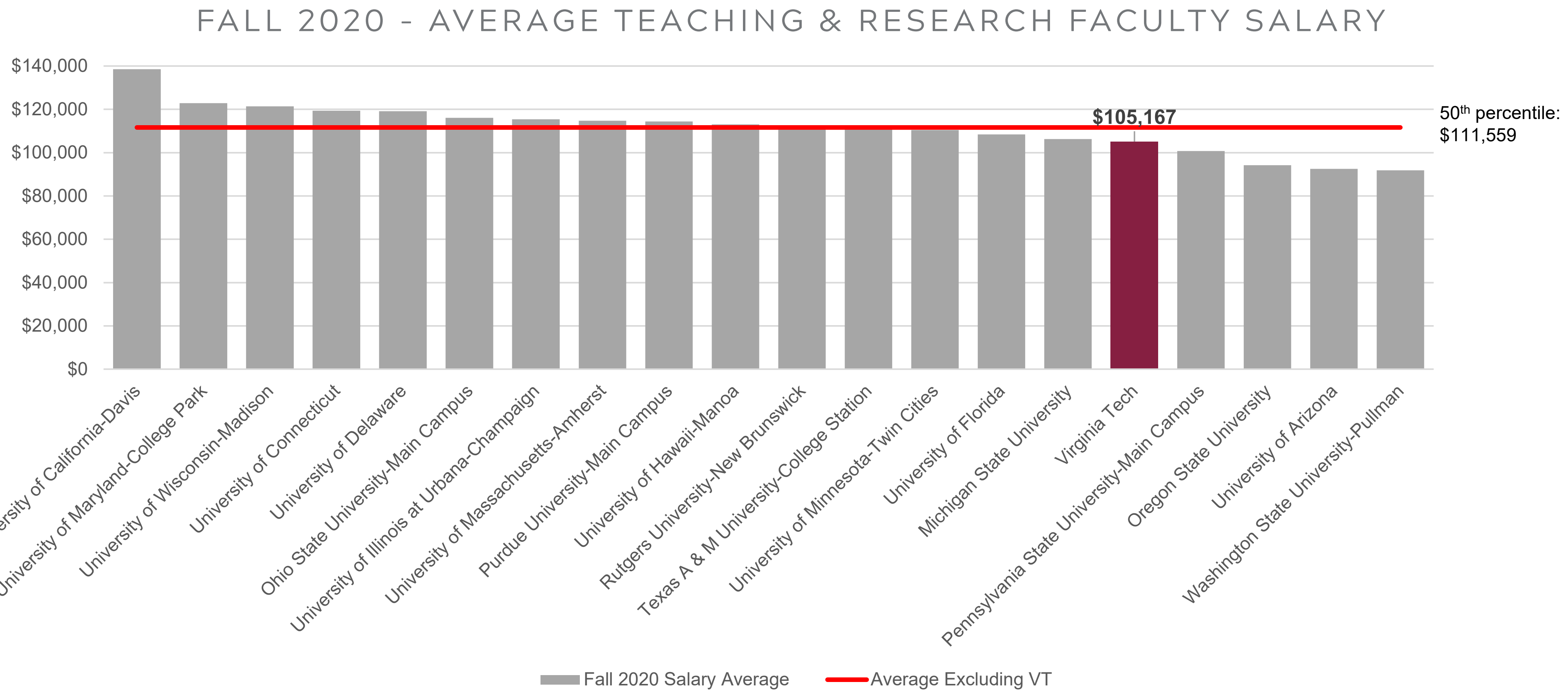
FALL 2021 AVERAGE SALARY INCREASE

BY RANK

Rank	12/31/2020 FTE	12/31/2020 Average Salary	12/31/2021 FTE	12/31/2021 Average Salary	Change FTE	Change Average Salary
Instructor	282	$ 55,219	284	$ 56,748	2	2.8%
Assistant Professor	558	$ 92,726	536	$ 96,711	(22)	4.3%
Associate Professor	506	$ 104,694	489	$ 109,624	(17)	4.7%
Professor	530	$ 145,718	579	$ 151,754	49	4.1%
	1,876	**$ 105,167**	**1,888**	**$ 110,447**	**12**	**5.0%**

BENCHMARKING - TOP 20 LAND GRANTS

Strategic Plan Objective: Achieve progress in competitive faculty salaries toward the 50th percentile of Research (R1) Public Land-Grant Universities by 2024



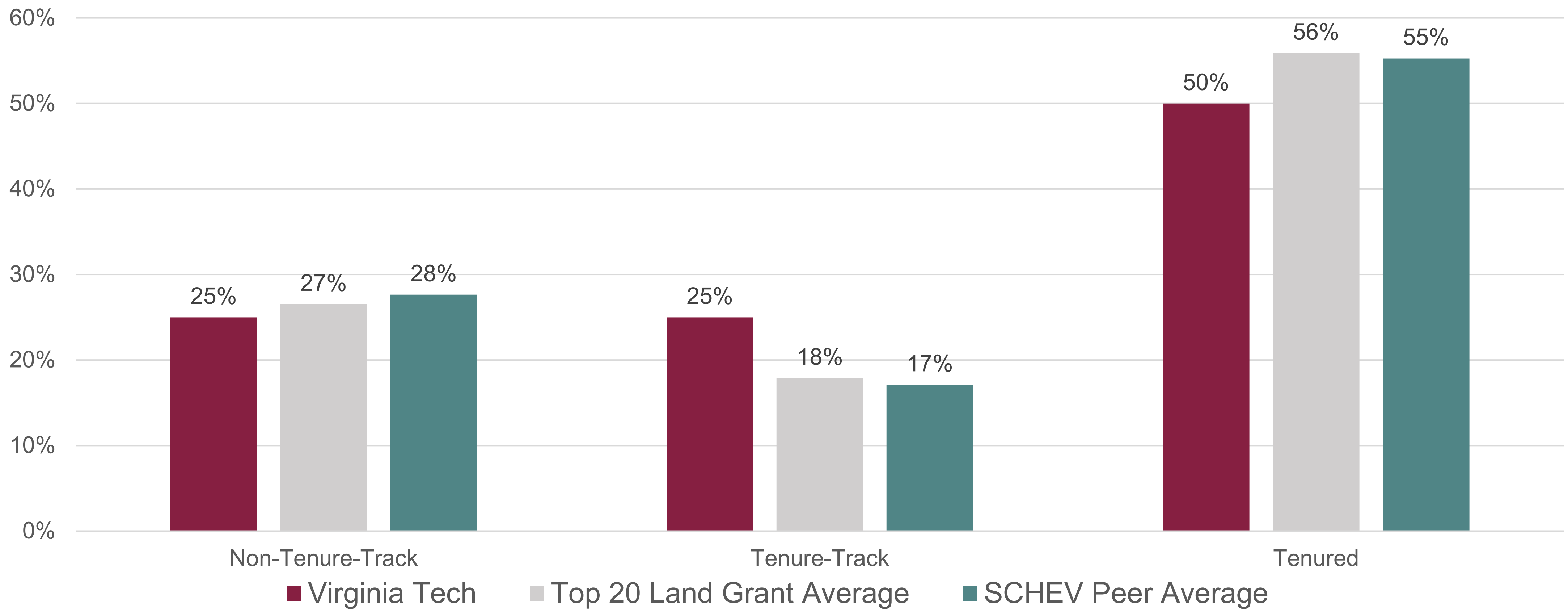
Source: IPEDS, VT Consolidated Salary Average

Tenure Status and Rank

INSTRUCTIONAL FACULTY BY TENURE STATUS

FALL 2020

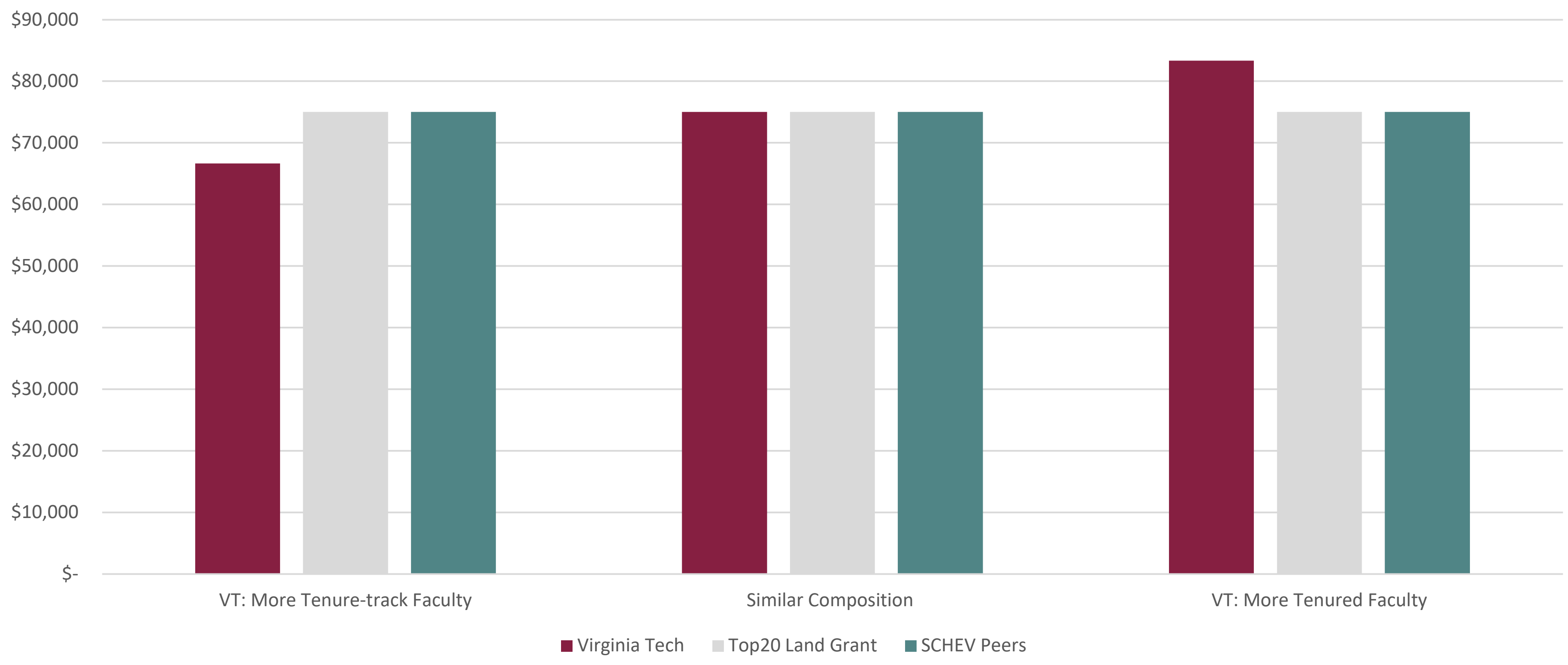
- VT has lower share of tenured faculty than peer groups, but greater share of tenure-track faculty.



Source: AAUP

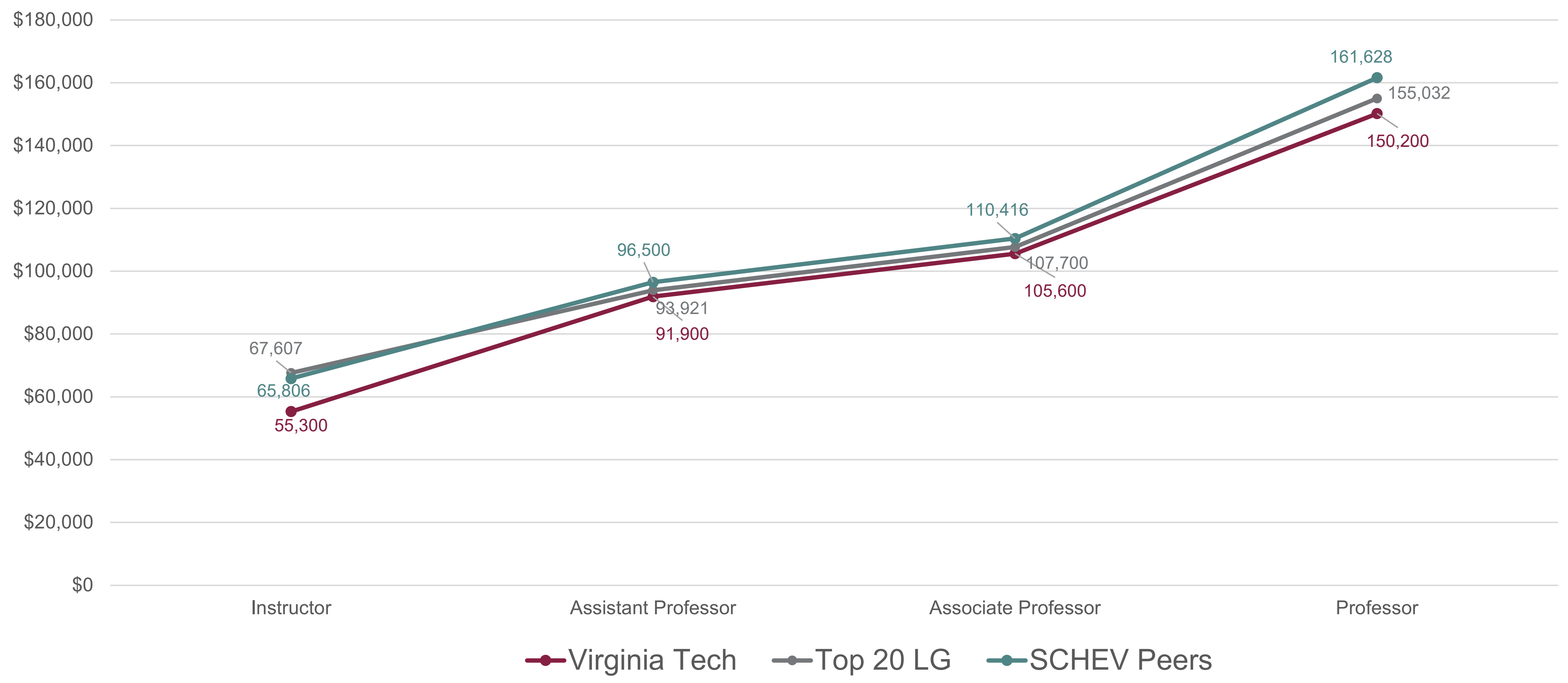
RANK COMPOSITION EXAMPLE

- Composition of faculty affects the overall weighted salary average
- Hypothetical example of Discipline XYZ:
  - Assuming VT and peers pay <u>same average salary by rank</u>
  - As VT rank composition changes, weighted salary average of discipline changes



FACULTY SALARIES BY RANK

FALL 2020



Source: AAUP

Discipline

OKLAHOMA STATE FACULTY SALARY SURVEY

PARTICIPATING UNIVERSITIES*, 2020-21

TOP 20 LAND GRANT UNIVERSITIES

(14 OF 20)

- Michigan State University
- Purdue University (IN)
- Texas A & M University
- University of Arizona
- University of California at Davis
- University of Delaware
- University of Florida
- University of Hawai'i at Manoa
- University of Illinois at Urbana/Champaign
- University of Maryland at College Park
- University of Massachusetts
- University of Minnesota-Twin Cities
- University of Wisconsin at Madison
- Washington State University

SCHEV PEERS

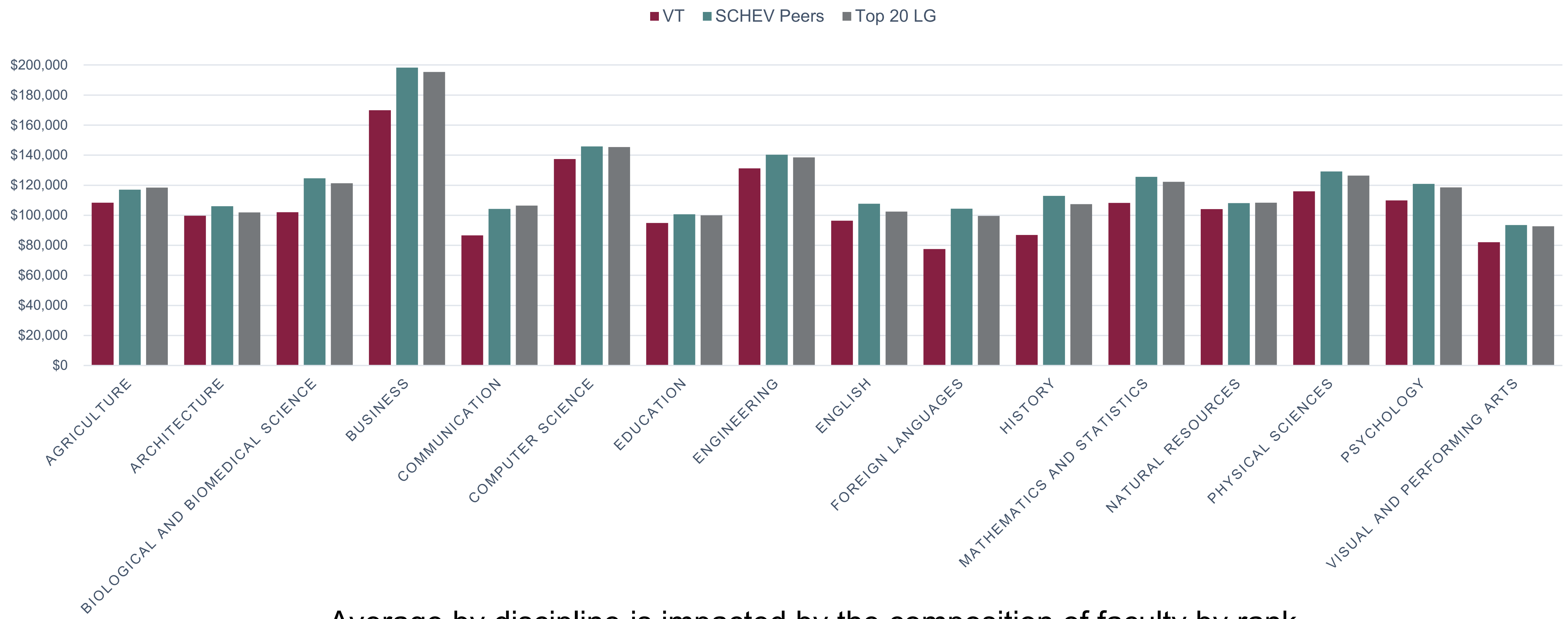
(15 of 26)

- Iowa State University
- Michigan State University
- North Carolina State University at Raleigh
- Purdue University (IN)
- Texas A & M University
- University at Buffalo (SUNY)
- University of California at Berkeley
- University of California at Davis
- University of Florida
- University of Illinois at Urbana/Champaign
- University of Maryland at College Park
- University of Minnesota-Twin Cities
- University of Missouri at Columbia
- University of Texas at Austin
- University of Wisconsin at Madison

* Participating universities included 20 unique contributors.

BENCHMARKING BY DISCIPLINE

AVERAGE TENURED / TENURE-TRACK FACULTY SALARIES | 2020-21



Average by discipline is impacted by the composition of faculty by rank.

Source: Oklahoma State University Annual Salary Survey

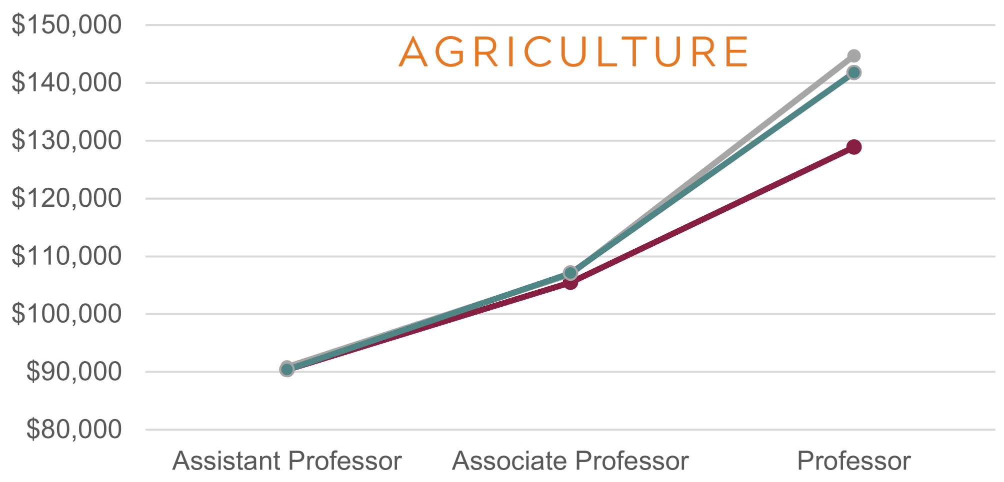
BENCHMARKING BY DISCIPLINE

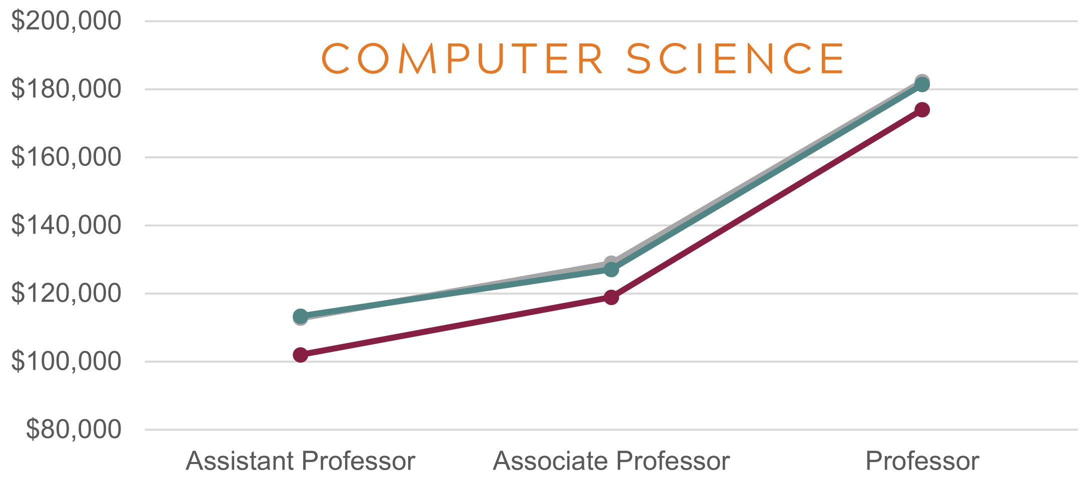
COMPARISON ACROSS RANKS

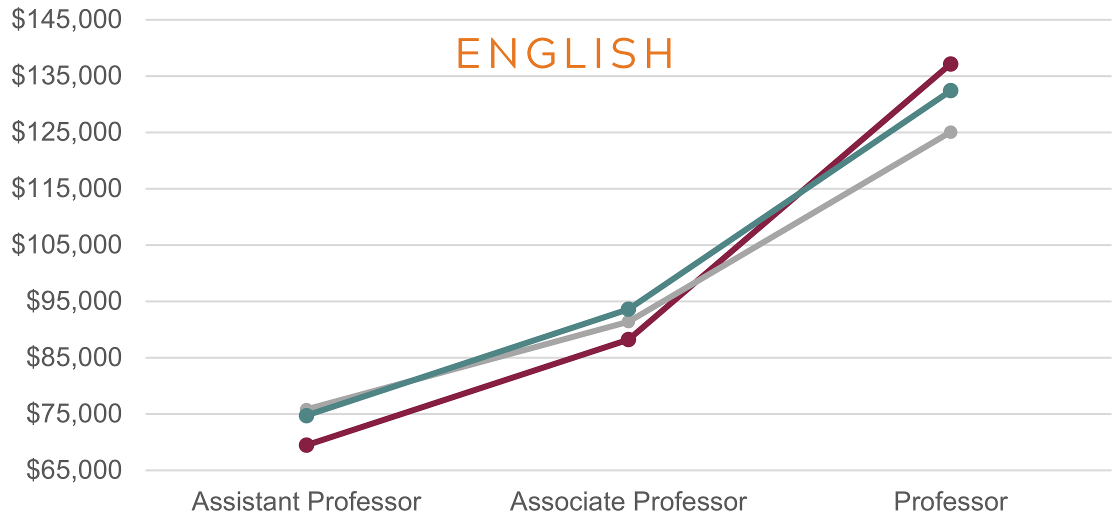
- Interest in looking at comparisons across disciplines through the ranks
- Influenced by composition of faculty at each in each discipline
- This approach can help identify trends, patterns for further discussion

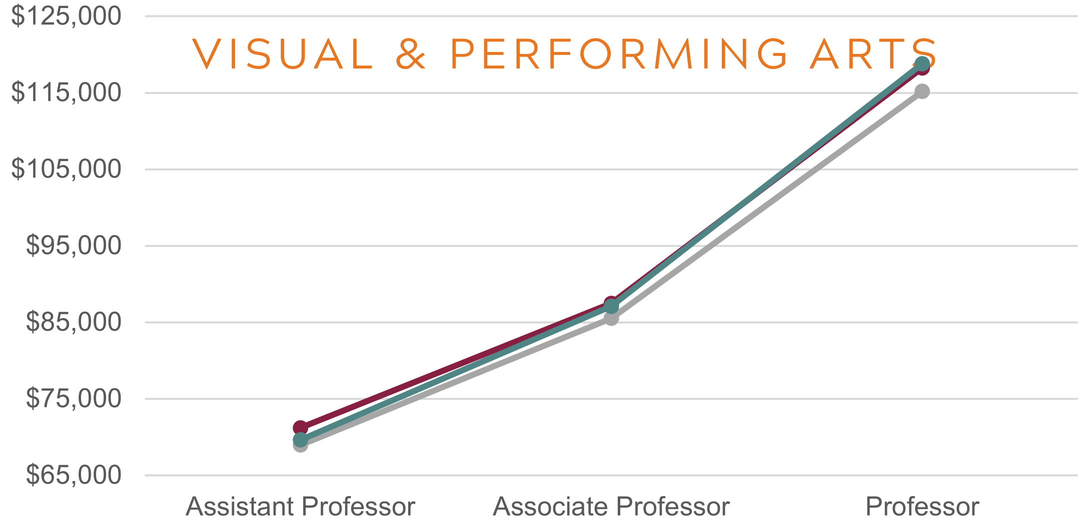
BENCHMARKING BY DISCIPLINE

COMPARISON ACROSS RANKS | 2020-21









Virginia Tech — Top 20 LG — SCHEV Peers

Takeaways

TAKEAWAYS

- Continuing faculty increased 6.1% from Fall 2020 to Fall 2021
- VT average salary is below average of the Top 20 Land Grants
- VT has larger proportion of early career faculty than peers
    - Enrollment growth and turnover lead to more early-career faculty
- VT average salaries are below comparison groups in many disciplines
    - Appointment rank distribution impacts comparisons
- Competitive market for mid-career faculty
    - Focus on retention to ensure productive faculty prosper at VT
- Continued annual merit and national distinction processes can help move overall position and ensure top faculty are recognized/retained

SALARY PROGRAM FALL 2022

- General Assembly considering a 5% salary increase effective June 10, 2022 as part of the 2022-24 biennial budget. Faculty increases based on merit.
- Promotion & Tenure program in addition to merit increases.
- National Distinction Program helps to recognize top performing faculty who have achieved distinction in their disciplines and are in demand by other institutions.
- Faculty compensation remains dynamic nationally
  - Cal-State system authorized 4% increase for 2021-22 and 2022-23
  - Iowa State implemented a 2.1% increase for Fall 2021
  - University of Illinois-Champaign implemented a 2% increase for Fall 2021
  - Michigan State implemented a 2% merit increase beginning Jan 1, 2022
  - Maryland – one- time bonus of $1000 and a 1% COLA adjustment (effective January) and an additional 3% COLA adjustment July 2022.
  - University of Wisconsin- Madison – 2% increase effective January 2, 2022

DISCUSSION

REPORT ON ACTIONS TAKEN UNDER THE DELEGATION OF AUTHORITY AND POLICY 4240 AND THE CORRESPONDING FINANCIAL AND PROGRAMMATIC IMPACTS *

*There have been no actions taken since the update provided at the March 2021 Finance and Resource Management Committee open session meeting.

Revised Resolution for Authority to Loan Funds to Virginia Tech Innovations Corporations and Its Subsidiary(ies)

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

February 18, 2022

Background:

Virginia Tech's strategic plan reaffirms the institution's commitment to the expansion of the research enterprise through advancing regional, national and global impact where Virginia Tech will be globally recognized for its research strengths, world-class faculty, and ability to integrate its learning, discovery, and engagement missions as a comprehensive research land-grant university.

To promote the university's role in providing a pipeline for science and technology innovation that spawn new enterprises, Code of Virginia §23.1-301 (C) 5 of *Preparing for the Top Jobs of the 21st Century: The Virginia Higher Education Opportunity Act of 2011 (TJ21)* encourages the university to promote university-based research that produces outside investment in Virginia, fuels economic advances, triggers commercialization of new products and processes, fosters the formation of new businesses, leads businesses to bring their facilities and jobs to Virginia, and in other ways helps place the Commonwealth on the leading edge in the knowledge-driven economy.

Established in 2011 as a private, non-stock, Virginia corporation, Virginia Tech Innovations Corporation (VTIC) was created for the purpose of promoting the welfare of the university by developing emerging technologies and furthering research. VTIC serves as a parent and guiding organization for nonprofit subsidiaries and for-profit spinoff organizations that embark on university-related research and technology projects. In May 2020, the Board of Visitors extended the affiliation agreement with VTIC through June 30, 2024. VTIC is one of the key strategies for growth in research through a corporate structure which enables the pursuit of research opportunities that cannot easily be accomplished within the university environment due to regulatory constraints that often accompany federal government contracts or laws and regulations of foreign governments.

The university frequently makes "internal loans" to operating units within the university to support start-up or operational costs related to the units or specific initiatives. The university has earlier provided such loans to outside related organizations VTT, LLC to support its tire and automotive research activities, Virginia Tech Applied Research Corporation to provide start-up financing for working capital and AET, LLC to provide working capital for external research grants requiring presence outside the United States and third-party employers of record.

Section 23-1.1010 of the Restructuring Act titled "Covered institutions; operational authority; creation of entities and participation in joint ventures" provides the Board of Visitors authority to approve loans or obligate university funds to or on behalf of its affiliated organizations or joint venture activities. The referenced language under section 23-1.1010 providing this authority to the Board of Visitors is displayed in Attachment A. Further, the university believes this action is an appropriate step for supporting the university's research mission through VTIC/VTIC Subsidiary(ies).

Therefore, the university requests revised authorization to provide advance working capital up to a maximum of $2.5 million to VTIC/VTIC Subsidiary(ies) for [newly created or planned] limited liability corporation(s) (LLC) under VTIC to contract and administer external research grants when the terms and conditions are not acceptable to the university as an agency of the Commonwealth of Virginia and continued authorization to provide working capital loan(s) of up to three months expenditures to finance operations outside the United States for grants or contracts awarded to the university otherwise on cost reimbursable basis.

The basic conditions and requirements for the loan(s) would include:

- the loan(s) will be made in accordance with established university procedures for authorizing internal loans to operating units;
- the loan(s) will not carry an interest rate;
- the loan(s) will be for up to three months of planned operating expenses per grant;
- the loan(s) for [newly created or planned] LLC(s) to contract and administer external research grants will be for up to twelve months of planned operating expenses;
- the repayment on the university's loan(s) will occur no later than at the conclusion of the individual grant or contract or service agreement;
- the university departments requiring third party administration are responsible for repayment if at the end of the award or through an audit certain costs are disallowed or unallocable to the grant fund(s); and
- the loan(s) would be underwritten by the university's research overhead funds, a nongeneral fund revenue source.

The Vice President for Finance, in coordination with the Vice President for Research and Innovation, will be responsible for finalizing these terms, authorizing specific advances, and may alter the terms as needed in the future to achieve the objectives of the research initiative(s). The Office of Sponsored Programs will oversee the financial performance of grants, review documentation of ongoing grant expenditures, adjust the working capital loan(s) to minimize the funds advanced, and ensure repayment of the working capital advance(s) prior to closing the corresponding project(s).

REVISED RESOLUTION FOR AUTHORITY TO LOAN FUNDS TO VIRGINIA TECH INNOVATIONS CORPORATION AND ITS SUBSIDIARY(IES)

WHEREAS, the university's strategic plan envisions the expansion of the research enterprise through development of innovative and cutting-edge technology; and

WHEREAS, the university established Virginia Tech Innovations Corporation (VTIC) as a university related corporation to serve as a parent and guiding organization for nonprofit subsidiaries and for-profit spinoff organizations that embark on university-related research and technology projects not easily accomplished within the university structure and to leverage the basic and scholarly research performed within the university; and

WHEREAS, the Board of Visitors at its June 8, 2021 meeting authorized, at the President's discretion, the negotiation and execution service agreements and promissory notes or loan agreements to advance three months working capital from the university to VTIC or its subsidiary(ies) for up to $2.5 million to be repaid without interest at the conclusion of individual grants and authorized the Vice President of Finance, in coordination with the Vice President for Research and Innovation, to structure the loan including repayment terms, and to execute the loan transactions to VTIC or its subsidiaries, contingent upon requirements of individual external research grants or contracts requiring presence outside the United States and third-party employer of record; and

WHEREAS, the university desires to advance working capital for [newly created or planned] limited liability corporation(s) (LLC) under VTIC to contract and administer external research grants when the terms and conditions are not acceptable to the university as an agency of the Commonwealth of Virginia; and

WHEREAS, the university advance and repayment schedules will begin and end with the initiation and conclusion of individual grants or contracts requiring in-country presence outside of the United States and third-party employer of record; and

WHEREAS, under section 23-1.1010 of Restructured Higher Education Financial and Administrative Operations Act of the Code of Virginia the Board of Visitors has the authority to authorize such transactions,

NOW, THEREFORE BE IT RESOLVED, that the Board of Visitors authorizes, at the President's discretion, the negotiation and execution of service agreements and promissory notes or loan agreements from the university to VTIC or its subsidiary(ies) for cumulative advances up to $2.5 million to 1) advance working capital to [newly created or planned] LLC(s) under VTIC for research contracting services and 2) advance up to three months working capital for grants or contracts requiring in-country presence outside of the United States to be repaid without interest at the conclusion of 1) the need for contracting services where external research grants require terms and conditions not acceptable to the university as an agency of the Commonwealth of Virginia or 2) individual grants or contracts requiring in-country presence outside of the United States; and

FURTHER RESOLVED, the Vice President of Finance, in coordination with the Vice President for Research and Innovation, is authorized to structure the loan including repayment terms, and to execute the loan transactions to VTIC or its subsidiaries, contingent upon 1) the need for contracting services where external research grants require terms and conditions not acceptable to the university as an agency of the Commonwealth of Virginia or 2) requirements of individual external research grants or contracts requiring presence outside the United States and third-party employer of record.

RECOMMENDATION:

That the revised resolution authorizing the university to loan working capital up to $2.5 million to VTIC/VTIC subsidiary(ies) be approved.

April 4, 2022

ATTACHMENT A

Revised Authority to Loan Funds to Virginia Tech Innovations Corporations and Its Subsidiary(ies)

Excerpt of Restructured Higher Education Financial and Administrative Operations Act

§ 23.1-1010. Covered institutions; operational authority; creation of entities and participation in joint ventures.

Each covered institution may:

1. Create or assist in the creation of; own in whole or in part or otherwise control; participate in or with any entities, public or private; and purchase, receive, subscribe for, own, hold, vote, use, employ, sell, mortgage, lend, pledge, or otherwise acquire or dispose of any (i) shares or obligations of, or other interests in, any entity organized for any purpose within or outside the Commonwealth and (ii) obligations of any person or corporation. No part of the assets or net earnings of such institution shall inure to the benefit of, or be distributable to, any private individual except that reasonable compensation may be paid for services rendered to or for such institution in furtherance of its public purposes and benefits may be conferred that are in conformity with its public purposes.

2. Participate in joint ventures with individuals, corporations, governmental bodies or agencies, partnerships, associations, insurers, or other entities to facilitate any activities or programs consistent with its public purposes and the intent of this article.

3. Create or continue the existence of one or more nonprofit entities for the purpose of soliciting, accepting, managing, and administering grants and gifts and bequests, including endowment gifts and bequests and gifts and bequests in trust.

4. In carrying out any activities authorized by this article, provide appropriate assistance, including (i) making loans from its funds, other than general fund appropriations or proceeds of bonds issued under Article X, Section 9 (a), 9 (b), or 9 (c) of the Constitution of Virginia or under Article X, Section 9 (d) of the Constitution of Virginia if such issuance is supported by general funds and (ii) providing the time of its employees to corporations, partnerships, associations, joint ventures, or other entities whether such entities are owned or controlled in whole or in part or directly or indirectly by such institution.

RESOLUTION TO APPOINT UNIVERSITY COMMISSIONER TO THE HOTEL ROANOKE CONFERENCE CENTER COMMISSION

WHEREAS, the Virginia General Assembly approved legislation known as the "Hotel Roanoke Conference Center Commission Act" to provide for the establishment of a conference center commission; and,

WHEREAS, the Act provides for the appointment of three commissioners each from the City of Roanoke and from Virginia Polytechnic Institute and State University; and,

WHEREAS, the Act provides that the commissioner appointments be staggered; and,

WHEREAS, the terms of the appointments shall be four years, and shall end on June 30 of the respective year; and,

WHEREAS, pursuant to the Act, the Board of Visitors of Virginia Polytechnic Institute and State University confirms or appoints the following as commissioner:

- Vice President for Finance, Virginia Tech   April 4, 2022

NOW, THEREFORE, BE IT RESOLVED that the appointment of the Vice President for Finance of Virginia Tech shall continue effective with the approval of this resolution.

RECOMMENDATION:

That the above resolution of the appointment of the Vice President for Finance of Virginia Tech as the university's representative on the Hotel Roanoke Conference Center Commission be approved.

April 4, 2022

UPDATE ON ADVANCEMENT

CHARLES D. PHLEGAR, VICE PRESIDENT FOR ADVANCEMENT

APRIL 3, 2022

GIVING RESULTS AS OF FEBRUARY 28, 2022

Comparison of February FY21 totals and current totals for FY22

	February FY21	February FY22
Campaign Total	$797,436,355	**$1.098 billion**
New Gifts & Commitments	$96,295,065	**$209,878,586**
Cash	$98,940,049	**$172,503,179**
Participation Rate (YTD)	15.10%	**18.62%**

ADVANCEMENT UPDATES

- Giving Day Updates
- On track to reach 22% by 2022
- Sesquicentennial & Campaign Events
- Growth Model Updates

DISCUSSION

Update on the Development of Tuition and Fee Rates for 2022-23

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

March 24, 2022

The university traditionally brings a tuition and fee rate recommendation to the Board of Visitors at the spring meeting each year. This process timeline is intended to be able to incorporate the outcome of the General Assembly session into the rate development process. Unfortunately, as of the writing of this report, the General Assembly has not yet completed the state budget; as a result, the university currently lacks information important to the development of tuition and fee rates. Consistent with this, the university is not bringing forward tuition and fee recommendations at the April 4th board meeting.

In anticipation of the traditional timeline, the university published a range of potential tuition and fee rate increases to the public on March 4th. A budget workshop and public comment session was held on March 22nd to review the proposed ranges and update the Board and public on the status of the budget process.

Tuition and fee rates are responsive to the level of state General Fund support and the costs approved by the legislature for the upcoming fiscal year. The 2022 General Assembly adjourned on March 12th without passing a final 2022-24 state budget. Legislators are expected to be called back to a Special Session by the Governor to complete work on the state budget soon. As soon as a final state budget is available, the university will finalize a tuition and fee recommendation to be reviewed by the Board of Visitors at an upcoming meeting.

Presentation Date: April 3, 2022

Update on the Tuition and Fee Rate Development for 2022-23

KEN MILLER, VICE PRESIDENT OF FINANCE

APRIL 3, 2022

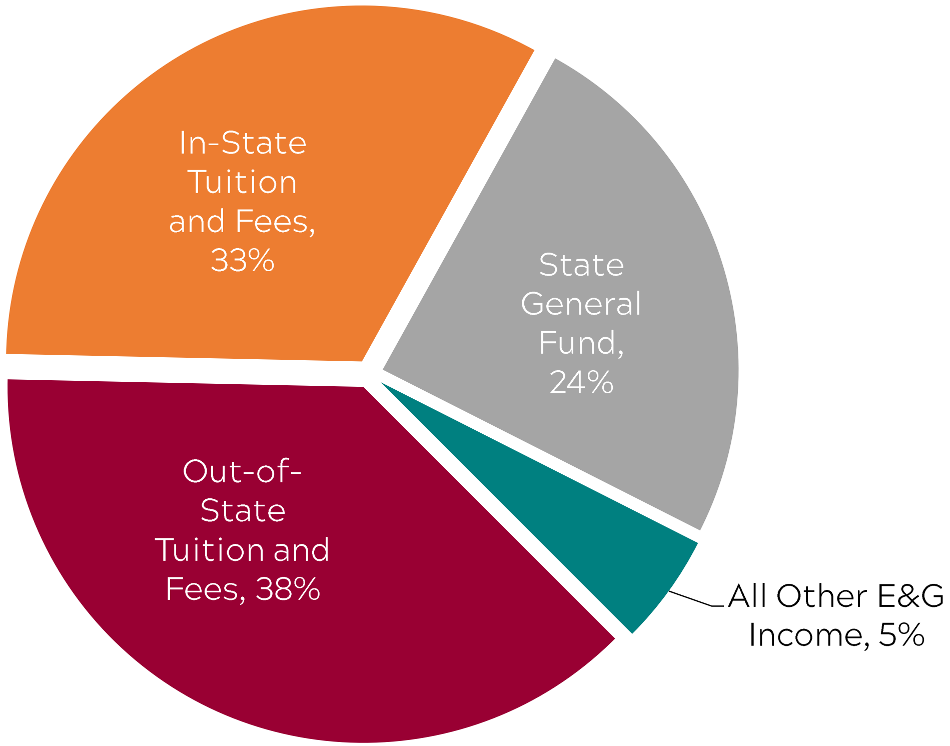
Budget Background

- The budget is a quantification of the university's strategic plan
- Multi-year planning to achieve institution’s strategic goals
- Impacted by cost drivers
- Continuous review of operations and opportunity for efficiency enhancements to ensure maximization of existing resources
- Focus on student access and affordability

Virginia Tech
2021-22 Budget
(dollars in millions)

	State	In-State T&F	Out-of-State T&F	All Other E&G Income	Total
208 E&G	$ 214.7	$ 287.9	$ 332.9	$ 44.3	$ 879.8
229 E&G	79.2			16.4	95.6
Student Financial Aid	25.0			13.3	38.3
Auxiliary Enterprises				355.7	355.7
Sponsored Programs	15.4			340.3	355.7
All Other Programs (UMA)	2.9			11.0	13.9
Total Public Resources	$ 337.2	$ 287.9	$ 332.9	$ 781.0	$ 1,739.0
% of total	19%	17%	19%	45%	

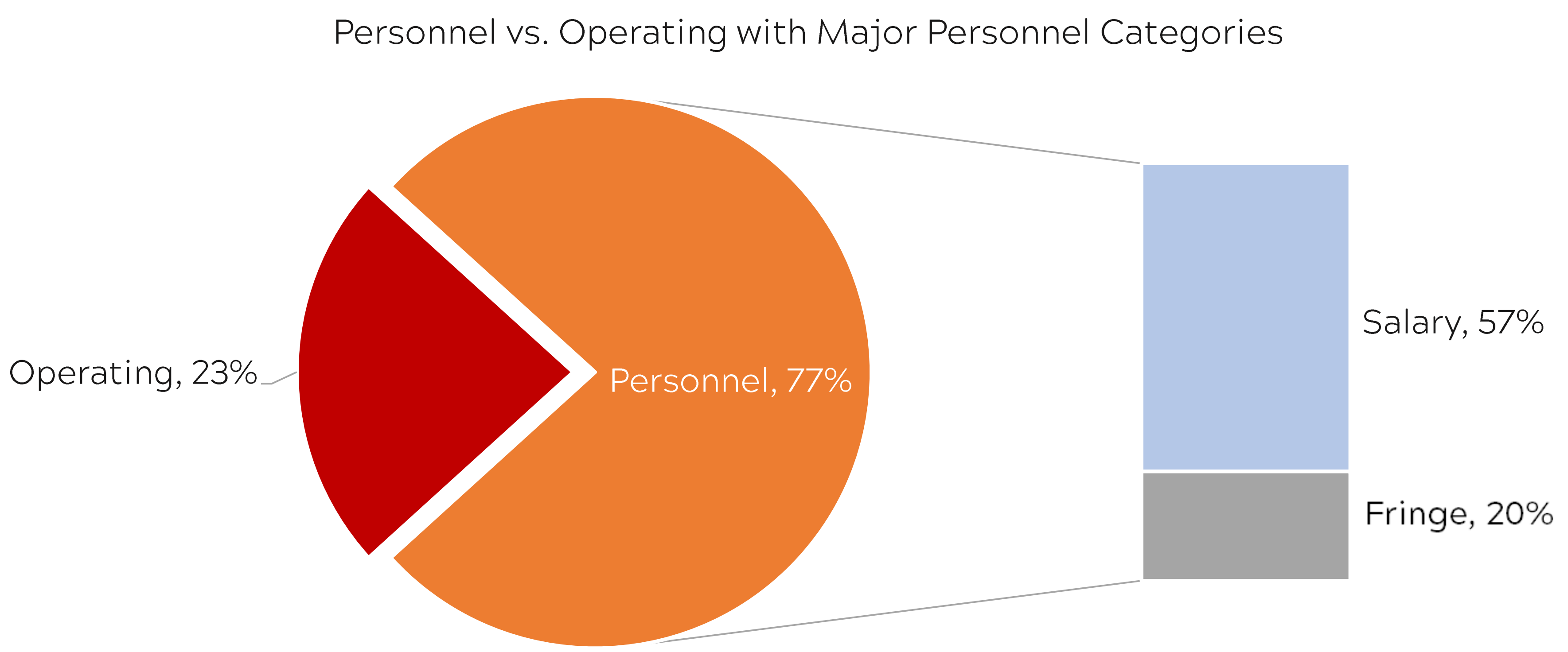
University Division Educational & General Program 2021-22 Revenue Sources



Revenue Sources	$ Millions	%
Out-of-State Tuition & Fees	*$ 332.9*	*38%*
In-State Tuition & Fees	*287.9*	*33%*
State General Fund	*214.7*	*24%*
All Other E&G Income	*44.3*	*5%*
Total University Division E&G Revenue	**$ 879.8**	**100%**

(Source: FY 2021-22 ABD Budget)

University Division Educational & General Program 2021-22 Uses



- Most university costs are related to employee costs. The remaining 23% supporting operating costs are largely fixed non-discretionary costs.
- University budget is structurally balanced.

(Source: FY 2021-22 ABD Budget)

Cost Driver Pools

Inflation

- Compensation and benefits (market movement)
- Operating costs (utilities, leases, contracts)
- Purchasing power of Student Financial Aid

Initiatives
(Strategic and Impact Needs)

- Academic programs
- Expansion of access and affordability
- Attracting and retaining talented employees and students
- Enhancing quality and efficiency of operations

Fund Sources

Inflation

- General Fund for state share of costs and reducing tuition
- Tuition Rate

Initiatives

(Strategic and Impact Needs)

- General Fund for initiatives
- Net from Enrollment Growth
- Other Self-Generated Resources
- Reallocations

STRATEGIC INVESTMENT PRIORITIES

Overview of Initiatives

- Improve quality and access to a Virginia Tech education
- Contribute to the university's mission as a Global Land Grant institution
- Funded through variety of resources, sometimes over multiple years

Overview of Initiatives

- Support strategic plan pillars
  - Advance Regional, National, and Global Impact
  - Elevate the Ut Prosim Difference
  - Be a Destination for Talent
  - Ensure Institutional Excellence

Initiatives

Strategic Initiatives

- Mission
  - Tech Talent Investment Program
  - Health & Biomedical Sciences
  - Integrated Security
- Enabling Infrastructure & Capacity
  - IT Transformation
  - Human Resources
- Advancing Critical Programs
  - Athletics
  - Advancement
  - Affordability and Accessibility

Impact Needs

- University Wide
  - Climate Action Commitments
  - Campus Accessibility
  - Campus Culture and Climate
  - Facilities Renewal
  - Inclusive VT *
- Student Services Needs
- Senior Management Area Critical Needs

* Inclusion initiative spans across other initiatives

Multi-Year E&G Planning Requests (dollars in millions)

	STRATEGIC VISION	FY23	FY24	FY25	FY26	FY27	TOTAL
Initiatives: Mission	Tech Talent Investment Program – Innovation Campus	$0.0	$3.5	$13.6	$7.6	$4.3	$29.0
	Health & Biomedical Sciences	6.1	4.9	4.8	2.6	2.1	20.5
	Integrated Security	1.0	0.7	0.4	0.4	0.4	2.9
Initiatives: Enabling Infrastructure & Capacity	IT Transformation	6.6	4.9	3.3	2.7	2.5	20.0
	Human Resources	0.6	0.3	0.3	0	0	1.2
Initiatives: Advancing Critical Programs	Athletics (supplant scholarship funding)	0.6	0.6	0.5	0.5	0.5	2.7
	Advancement *	0.5	0.5	0.5	0.5	0.5	2.5
	Access and Affordability	1.5	1.6	3.3	3.6	3.8	13.8
Impact Needs	University Wide - Climate Action Commitments	0.2	2.0	0	0	0	2.2
	University Wide - Campus Accessibility	1.0	1.0	1.0	1.0	1.0	5.0
	University Wide - Campus Culture & Climate	0.6	0.5	0.5	0.5	0.5	2.6
	University Wide - Facilities Renewal	1.8	1.8	1.8	1.8	1.8	9.0
	University Wide – Wage/Salary Increase to $15/hour	2.1	0	0	0	0	2.1
	Support for Destination Area Initiative	0.2	0.6	0.9	0.9	1.0	3.6
	VT Carilion School of Medicine (VTCSOM)	0.5	0.4	0.3	0.3	0.3	1.8
	Incremental Support for Academic Maintenance (PIBB Colleges)	2.1	2.1	2.1	2.1	2.1	10.5
	Improving Academic Quality (PIBB Colleges)	3.3	3.3	3.3	3.3	3.3	16.5
	Critical Needs	6.2	6.2	6.2	6.2	6.2	31.0
	Initiative & Impact Needs Total	$34.9	$34.9	$42.8	$34.0	$30.3	$176.9

* The Advancement budget has several components that are funded in part by the university and in part by the Virginia Tech Foundation. The above includes funding for only the core development/fundraising costs to be paid by the university.

Auxiliary Enterprise Student Service Needs

- Health Services: additional staff for student well being & inclusion, embedded counselors, intervention & recovery, sexual violence prevention mental health, and testing
- Transportation: increased local match requirement, bus replacement, fuel inflation, and market impact on labor rates to ensure driver availability
- Student Engagement & Campus Life: student well-being event programming and event production support staff
- Cultural & Community Centers: Assistant directors and expansion of programming
- Intercollegiate Athletics: support costs increases
- Dining Services: food cost inflation and facilities
- Residence Halls: well-being & inclusion staff, microwave-refrigerators, residence hall furniture renewal, living learning community program growth, AEDs, and facilities

ALIGNMENT OF RESOURCES WITH INFLATIONARY AND INITIATIVE COSTS

2022-23 Budget Development

- Resources are aligned with Inflationary and Initiative cost drivers, as appropriate
- Without a final state budget, costs and resources are not yet known
- Current budget development process utilizes the range of scenarios understood from the House and Senate budget proposals as of crossover
  - Subject to change

2022-23 E&G Inflationary Cost Drivers

	$s in Millions		
<u>State Assigned Costs</u>[1]	GF	NGF	Total
5% State Faculty, Staff, and Graduate Assistant Compensation	$ (11.9)	$ (17.6)	$ (29.5)
Virginia Military Survivors and Dependents Tuition Waiver		(1.4)	(1.4)
Employee Fringe Benefits	(0.5)	(1.2)	(1.7)
<u>Other Inflationary Costs</u>			
Promotion and Tenure		(1.0)	(1.0)
Fixed Cost Increases: Electricity, Insurance, Leases, Fuels	(0.1)	(2.7)	(2.8)
Subscription Inflation: Library Journals/Collection, Software		(0.7)	(0.7)
Operations & Maintenance of New Facilities [2]	(0.8)	(0.7)	(1.5)
Subtotal Inflationary Costs	$(13.3)	$ (25.3)	$(38.6)

(1) *State assigned costs represent the range of scenarios proposed by the House and Senate.*
(2) *O&M for* Data and Decision Sciences, Corps Leadership and Military Sciences

2022-23 Resources to Support Inflation

	$s in Millions		
	GF	NGF	Total
Inflationary Costs (from prior slide)	$(13.3)	$(25.3)	$(38.6)
Resources			
General Fund Share of Compensation and Fringe Benefits (1)	12.5		12.5
General Fund Support for Operations & Maintenance (1)	0.8		0.8
General Fund Support for Access and Affordability (1,2)	9.8 - 14.3		9.8 - 14.3
Tuition Rate Increase (2.9% placeholder) (3)		15.8	15.8
(less) Financial Aid Maintenance (FFF, Mgt Agreement)		(2.1)	(2.1)
Subtotal Resources			$36.8 - 41.3
Net Resources after Inflationary Costs			$ (1.8) - 2.7

(1) Represents the range of scenarios proposed by the Senate and House.
(2) House Access & Affordability support is net of removal of incremental state fellowship support in this presentation for simplicity.
(3) Tuition increase of 4.5% would have been required to generate sufficient NGF revenue to cover state cost drivers without proposed state support of $9.8 million for Access & Affordability.

2022-23 Resources to Support Initiatives

	$s in Millions Total
Undergraduate Enrollment Growth	$ 16.7
Graduate Enrollment Growth	5.3
Special Session Enrollment Growth & Misc.	5.4
(less) Instructional Cost of Growth	(7.8)
(less) Gilbert St. Lease (space for growth)	(3.3)
(less) Student Access and Affordability (aid for growth)	(2.5)
General Fund Recognition for Tech Talent Undergraduate	1.0
Reallocations of Existing Resources	0.7
Auxiliary Enterprise Indirect Cost Recoveries Growth	1.2
Net from Prior Slide on Inflation(1)	(1.8) - 2.7
Range of Resources to Support Initiatives[1]	$ 14.9 - 19.4

(1) Subject to change based on the final outcome of the General Assembly.

University Budget Process

- University budget process is underway
- Final decisions will not be made until May/June
- University planning has identified priority initiatives with order of magnitude
- Vision currently exceeds resource capacity, and will need to be refined

Next Steps

- House and Senate are in the process of reconciling budget differences
  - As a result, state cost drivers are not yet finalized
  - General Fund support could change
- 2022-23 Tuition and Fee rates can be set once state budget actions are understood

DISCUSSION

2022-23 Compensation for Graduate Assistants

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

February 17, 2022

Background

Graduate students who work as graduate assistants while pursuing their master's or doctoral degrees provide a valuable service to the university. Many teach undergraduate classes while others support faculty in scholarly and sponsored research activities. 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 total compensation package are a stipend, stipend supplement, tuition assistance, and health insurance benefit.

Graduate Stipends

One of the primary goals of Virginia Tech during the 1980's was to build a graduate compensation program that was competitive with those offered by comparable institutions. Across the campus, graduate assistants have a variety of responsibilities. To recognize the differences in services performed by these students, the university created a stipend scale that defines ranges of stipend amounts, providing academic and support unit's flexibility in compensating graduate assistants. The levels within the stipend table have been adjusted over the years to remain competitive.

To respond to increasing competition for quality graduate students among peer institutions, the graduate student stipend scale was revised for Fall 2003 to better position Virginia Tech departments as compared to their national peers and reflect the minimum stipend levels authorized by the National Science Foundation. The Fall 2004 stipend scale added 10 additional stipend steps, numbered 41-50, to increase the university's competitive position in attracting outstanding Ph.D. students. In 2004-05, the graduate stipend scale was enhanced to encompass the current 50 pay ranges (Attachment). These ranges provide flexibility in situations where a defined level of resources does not exactly match one of the existing steps, and allow for an actual stipend to be established within the range of a step.

In 2011-12, an academic year fixed dollar supplement was added to the graduate stipend scale to help offset university assigned costs such as the Health Services fee. As a result, the graduate assistant stipend is currently comprised of two components: 1) a base stipend and 2) a fixed supplement. For administrative efficiency and processing, the two components are combined into the traditional stipend scale. As of January 25, 2022, the current average monthly stipend for full-time graduate assistants is $2,262 per month, which falls within step 13 of the 2021-22 stipend scale.

Tuition Assistance

In the 1990s, the university developed a more comprehensive program of tuition remission for graduate students serving on assistantships. The tuition program is financed by four sources including: the General Fund appropriation for graduate student financial assistance, a tuition remission program in the Educational and General budget, tuition payments planned in the budgets of externally sponsored grants and contracts, and private funds. The tuition remission program for graduate students on assistantship includes the remission of tuition, mandatory E&G fees (excluding the state assigned Commonwealth Capital and Equipment Fee), and non-executive graduate program fees. Tuition remission benefits are provided on a per-semester basis for the duration of the contracted period.

In the case of an early termination of an assistantship, tuition remission benefits are prorated to align with the portion of the semester completed, as displayed on Table 1.

Table 1

Number of Weeks into Semester When Assistantship is Terminated	Student Tuition & E&G Fee Obligation	Department Tuition & E&G Fee Obligation
Less than Four	100%	0%
Four through less than Eight	75%	25%
Eight through less than Twelve	50%	50%
Twelve through less than Sixteen	25%	75%
Sixteen or more (full semester)	0%	100%

Health Insurance

At the March 2001 meeting of the Board of Visitors, a health insurance program for graduate students on assistantship was approved as a part of the graduate student compensation package to enhance the university's competitiveness in recruiting highly qualified graduate students. The program was designed to help full-time graduate students receiving a full or partial assistantship, including graduate research assistants, graduate teaching assistants, and graduate assistants, offset a portion of the cost of health insurance premiums. In 2009-10, university management worked with representatives of the graduate student community to review and improve the overall mix and value of benefits provided through the health insurance program; these enhancements were approved by the Board and included in the program for 2010-11. For the 2018-19 academic year, the Board of Visitors approved a health insurance subsidy rate of 88 percent for graduate assistants, matching the university's share of other employee health insurance programs.

In order to qualify for health insurance, full-time graduate students must have a 50 percent or greater appointment. Graduate students also have the option to decline coverage if they so choose. In 2021-22 the university provided 88 percent of the $3,343 annual premium cost of the plan to 2,168 graduate students. The plan provided for a $450 in-network annual deductible, $6,250 per-person out-of-pocket maximum, $25 co-pay for in-network doctors' visits, and an unlimited maximum benefit. Students can obtain optional dental benefits for an additional cost.

Current Events

Graduate assistants provide a valuable service to the university and contribute to the advancement of the university's strategic vision. Compensation market pressures are impacting many employee groups and living costs are subject to inflationary cost pressures. The university desires to ensure a competitive compensation package; to that end, the president has asked the Provost and Dean of the Graduate School to convene a task force to develop recommendations for providing competitive compensation for graduate assistants.

Proposed Graduate Assistant Compensation Plan for 2022-23

The university proposes the following actions:

- Advancing the stipend scale for 2022-23 by implementing a 5.0 percent increase effective August 10, 2022.
- Maintaining the current academic year Stipend Supplement of $458 to help mitigate university assigned costs.
- Continuing the university share of the graduate assistant health insurance coverage at 88 percent, based upon the university's current estimate the cost of graduate student insurance coverage.
- Continuing the graduate tuition remission program.

RECOMMENDATION

That the graduate assistant compensation program for 2022-23 be approved.

April 4, 2022

Approval of 2022-23 Compensation for Graduate Assistants

KEN MILLER, VICE PRESIDENT FOR FINANCE

TIM HODGE, ASSOCIATE VICE PRESIDENT FOR BUDGET AND FINANCIAL PLANNING

APRIL 3, 2022

BACKGROUND

Graduate Assistants provide valuable services to the university, including teaching and support of scholarly and research activities.

Successful recruitment of high quality graduate students requires the university to offer competitive compensation packages.

Components of Total Compensation Package

- Stipend
- Stipend Supplement
- Tuition assistance
- Health insurance benefit

STIPEND

1. Base stipend scale provides a range of stipend amounts reflective of differing levels of responsibility
   - Current stipend scale has 50 pay ranges to ensure flexibility to the university programs

2. Fixed stipend supplement (established in FY12 to help offset university assigned costs such as the health fee)

As of January 2022, the current average monthly stipend for full-time graduate assistants is *$2,262* per month.

TUITION ASSISTANCE

Tuition Assistance includes remission of tuition, mandatory E&G fees, and non-executive graduate program fees.

Funded through 4 sources:

1. General Fund appropriation for graduate assistance
2. Tuition remission in the Educational and General budget
3. Tuition payments planned in the budgets of externally sponsored grants and contracts
4. Private funds

HEALTH INSURANCE

- Health insurance for graduate students on assistantships was established in 2001
- To qualify, full-time graduate students must have a 50 percent or greater assistantship appointment
- In 2021-22, the university provided 88 percent of the $3,343 annual premium cost to 2,168 graduate students
  - The 88 percent subsidy matches the university's share of other employee health insurance programs
- Graduate students may decline coverage

Current Events

- Graduate assistants provide valuable service
- The advancement of the university mission depends on the success of graduate assistants
- Markets are moving, living costs are subject to inflation
- The president has asked the Provost and Dean of the Graduate School to convene a task force to develop recommendations for providing competitive compensation for graduate student assistants.

GRADUATE ASSISTANT COMPENSATION PLAN FOR 2022-23

- 5.0 percent base stipend increase effective August 10, 2022.
- Maintain current academic year stipend supplement of $458 to help mitigate university assigned costs.
- Continue university share of health insurance coverage at 88 percent.
- Continue the tuition remission program.

RECOMMENDATION

That the graduate assistant compensation program for 2022-23 be approved.

April 4, 2022

Summary of the University’s Annual Financial Report

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

February 23, 2022

Fiscal year 2021 represented another successful year in advancing Virginia Tech’s strategic plan. The university implemented a portfolio of strategies to close the COVID-19 operating gap, including expenditures savings, cost controls, and improving cash flow by restructuring debt. Despite the uncertainty and challenges of the public health crisis, the university’s financial stability, proactive financial management, and resilient culture enabled the university to conclude fiscal year 2021 financially stronger.

The university published its Annual Financial Report (Attachment A) in January 2022 for the fiscal year ended June 30, 2021. The report contains the university’s financial statements and required disclosures. It also includes the independent auditor’s report on financial statements and report on internal control over financial reporting and on compliance and other matters. The Commonwealth of Virginia Auditor of Public Accounts conducted the audit beginning May 14, 2021 and concluding November 5, 2021, with the following results.

<u>Summary of Audit Results</u>

- Unmodified audit opinion *(formerly called an unqualified audit opinion)*
- No material weaknesses in internal controls
- The report included one written comment with management’s response and the anticipated corrective action completion date:
  - Improve reporting timeliness of enrollment data to the National Student Loan Data System (April 30, 2022)
- A second written comment with management's response and the anticipated corrective action completion date subsequently issued and included in the Student Financial Assistance Programs Cluster Special review issued February 4, 2022:
  - Improve compliance over enrollment reporting (August 1, 2024)

Assets, Liabilities, and Net Position at June 30, 2021 and 2020

(all dollars in millions)

	2021	2020	Change Amount	Change Percent
Current assets	$ 391.0	$ 307.7	$ 83.3	27.1 %
Capital assets, net	2,043.2	1,936.1	107.1	5.5 %
Other assets	787.2	645.6	141.6	21.9 %
Total assets	**3,221.4**	**2,889.4**	**332.0**	**11.5 %**
Deferred outflows of resources	142.8	120.0	22.8	19.0 %
Current liabilities	292.7	333.3	(40.6)	(12.2)%
Non-current liabilities	1,172.3	1,057.9	114.4	10.8 %
Total liabilities	**1,465.0**	**1,391.2**	**73.8**	**5.3 %**
Deferred inflows of resources	85.1	104.2	(19.1)	(18.3)%
Invested in capital assets, net	1,519.8	1,437.6	82.2	5.7 %
Restricted	251.6	211.9	39.7	18.7 %
Unrestricted	42.7	(135.5)	178.2	131.5 %
Total net position	**$ 1,814.1**	**$ 1,514.0**	**$ 300.1**	**19.8 %**

The balance sheet shows positive results for fiscal year 2021 with the following key indicators:

<u>Total assets increased by $332.0 million, or 11.5 percent.</u> Current assets rose by $83.3 million, due mainly to an $85.6 million increase in cash and cash equivalents due to decreases in spending and other pandemic mitigation strategies. Noncurrent assets grew by $248.7 million, reflecting the ongoing construction of research and instructional facilities and the capitalization of completed facilities.

<u>Total liabilities increased by $73.8 million, or 5.3 percent.</u> Current liabilities category decreased by $40.6 million, due mainly to a 32.7 million decrease of in temporary funding for capital projects. Noncurrent liabilities increased $114.4 million, driven by net issuances of $94.0 million in long-term debt and a $55.0 million increase in the pension liability. Scheduled long-term debt repayments of $34.8 million partially offset the increases in noncurrent liabilities.

<u>Total net position increased by $300.1 million, or 19.8 percent.</u> Net investment in capital assets increased by $82.2 million, reflecting continued investments in new facilities and equipment to support the university’s mission. Unrestricted net position increased by $178.2 million (131.5 percent) due to the recovery of the investment markets and the prudent management of fiscal resources.

Exhibit 2

Composition of Current and Noncurrent Assets, Excluding Capital Assets

Showing the Strategy to Move Cash and Cash Equivalents to Long-Term Investments at VTF
For the years ended June 30, 2017 - 2021
(all dollars in millions)

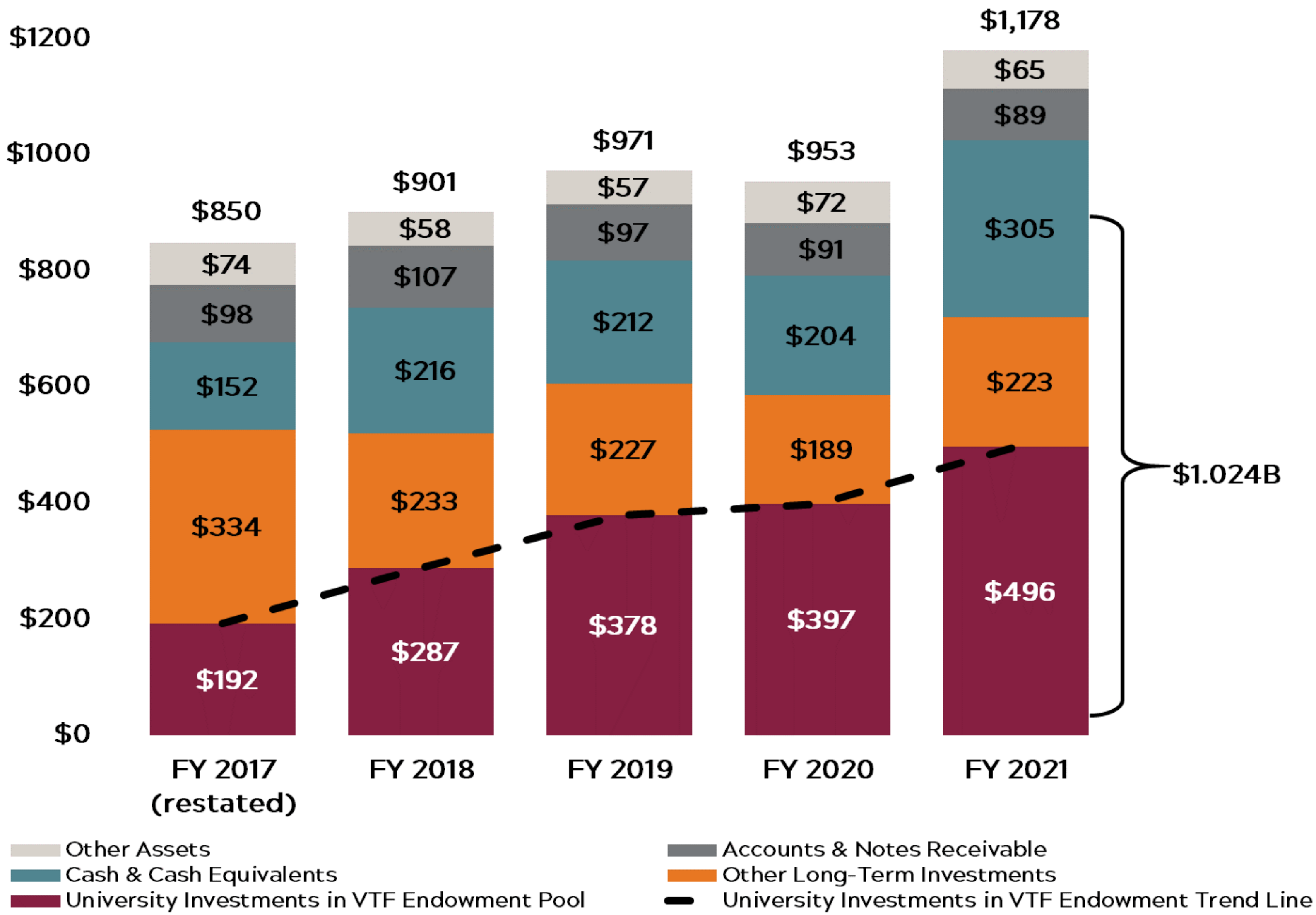
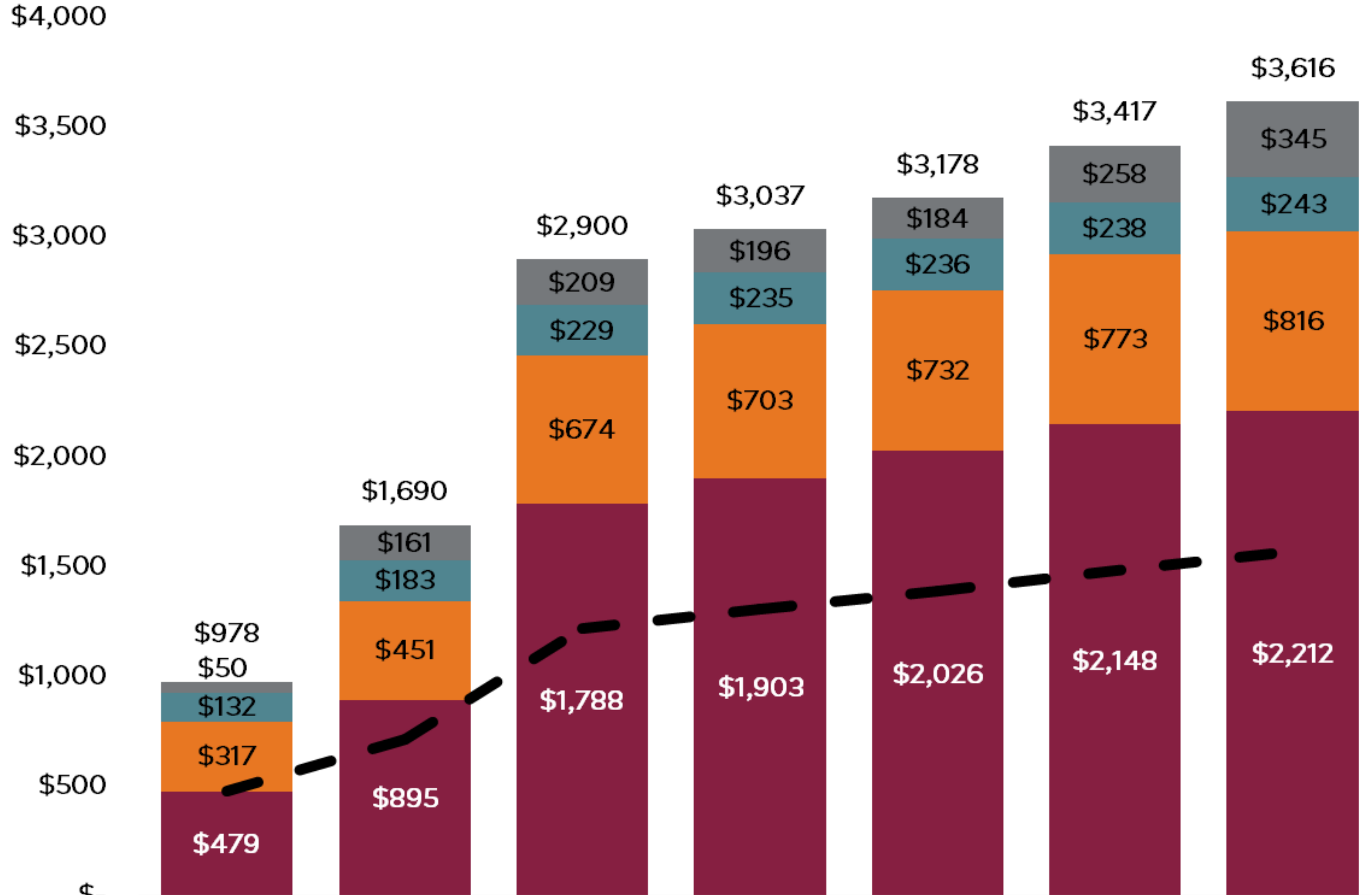


Exhibit 3

Ongoing Investments in Capital Assets

Growth in Capital Assets from FY 2002 to FY 2021

(all dollars in millions)



	FY 2002	FY 2009	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Land & Construction in Progress	50	161	209	196	184	258	345
Infrastructure, etc. - Gross	132	183	229	235	236	238	243
Equipment - Gross	317	451	674	703	732	773	816
Buildings- Gross	479	895	1,788	1,903	2,026	2,148	2,212
Total Capital Assets - Gross	978	1,690	2,900	3,037	3,178	3,417	3,616
Total Accumulated Depreciation	479	718	1,220	1,306	1,391	1,481	1,573

Exhibit 4

Composition of Current and Noncurrent Liabilities

Showing the Impact of Accounting Pronouncements GASB 68 and 75 (Pension & OPEB)
For the years ended June 30, 2017 - 2021
(all dollars in millions)

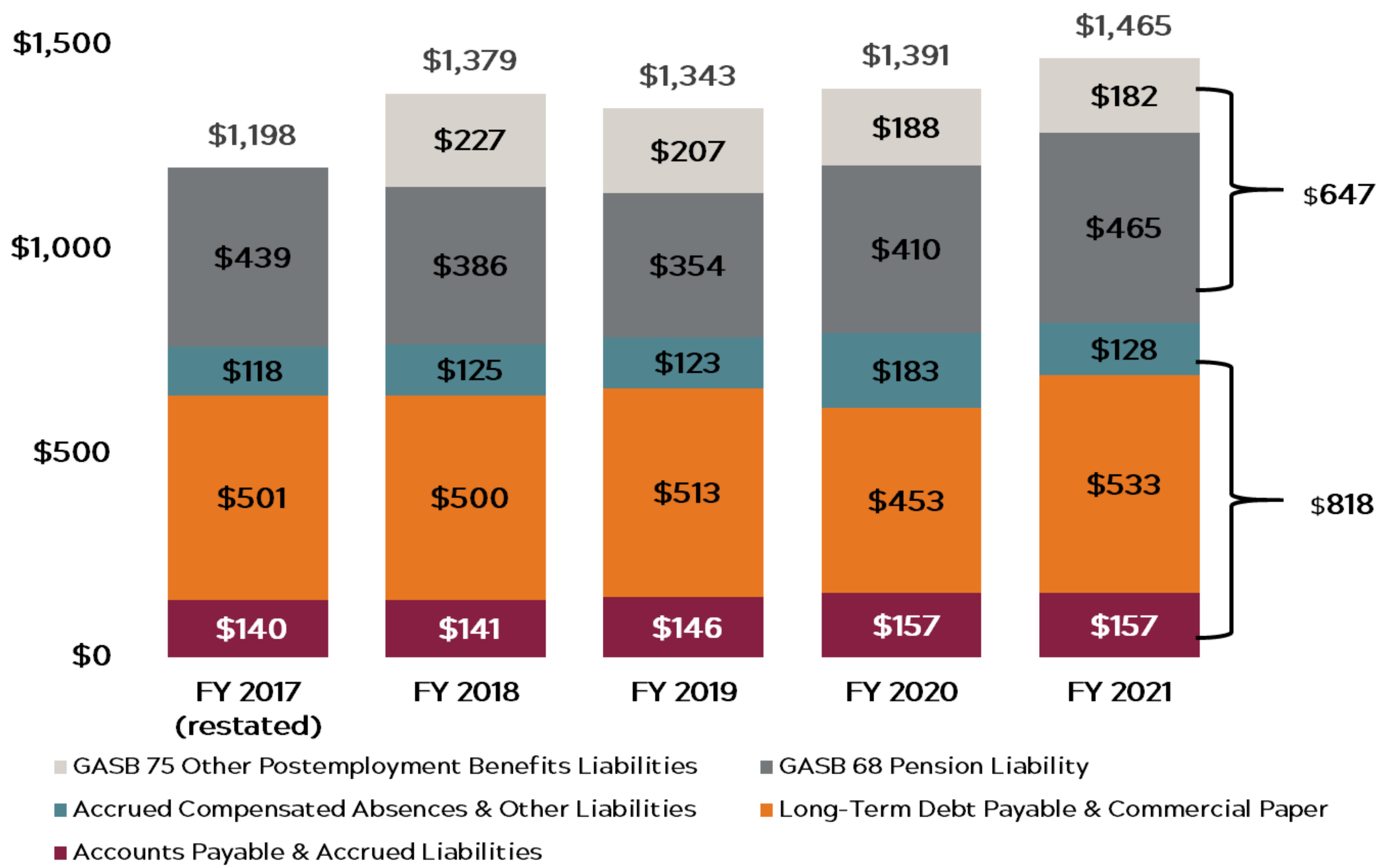


Exhibit 5

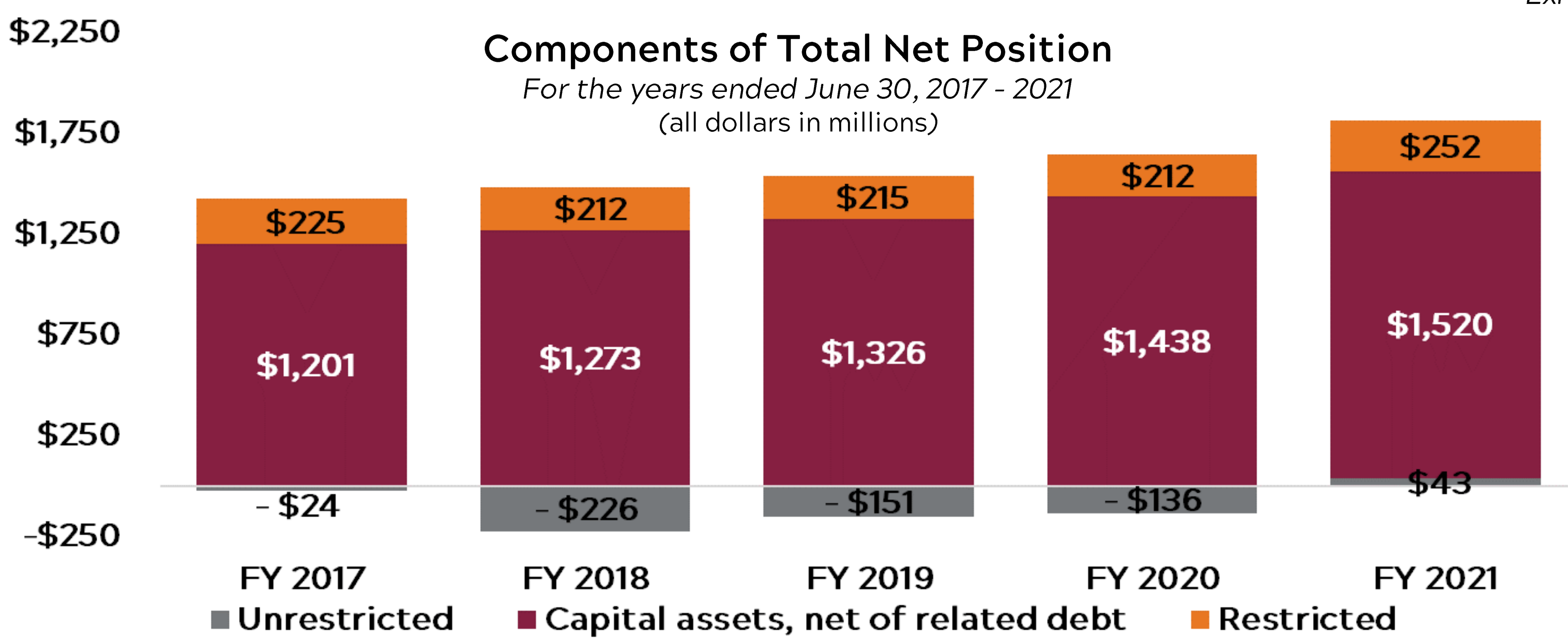
Trends in Net Position

For the years ended June 30, 2017 - 2021

(all dollars in millions)

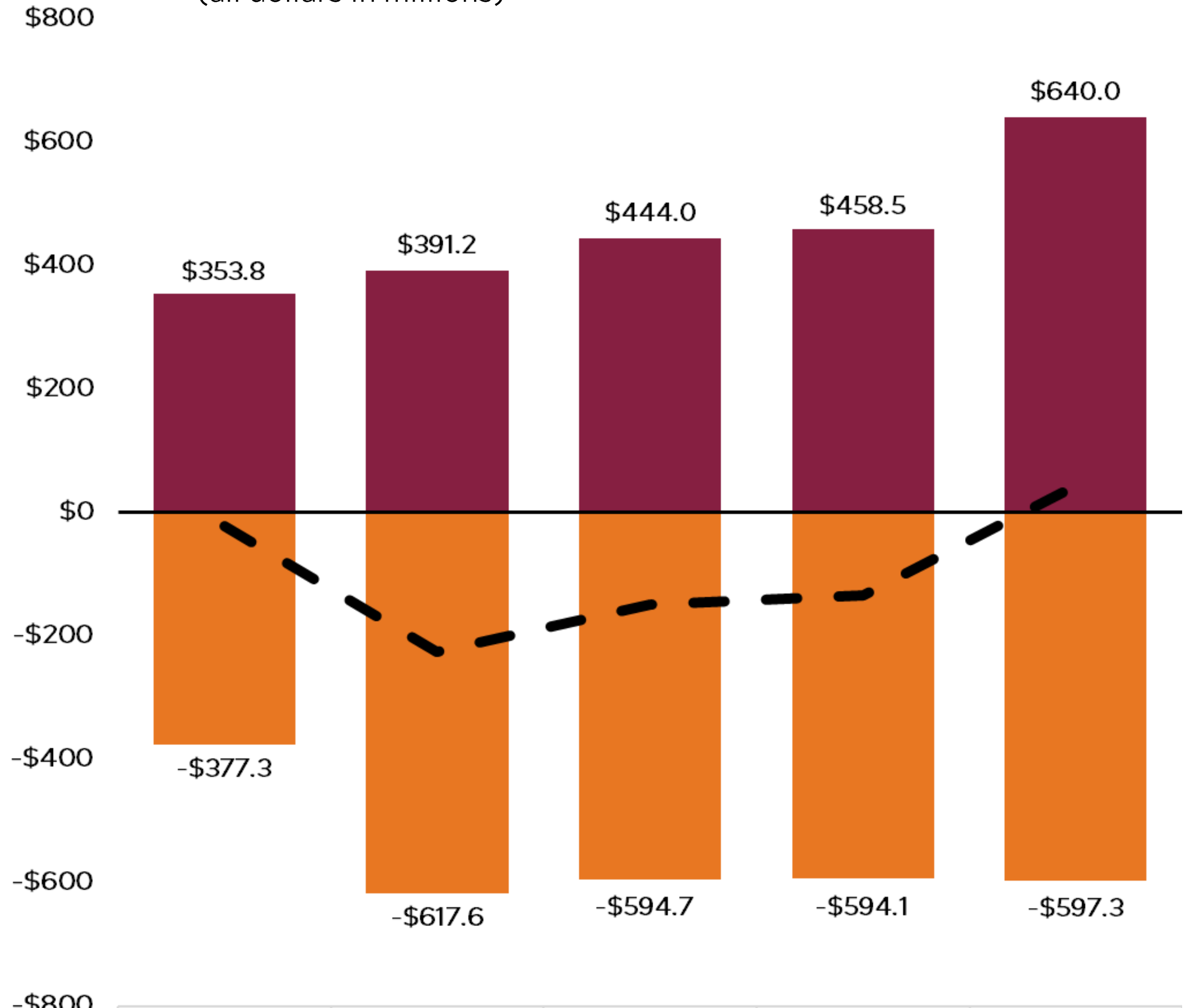
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Capital assets, net of related debt	$ 1,201.3	$ 1,273.2	$ 1,326.1	$ 1,437.6	$ 1,519.7
Restricted, nonexpendable	11.9	14.4	14.0	12.6	14.9
Restricted, expendable					
Capital projects	39.7	11.5	6.2	3.0	7.2
Other	173.0	186.5	194.7	196.4	229.6
Unrestricted	(23.5)	(226.4)	(150.7)	(135.6)	42.7
Total Net Position	$ 1,402.4	$ 1,259.4	$ 1,390.2	$ 1,514.0	$ 1,814.1
Adjusted Unrestricted Net Position Excluding the Impact of GASB Pronouncements Related to Pensions and OPEB	$ 353.8	$ 391.2	$ 444.0	$ 458.5	$ 640.0

Exhibit 6

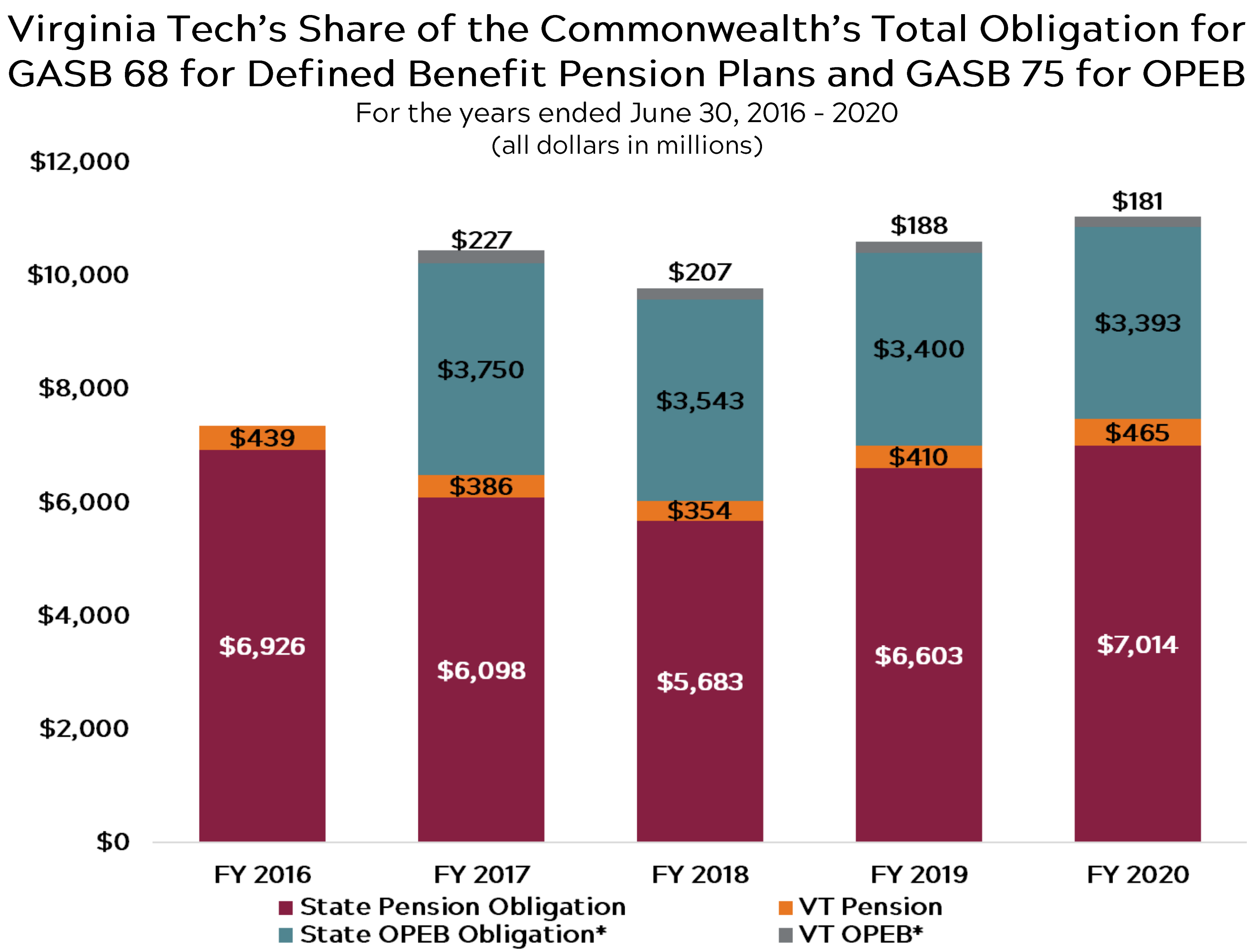


Unrestricted Net Position

Composition of Totals Reported in the Audited Financial Statements
For the years ended June 30, 2017- June 30, 2021
(all dollars in millions)



	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Net Position without GASBs 68 & 75	$353.8	$391.2	$444.0	$458.5	$640.0
Impact of GASBs 68 (FY 2015) & 75 (FY 2018 & FY 2019)	-$377.3	-$617.6	-$594.7	-$594.1	-$597.3
Net Position with GASBs 68 & 75	-$23.5	-$226.4	-$150.7	-$135.6	$42.7



*Percentages vary for each plan. The Pre-Medicare Retiree Healthcare program amount is imputed.

Measurement dates for pension and OPEB amounts will always be one year in arrears from the financial statement dates. Therefore, the pension and OPEB information in the university's fiscal year 2021 financial statements reflect activity and balances for fiscal year 2020. As shown above, there are large annual fluctuations in these obligations, and the university has no control over these movements. Most of the pension and OPEB's impact on expenses and net position is deferred to future periods.

Summary Schedule of Cash and Investments Totals

Composition of Totals Reported in the Audited Financial Statements at June 30, 2021 and 2020

(all dollars in millions)

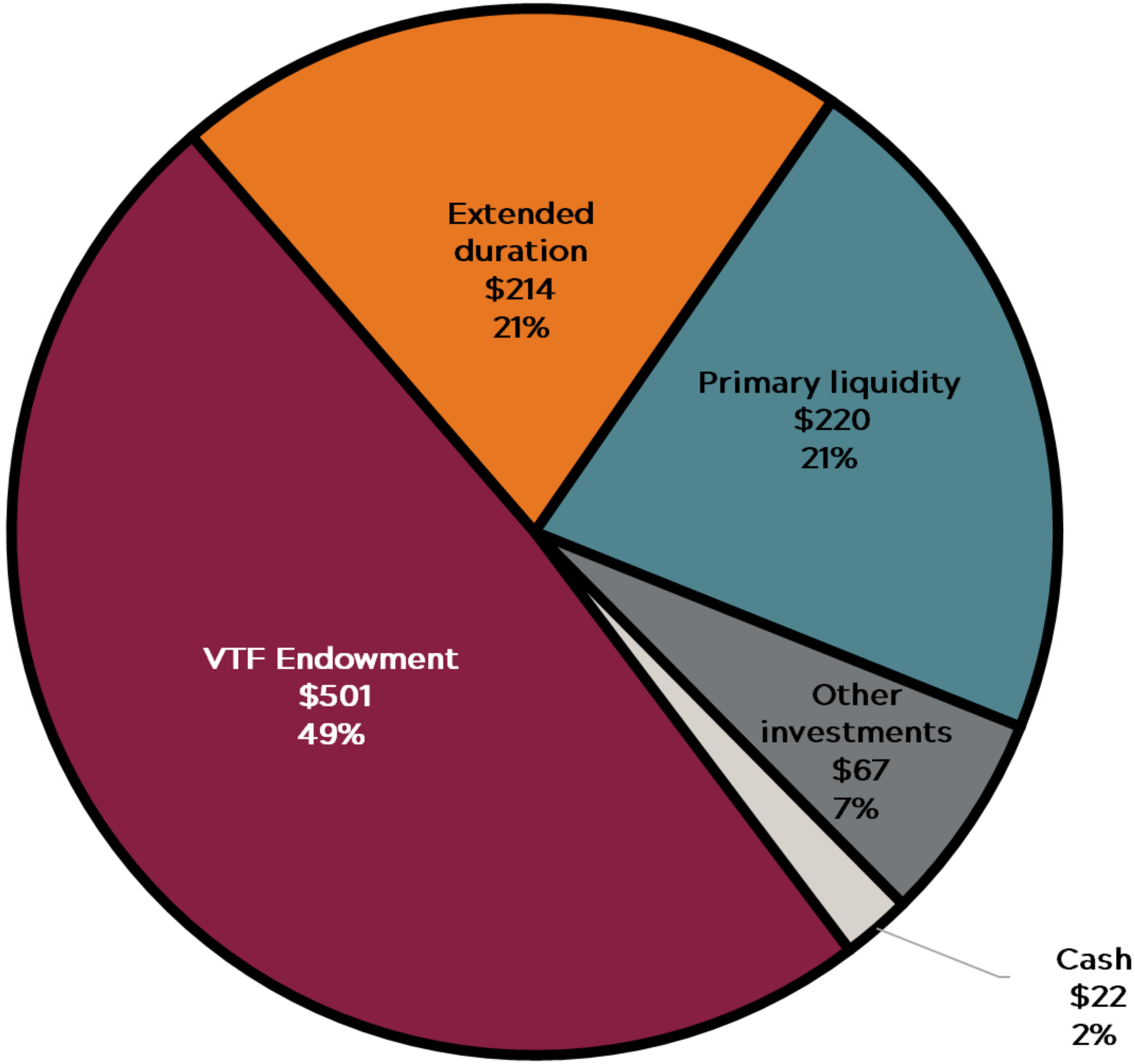
	Totals at June 30, 2021			Totals at June 30, 2020	
Financial Statement Totals	Current Assets	Noncurrent Assets	Total Cash & Investments	Total Cash & Investments	Change in Totals
Cash	$ 6.9	$ 14.9	$ 21.8	$ 11.6	$ 10.2
Cash equivalents (< 90 days)	266.5	12.7	279.2	189.1	90.1
Total cash & cash equivalents	273.4	27.6	301.0	200.7	100.3
Short-term investments (>90 days <= 1 year)	$ -	$ 3.7	$ 3.7	$ 3.7	$ -
Long-term investments (> 1 year)					
Invested in the VTF endowment pool		495.6	495.6	397.0	98.6
Invested with other investment managers		223.5	223.5	188.7	34.8
Total long-term investments	$ -	$ 719.1	$ 719.1	$ 585.7	$ 133.4
Grand totals cash & investments	$ 273.4	$ 750.4	$ 1,023.8	$ 790.1	$ 233.7

Exhibit 10

Schedule of Cash and Investments by Investment Pool - $1.024 Billion

From the Totals Reported in the Audited Financial Statements for FY 2021

(all dollars in millions)



University Liquidity Summary

For the year ended June 30, 2021
(all dollars in millions)

	Actual	Target	Excess/(Deficit)
Amounts			
Internal liquidity	$ 501.8	$ 199.6	$ 302.2
External liquidity	190.0	199.6	(9.6)
Total liquidity	$ 691.8	$ 399.2	$ 292.6
Days			
Internal liquidity	113	45	68
External liquidity	43	45	(2)
Total liquidity	156	90	66

The university finished fiscal year 2021 with a strong liquidity position due to the many efforts the university made to conserve resources with cost containment and create capacity with debt restructuring. Additionally, strong support from the commonwealth and the federal government helped further preserve the university's liquidity levels. The university will continue to leverage its strong liquidity to support the pandemic recovery, return to normal spending levels, and bolster the university's credit rating for the impact of upcoming debt issuances.

Exhibit 12

Summary of Revenues, Expenses, and Changes in Net Position

For the years ended June 30, 2021 and 2020
(all dollars in millions)

	2021	2020	Change: Amount	Change: Percent
Operating revenues	$ 1,162.3	$ 1,188.8	(26.5)	(2.2)%
Operating expenses	1,513.5	1,549.7	(36.2)	(2.3)%
Operating loss	**(351.2)**	**(360.9)**	**9.7**	**(2.7)%**
State appropriations	302.3	303.8	(1.5)	(0.5)%
Other non-operating revenues and expenses	218.8	77.0	141.8	184.2 %
Non-operating revenues and expenses	**521.1**	**380.8**	**140.3**	**36.8 %**
Income before other revenues and expenses	**169.9**	**19.9**	**150.0**	**753.8 %**
Other revenues, expenses, gains, or losses	130.2	101.1	29.1	28.8 %
Increase in net position	**300.1**	**121.0**	**179.1**	**148.0 %**
Net position - beginning of year	1,514.0	1,393.0	121.0	8.7 %
Net position - end of year	**$ 1,814.1**	**$ 1,514.0**	**$ 300.1**	**19.8 %**

<u>Operating loss</u>: Under GASB reporting, public universities will always show an operating loss because state appropriations, gifts, and investment income are all considered non-operating revenues.

Increase (Decrease) in Revenue

For the years ended June 30, 2021 and 2020

(all dollars in millions)

	2021	2020	Change Amount	Change Percent
Operating revenues				
Student tuition and fees, net	$ 581.6	$ 575.9	$ 5.7	1.0 %
Grants and contracts	326.7	322.3	4.4	1.4 %
Auxiliary enterprises	222.2	264.1	(41.9)	(15.9)%
Other operating revenues	31.7	26.5	5.2	19.6 %
Total operating revenues	1,162.2	1,188.8	$ (26.6)	(2.2)%
Non-operating revenues				
State appropriations	302.3	303.8	(1.5)	(0.5)%
Other non-operating revenues	218.8	77.0	141.8	184.2 %
Total non-operating revenues	521.1	380.8	140.3	36.8 %
Other revenues				
Capital grants and gifts	128.0	101.0	27.0	26.7 %
Loss on disposal of capital assets	2.3	0.1	2.2	2,200.0 %
Total other revenues, gains	130.3	101.1	29.2	28.9 %
Total revenue	$ 1,813.6	$ 1,670.7	$ 142.9	8.6 %

Operating revenue decreased by $26.6 million, or 2.2 percent. This decline came primarily from auxiliary revenues ($41.9 million) due to the pandemic effects, especially on the athletics and dorm and dining programs. This decrease was partially offset by increases in student tuition and fees ($5.7 million), sponsored grants and contracts ($4.4 million), and other operating revenue ($5.2 million).

Non-operating revenue increased by $140.3 million, or 36.8 percent. The rebound of the investment markets resulted in significant realized and unrealized investment gains. Total investment earnings increased $116.1 million over prior year and contributed significantly to the increase in non-operating revenues. In addition, COVID-19 relief funds rose by $23.8 million and further bolstered non-operating revenues.

Total other revenue and gains grew by $29.2 million, or 28.9 percent. Capital grants and gifts comprised a significant portion of the change, increasing $27 million over prior year.

Total Revenue by Source - $1.814 Billion

For the year ended June 30, 2021
(all dollars in millions)

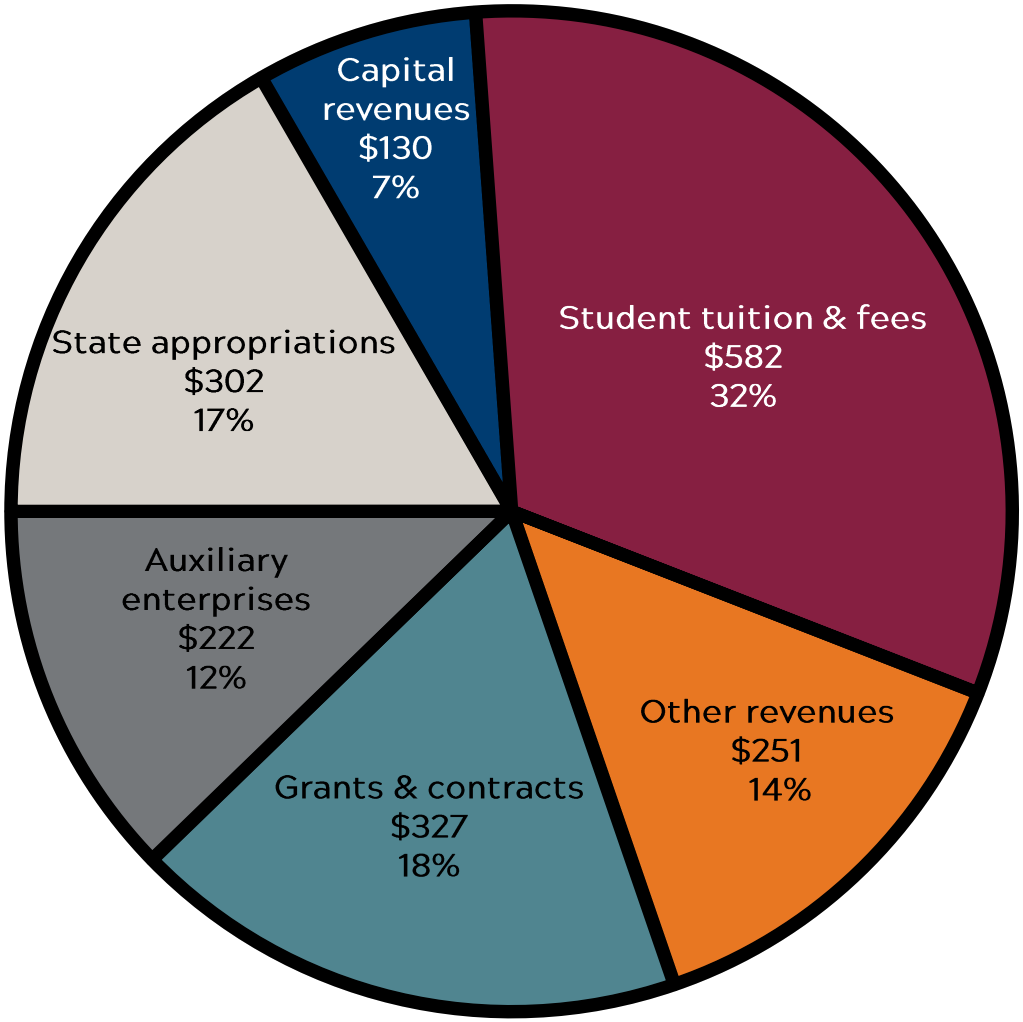


Exhibit 15

Changes in Operating Expenses by Function

For the years ended June 30, 2021 and 2020
(all dollars in millions)

	2021	2020	Change Amount	Change Percent
Instruction	$ 425.9	$ 426.0	$ (0.1)	$ (0.0)
Research	330.8	343.2	(12.4)	(3.6)
Public service	89.1	98.5	(9.4)	(9.5)
Auxiliary enterprises	206.3	236.2	(29.9)	(12.7)
Depreciation and amortization	112.9	109.2	3.7	3.4
Subtotal	**1,165.0**	**1,213.1**	**(48.1)**	**(4.0)%**
Support, maintenance, and other expenses				
Academic support	105.9	106.4	(0.5)	(0.5)%
Student services	25.6	26.0	(0.4)	(1.5)%
Institutional support	92.9	81.7	11.2	13.7 %
Operations and maintenance of plant	92.0	91.9	0.1	0.1 %
Student financial assistance*	32.1	30.6	1.5	4.9 %
Subtotal	**348.5**	**336.6**	**11.9**	**3.5 %**
Total operating expenses	**$ 1,513.5**	**$ 1,549.7**	**$(36.2)**	**(2.3)%**

Auxiliary enterprises experienced the largest decrease ($29.9 million) predominately in the athletic and dorm and dining programs.

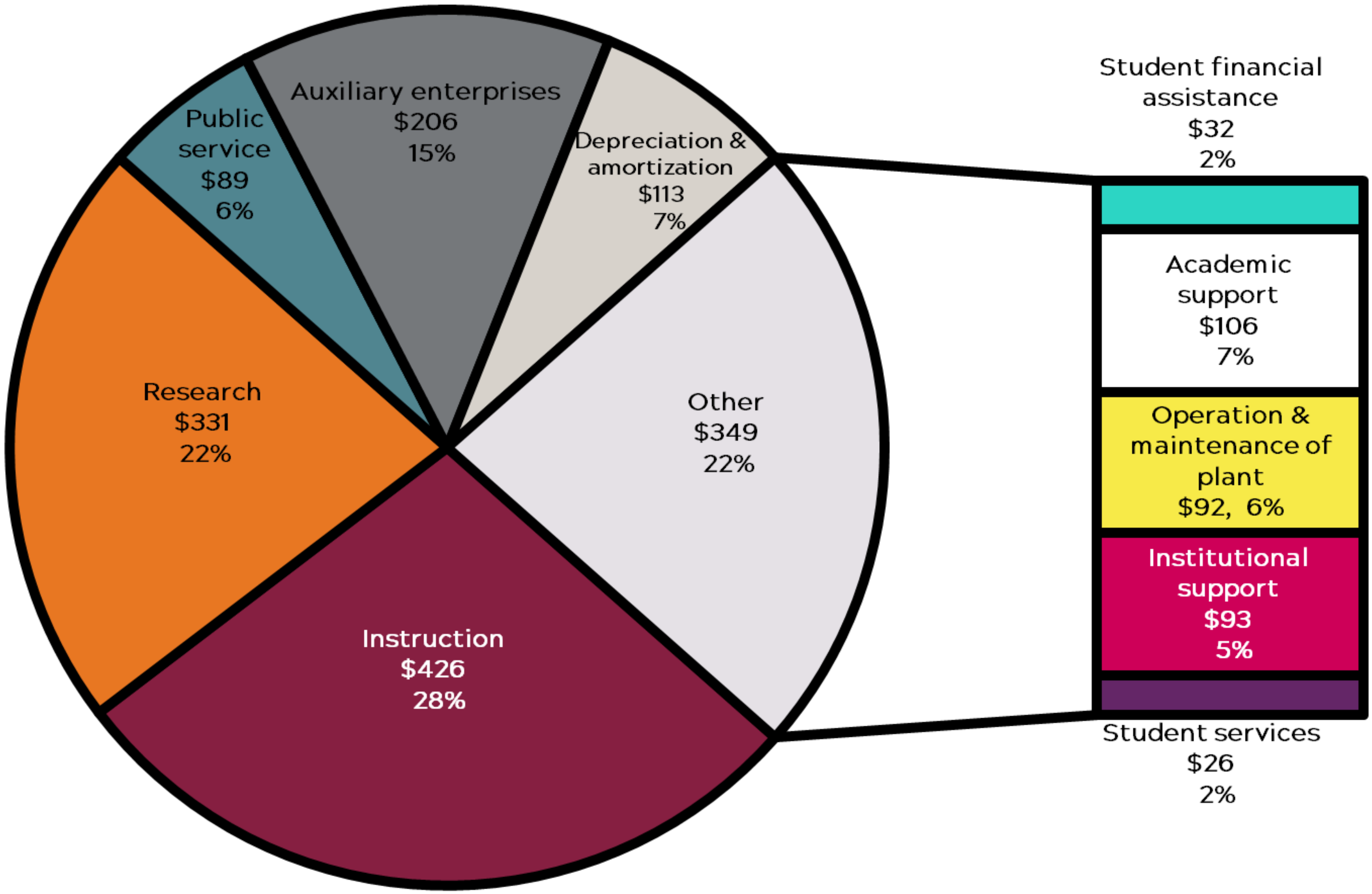
Research expenditures decreased by $12.4 million.

Public service expenditures saw a decline of $9.4 million.

Institutional support was the only area that saw a significant increase ($11.2 million). This growth was largely due to the partial reduction of the auxiliary indirect cost allocation charge which was authorized by the state and done to provide relief to the auxiliaries.

Summary of Expenses by Function - $1.514 Million

For the year ended June 30, 2021
(all dollars in millions)



Changes in Expenses by Natural Classification

For the years ended June 30, 2021 and 2020
(all dollars in millions)

	2021	2020	Change Amount	Change Percent
Compensation and benefits	$ 1,004.5	$ 1,003.8	$ 0.7	0.1 %
Contractual services	124.2	125.5	(1.3)	(1.0)%
Supplies and materials	80.6	84.1	(3.5)	(4.2)%
Travel	10.6	40.8	(30.2)	(74.0)%
Other operating expenses	93.6	100.0	(6.4)	(6.4)%
Scholarships and fellowships*	54.2	52.0	2.2	4.2 %
Sponsored program subcontracts	32.9	34.3	(1.4)	(4.1)%
Depreciation and amortization	112.9	109.2	3.7	3.4 %
Total operating expenses	**$ 1,513.5**	**$ 1,549.7**	**$ (36.2)**	**(2.3)%**

*Includes loan administrative fees and collection costs.

Compensation and benefits comprised of $1,004.5 million, or 66.4 percent, of the university's total operating expenses. This category increased minimally by $0.7 million, or 0.1 percent. Generally, changes to expenses in this category come from three sources: increases or reductions in the number of personnel, annual salary increases, and the general trends in the costs of fringe benefits. The benefits section is affected by the changes in the actuarially calculated expenses for the OPEB and pension programs.

Depreciation and amortization saw an increase of $3.7 million.

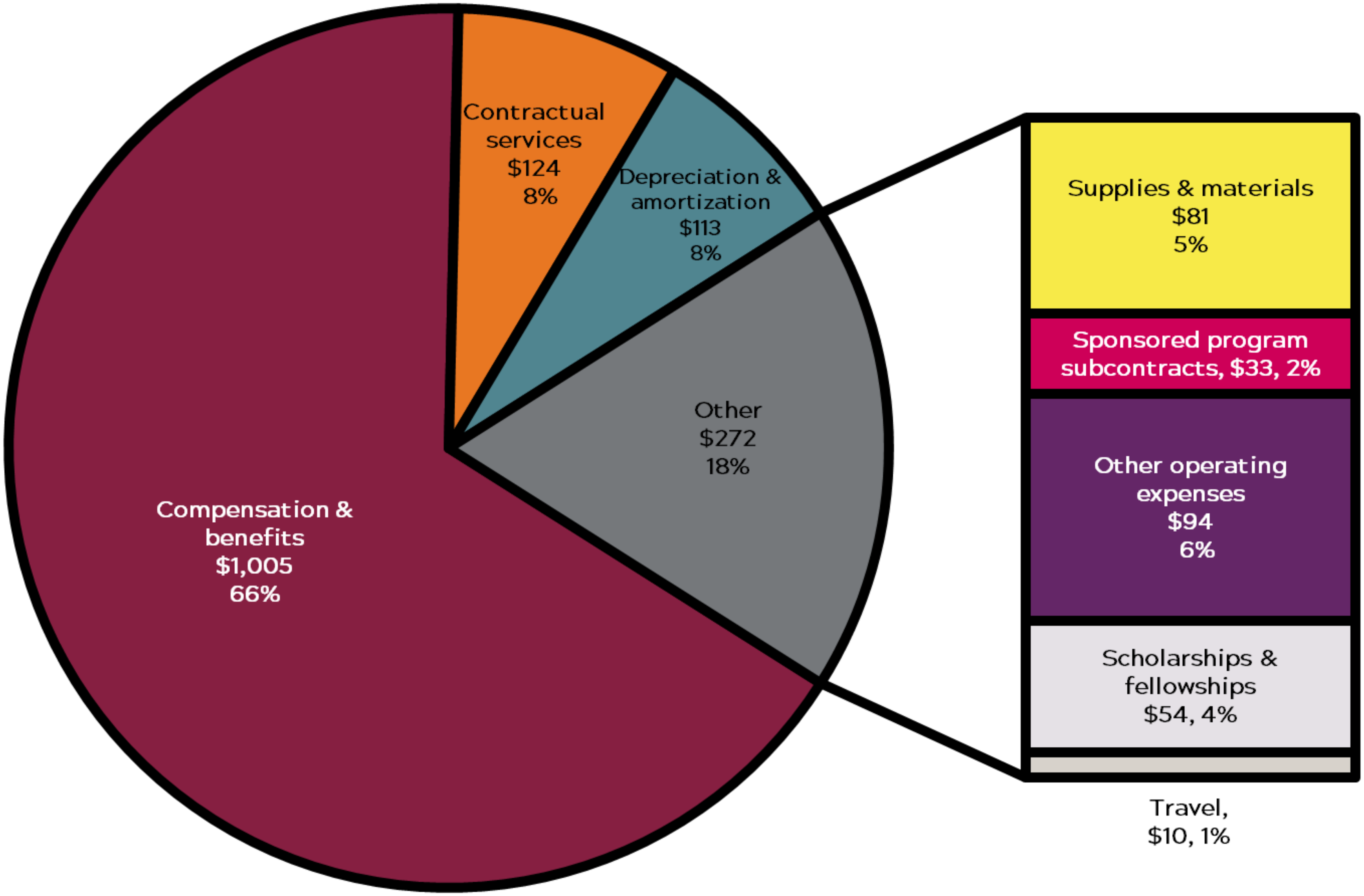
Travel experienced the most significant decline due to pandemic-related travel restrictions, decreasing 30.2 million, or 74.0 percent.

Almost all other categories experienced pandemic-related pandemic decreases resulting from a hiring freeze and other restrictions on spending.

Exhibit 18

Total Expenses by Natural Classification - $1.514 Billion

For the Year Ended June 30, 2021
(all dollars in millions)



Measuring the Overall Level of Financial Health

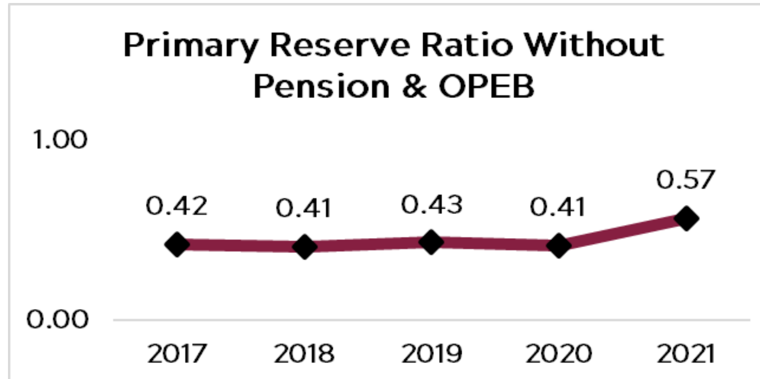
For the years ended June 30, 2016 - 2021

The overall health of the university can be measured by focusing on available resources and the returns generated from those resources. This analysis answers whether the institution has sufficient resources and whether they use those resources to support the mission and strategic direction of the institution.

The Composite Financial Index (CFI) combines four core ratios by assigning various weights to generate an aggregate score for financial strength and stability. These ratios: Primary Reserve ratio, Viability ratio, Net Operating Revenues ratio, and Return on Net Position ratio provide for an understanding of the institutions available resources and results of current operations, which when applied to certain benchmark factors generates a score from one to ten indicating strength of the institution.

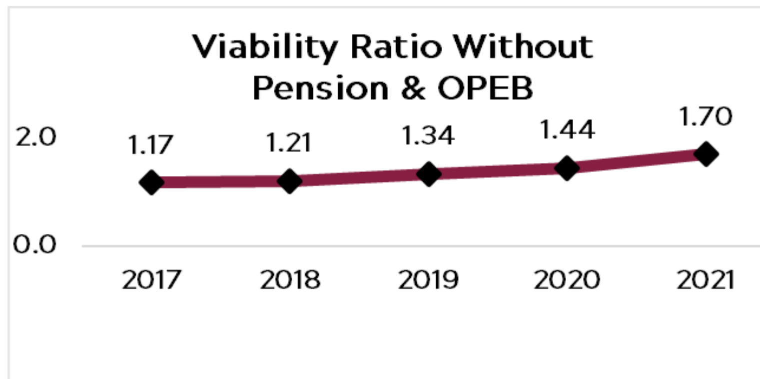
$$Primary\ Reserve\ Ratio = \frac{Expendable\ Net\ Assets}{Total\ Expenses}$$

- Primary reserve ration provides a snapshot of the financial strength and flexibility of an institution.
- The accepted benchmark for this ratio is 0.40.[i]

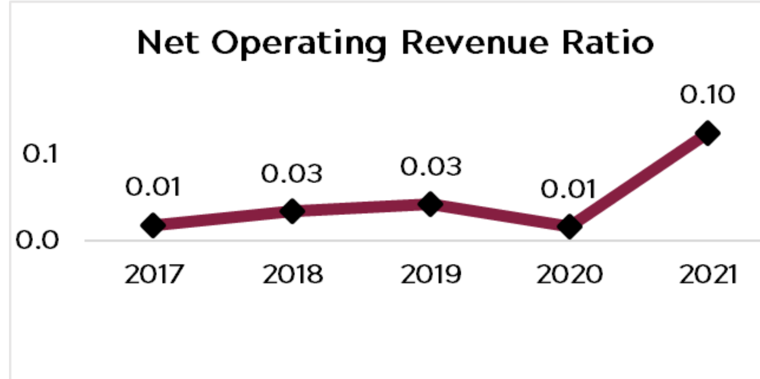


$$Viability\ Ratio = \frac{Expendable\ Net\ Assets}{Long - Term\ Debt}$$

- Viability ration measures the availability of expendable net position to cover long-term debt and indicates whether an institution can assume new debt.
- A benchmark ratio of 1.0 or greater indicates sufficient expendable resources to cover outstanding debt obligations.

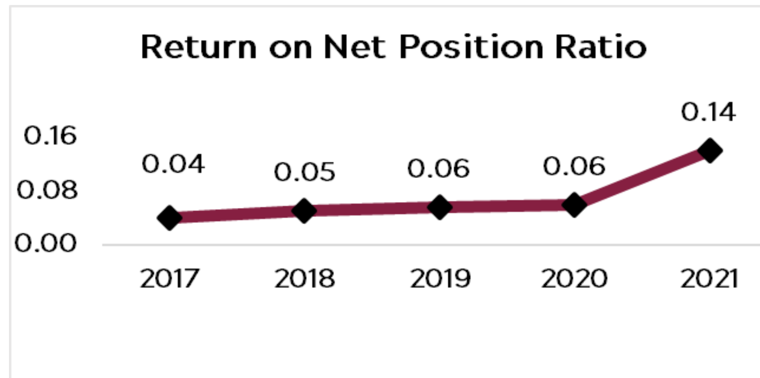


$$\text{Net Operating Revenues Ratio} = \frac{(\text{Net income} - \text{Capital Revenues})}{\text{Noncapital Revenues}}$$



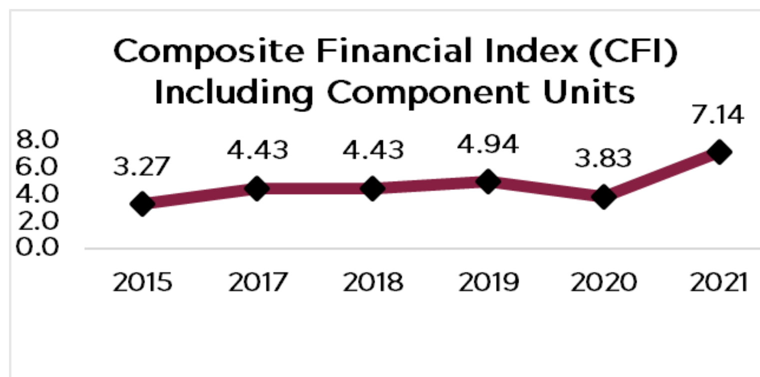
- The net operating revenues ratio indicates whether an organization is living within its available resources.
- The nature of investing activities can result in significant volatility in this ratio and contributes to the need to analyze the results of this ratio over several fiscal years.
- The decrease in the FY20 ratio is a result of effects of the pandemic on auxiliary revenues and investment losses.
- The increase in the FY21 ratio is a result of the rebound of the investment market.

$$\text{Return on Net Position Ratio} = \frac{\text{Change in Net Assets}}{\text{Total Net Assets}}$$



- Return on net position answers whether the university is achieving a positive economic return on its investment of resources.
- There is generally not a fixed benchmark and a higher return on net position indicates a stronger year of financial performance.

The four ratios above provide an understanding of the university's available resources and results of current operations, which when applied to certain benchmark factors generates the CFI.



- A benchmark score of 3.0 generally indicates that an institution is financially healthy.
- The consolidated CFI includes financial data at year-end for the Virginia Tech Foundation, a component unit in VT's financial statement.

Long-Term Debt Payable Activity

as of June 30, 2021
(all dollars in millions)

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion
Bonds payable					
Section 9(c) general obligation revenue bonds	$ 105.6	$ 105.6	$ 22.4	$ 188.8	$ 11.0
Section 9(d) revenue bonds	52.2	35.0	2.6	84.6	2.6
Notes payable	219.2	65.3	118.9	165.6	6.5
Capital lease obligations	75.8	1.5	4.8	72.5	4.0
Total long-term debt payable	**$ 452.8**	**$ 207.4**	**$ 148.7**	**$ 511.5**	**$ 24.1**
Current year debt defeasance		(113.4)	(113.9)		
Total additions and retirements, net of current year defeasance		$ 94.0	$ 34.8		

Debt ratio for fiscal year 2021 was 3.29 percent with a long-term debt liability of $511.5 million.

The current portion of long-term debt payable decreased by $8.0 million due to a “scoop and toss” refunding strategy that refunded current year principal payments to be repaid in future years.

The university defeased $113.9 million of long-term debt in fiscal year 2021. This amount is greater than usual and reflects the university and the commonwealth's strategies to provide operating capacity through debt strategies for the pandemic and take advantage of historically-low borrowing rates. The university issued $33.3 million of 9(d) revenue bonds to refund $32.8 million of notes payable. The university and the Commonwealth of Virginia, on behalf of the university, issued $13.1 million of 9(c) general obligation revenue bonds to refund $13.5 of 9(c) general obligation revenue bonds, and issued $65 million of notes payable to refund $66 million of notes payable. The resulting net gain of $870,000 will be amortized over the life of the new debt. For financial reporting purposes, these bonds are considered an in-substance defeasance and have therefore been removed from the long-term debt payable line item of the *Statement of Net Position*.

In addition to the refunding activities, the university issued $84.3 million for the Creativity and Innovation District. The principal amount and premium ($7.7 million) comprised $92.0 million of the university's net additions to long-term debt.

GASB 87 Leases Effective FY 2022

Estimated Financial Statement Impact as of June 30, 2021
(all dollars in thousands)

The university reported a debt ratio of 3.29 percent for fiscal year 2021, with a long-term debt liability of $512 million. A change in accounting standards (GASB Statement 87) recognizing long-term lease obligations will require restating this liability in fiscal year 2022. The university anticipates recognizing $79 million of long-term leases and an average increase of 1.10 percentage points to the projected debt ratio as of July 1, 2021.

	GASB 62 Long-Term Debt, Capital Leases			GASB 87 Long-Term Debt, Long-Term Leases
Capital lease obligations	**$ 72,547**		**Long-term lease liability (reclassified former capital lease obligations)**	**$ 72,547**
Operating lease commitments	**-**		**Estimated Long-term lease liability (recognized former operating lease commitments)**	**79,390**
Total long-term debt, capital leases	**$ 72,547**		**Total long-term debt, long-term leases**	**$ 151,937**

	GASB 62 Operating Lease Commitments Note Disclosure Only			GASB 87 Short-term Lease Commitments
Operating lease commitments	**$ 88,522**		**Short-term lease commitments**	**No Disclosure**

Changes Due to the Implementation of GASB 87 Leases

Effective FY 2022

Old Reporting Method - GASB 62

1. Capital Leases: capitalize lease payments as a capital asset. Amortize interest expense and depreciate capital asset over life of the lease.
   - Transfer of ownership,
   - Bargain purchase option,
   - Lease term >= 75% asset life, OR
   - Present value lease payments

     >= 90% asset value
2. Operating Leases: recognize lease expense as payments made.
   - Not a capital lease

New Reporting Method - GASB 87

1. Long-Term Leases: capitalize lease payments as an intangible right-to-use asset. Amortize interest expense and intangible right-to-use asset over life of the lease.
   - Maximum possible term at commencement exceeds 12 months,
   - Non-cancelable for at least one party, AND
   - Present value of lease payments

     >= $50K
2. Short-Term Leases: recognize lease expense as payments made.
   - Not a long-term lease

Sponsored Programs

For the years ended June 30, 2017 - 2021
(all dollars in millions)

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of awards received	2,423	2,533	2,364	2,391	2,328
Value of awards received	$ 304.3	$ 336.8	$ 323.7	$ 367.7	$ 349.3
Research expenditures reported to NSF	$ 522.4	$ 531.6	$ 542.0	$ 556.3	$ 542.0
NSF Rank	46	48	48	49	Unavailable

Student Financial Aid

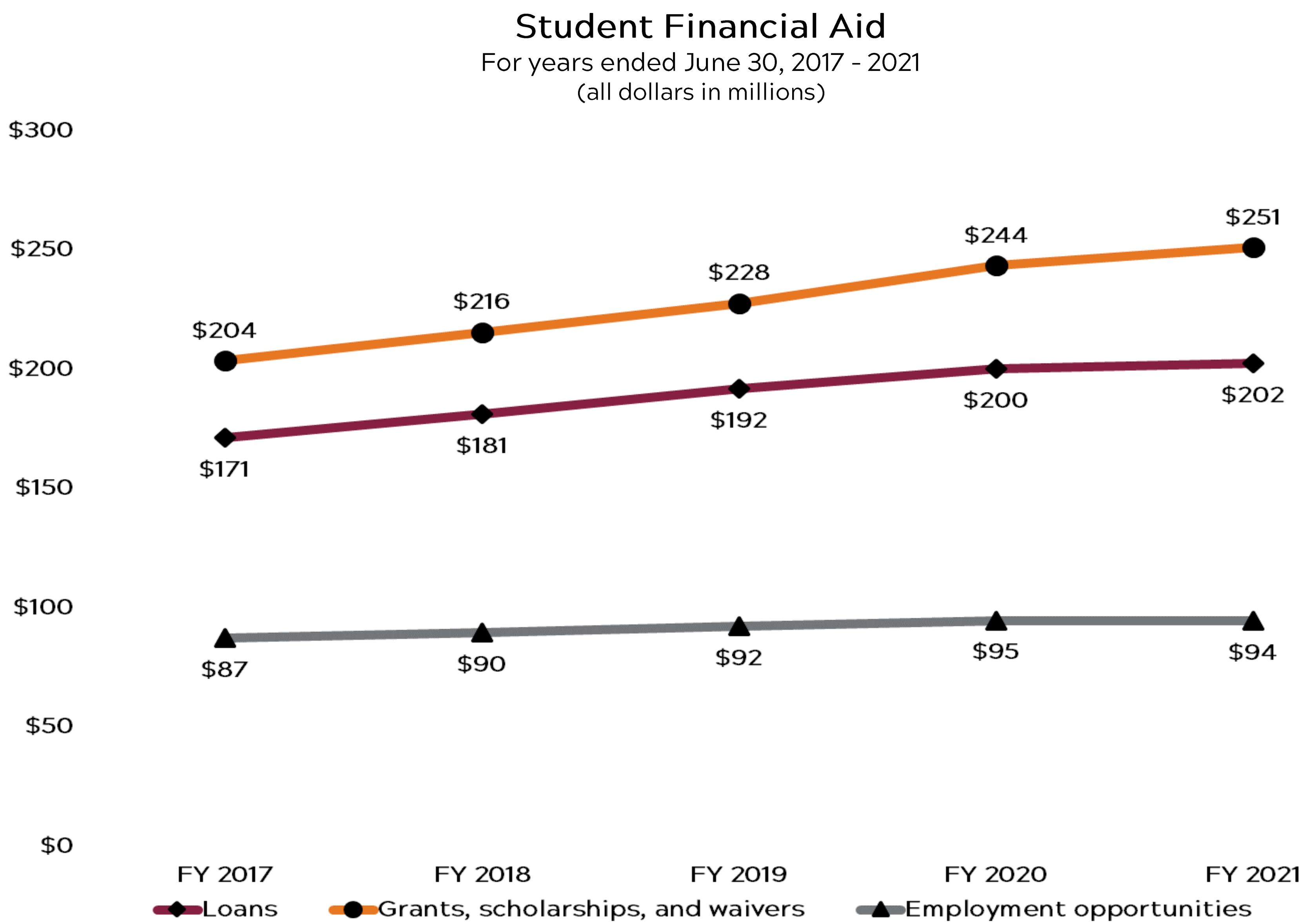
For the years ended June 30, 2017 - 2021

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of students receiving selected types of financial aid					
Loans	12,430	12,947	13,075	13,267	13,140
Grants, scholarships, and waivers	18,746	19,493	19,484	20,548	20,606
Employment opportunities	11,201	11,193	12,717	12,430	9,747
Total amounts by major category (all dollars in millions)					
Loans	$ 171.4	$ 181.3	$ 191.9	$ 200.2	$ 202.4
Grants, scholarships, and waivers	203.6	215.6	227.7	243.5	251.0
Employment opportunities	87.2	89.5	92.3	94.7	94.4
Total financial aid*	**$ 462.2**	**$486.4**	**$ 511.9**	**$538.4**	**$ 547.8**

HEERF Emergency Grants to Students

Student Portion Funds

	CARES HEERF I	CRRSAA HEERF II	ARP HEERF III
Year funds primarily distributed	FY 2020	FY 2021	FY 2022
Award amount	$9,699,494	$9,699,494	$24,850,725
Emergency finacial aid grants	$9,699,494	$9,699,494	$24,850,725
Emergency finacial aid recipients	12,084	9,415	
Status	Complete	Complete	Complete



48 percent of the undergraduate Virginia Tech Class of 2021 carried an average student loan debt of $31,220. National data on the class of 2021 is not yet available. However, over the last several years, the university has consistently had a lower proportion of Virginia resident student borrowers than the national average and a comparable overall average debt level.

Conclusion:

Despite a challenging financial landscape, the university continues to make progress on several fronts, including the following:

- Continued investment in facilities supporting the university's strategic plan with the prudent use of debt financing.
- Strong student demand – the university continues to have growth in applications and the successive improvements of overall quality and diversity of each entering class.
- The university continues to assess the lowest non-instructional mandatory charge of any public four-year institution in Virginia, directing 84 percent of a resident undergraduate's mandatory charges towards the instructional mission.
- Virginia Tech's NSF research ranking was 49th in 2020.
- Continued growth in unrestricted net position from operating and non-operating activities which partially offset the impact of GASB 68 in 2014-15 and GASB 75 in 2017-18 for pension liabilities and other postemployment benefits.

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[i] Prager, Sealy & Co., LLC; KPMG LLP; and Attain LLC 2010, Strategic Financial Analysis for Higher Education: Identifying, Measuring & Reporting Financial Risks, Seventh Edition, 2010, https://www.attain.com/sites/default/files/take-aways-pdf/HEAMC_Strategic%20Financial%20Analysis%20Seventh%20Edition.pdf

University's Annual Financial Report

KEN MILLER, VICE PRESIDENT FOR FINANCE

MELINDA WEST, ASSOCIATE VICE PRESIDENT FOR FINANCE & UNIVERSITY CONTROLLER

APRIL 3, 2022

Successful Audit & Strong Financial Position

Strong revenue sources	Aa1 and AA Credit Rating	3.29% Debt Ratio
	Target AA– or Better	Target 5% or Below*
Unmodified audit opinion	No material weakness involving internal controls	Two minor written comments

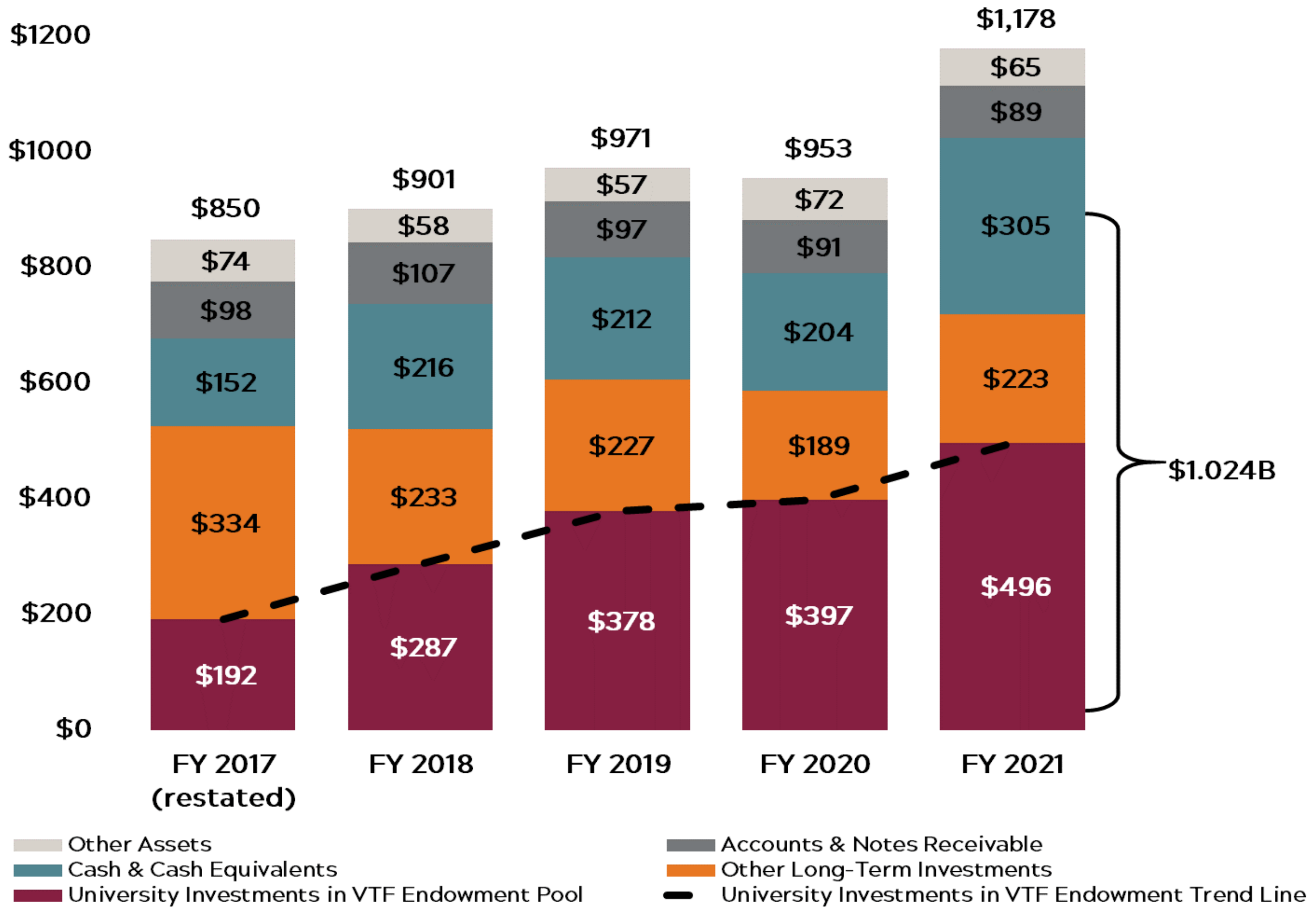
*Debt ratio target ceiling moved to 6 percent beginning in FY22 at November 2021 Board meeting.

Composition of Current and Noncurrent Assets Excluding Capital Assets

Showing the Strategy to Move Cash and Cash Equivalents to Long-term Investments at VT Foundation

For the years ended June 30, 2017 - 2021

(all dollars in millions)

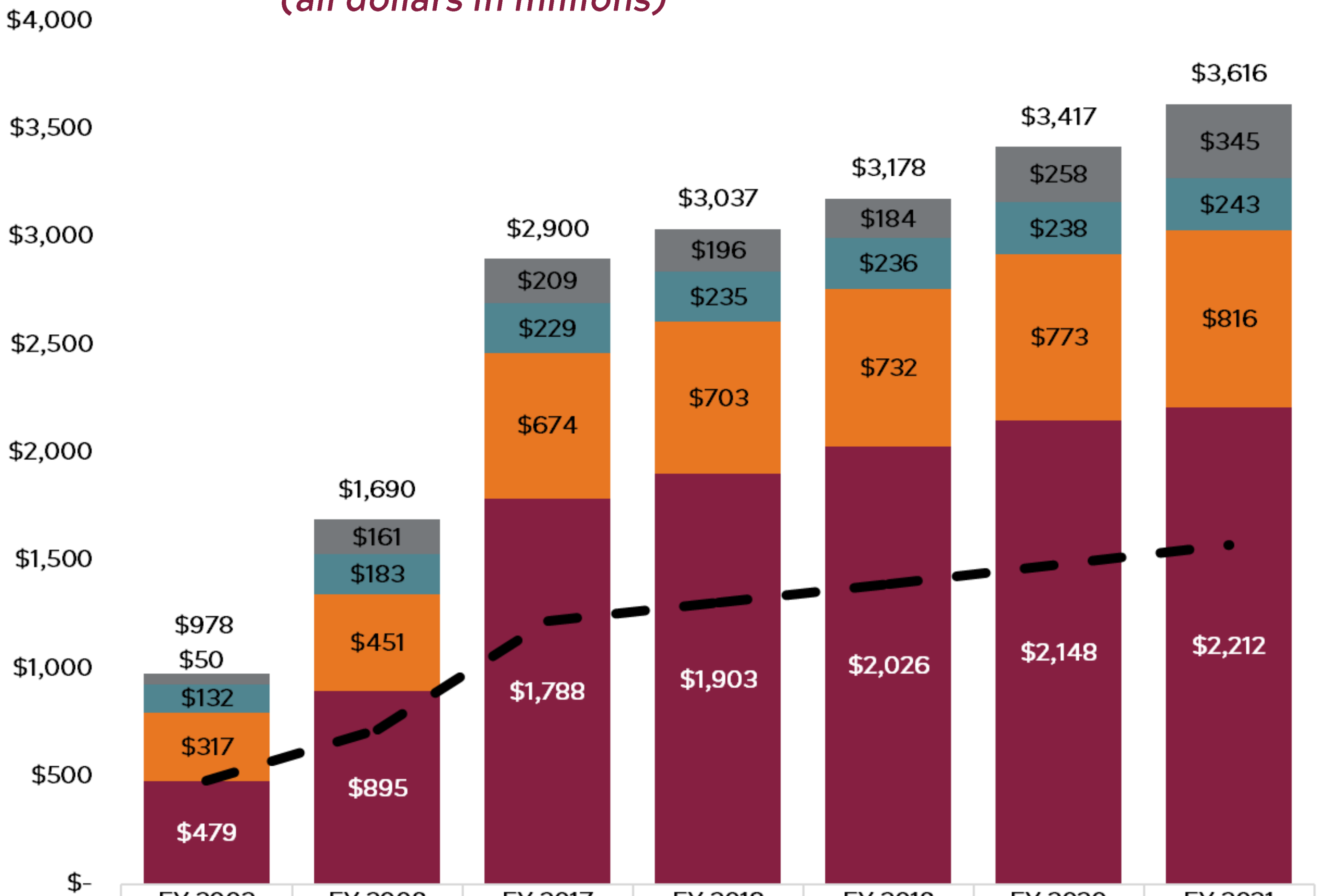


VIRGINIA TECH

Ongoing Investments in Capital Assets

Growth in Capital Assets from FY 2002 to FY 2021

(all dollars in millions)

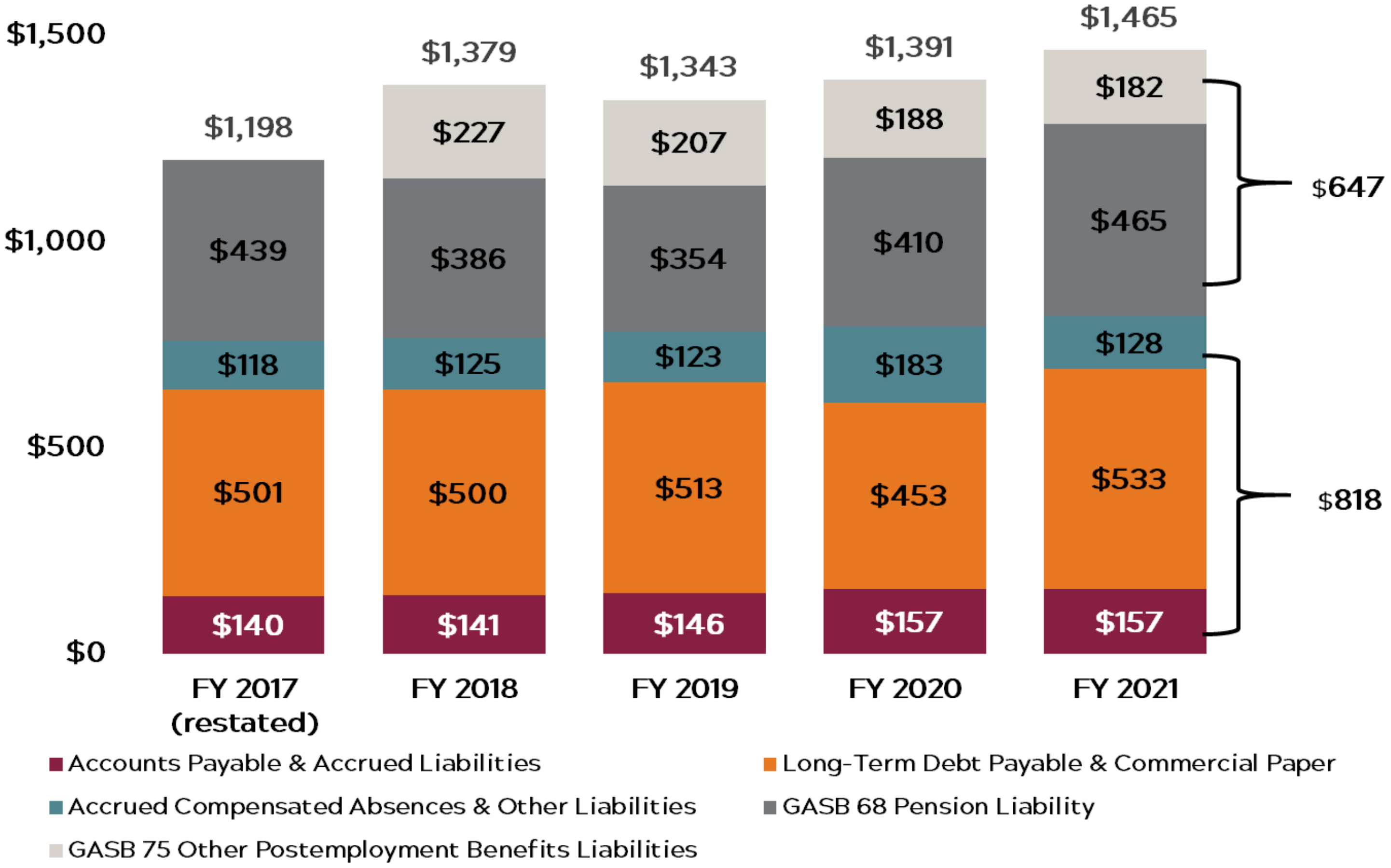


	FY 2002	FY 2009	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Land & Construction in Progress	50	161	209	196	184	258	345
Infrastructure, etc. - Gross	132	183	229	235	236	238	243
Equipment - Gross	317	451	674	703	732	773	816
Buildings- Gross	479	895	1,788	1,903	2,026	2,148	2,212
Total Capital Assets - Gross	978	1,690	2,900	3,037	3,178	3,417	3,616
Total Accumulated Depreciation	479	718	1,220	1,306	1,391	1,481	1,573

VIRGINIA TECH

Composition of Current and Noncurrent Liabilities

Showing the Impact of Accounting Pronouncements GASB 68 and 75 (Pension & OPEB)
Accounting and Financial Reporting for Pensions and Postemployment Benefits
For the Years ended June 30, 2017 - 2021
(all dollars in millions)



VIRGINIA TECH

Trends in Net Position

For the years ended June 30, 2017 - 2021

(all dollars in millions)

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Capital assets, net of related debt	$ 1,201.3	$ 1,273.2	$ 1,326.1	$ 1,437.6	$ 1,519.7
Restricted, nonexpendable	11.9	14.4	14.0	12.6	14.9
Restricted, expendable					
Capital projects	39.7	11.5	6.2	3.0	7.2
Other	173.0	186.5	194.7	196.4	229.6
Unrestricted	(23.5)	(226.4)	(150.7)	(135.6)	42.7
Total Net Position	**$ 1,402.4**	**$ 1,259.4**	**$ 1,390.2**	**$ 1,514.0**	**$ 1,814.1**
Adjusted Unrestricted Net Position Excluding the Impact of GASB Pronouncements Related to Pensions and OPEB	$ 353.8	$ 391.2	$ 444.0	$ 458.5	$ 640.0

VIRGINIA TECH

Summary of Revenues, Expenses, and Changes in Net Position

For the years ended June 30, 2021 and 2020

(all dollars in millions)

	2021	2020	Change Amount	Change Percent
Operating revenues	$ 1,162.3	$ 1,188.8	(26.5)	(2.2)%
Operating expenses	1,513.5	1,549.7	(36.2)	(2.3)%
Operating loss	(351.2)	(360.9)	9.7	(2.7)%
State appropriations	302.3	303.8	(1.5)	(0.5)%
Other non-operating revenues and expenses	218.8	77.0	141.8	184.2 %
Non-operating revenues and expenses	521.1	380.8	140.3	36.8 %
Income before other revenues and expenses	169.9	19.9	150.0	753.8 %
Other revenues, expenses, gains, or losses	130.2	101.1	29.1	28.8 %
Increase in net position	300.1	121.0	179.1	148.0 %
Net position - beginning of year	1,514.0	1,393.0	121.0	8.7 %
Net position - end of year	$ 1,814.1	$ 1,514.0	$ 300.1	19.8 %

***Operating loss**: Under GASB reporting, public universities will always show an operating loss because state appropriations, gifts and investment income are all considered non-operating revenues.*

VIRGINIA TECH

Increase (Decrease) in Revenue
For the years ended June 30, 2021 and 2020
(all dollars in millions)

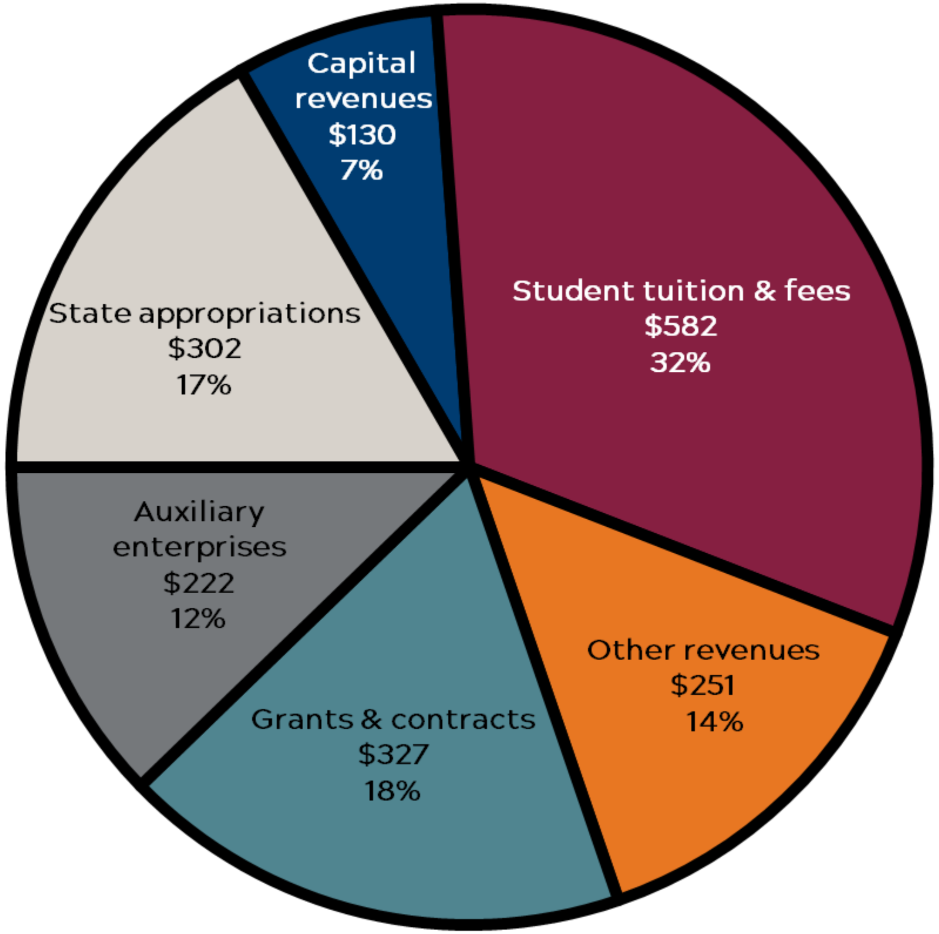
	2021	2020	Change Amount	Change Percent
Operating revenues				
Student tuition and fees, net	$ 581.6	$ 575.9	$ 5.7	1.0 %
Grants and contracts	326.7	322.3	4.4	1.4 %
Auxiliary enterprises	222.2	264.1	(41.9)	(15.9)%
Other operating revenues	31.7	26.5	5.2	19.6 %
Total operating revenues	1,162.2	1,188.8	$ (26.6)	(2.2)%
Non-operating revenues				
State appropriations	302.3	303.8	(1.5)	(0.5)%
Other non-operating revenues	218.8	77.0	141.8	184.2 %
Total non-operating revenues	521.1	380.8	140.3	36.8 %
Other revenues				
Capital grants and gifts	128.0	101.0	27.0	26.7 %
Loss on disposal of capital assets	2.3	0.1	2.2	2,200.0 %
Total other revenues, gains	130.3	101.1	29.2	28.9 %
Total revenue	$ 1,813.6	$ 1,670.7	$ 142.9	8.6 %

VIRGINIA TECH

Total Revenues by Source – $1.814 Billion

for the year ended June 30, 2021

(all dollars in millions)



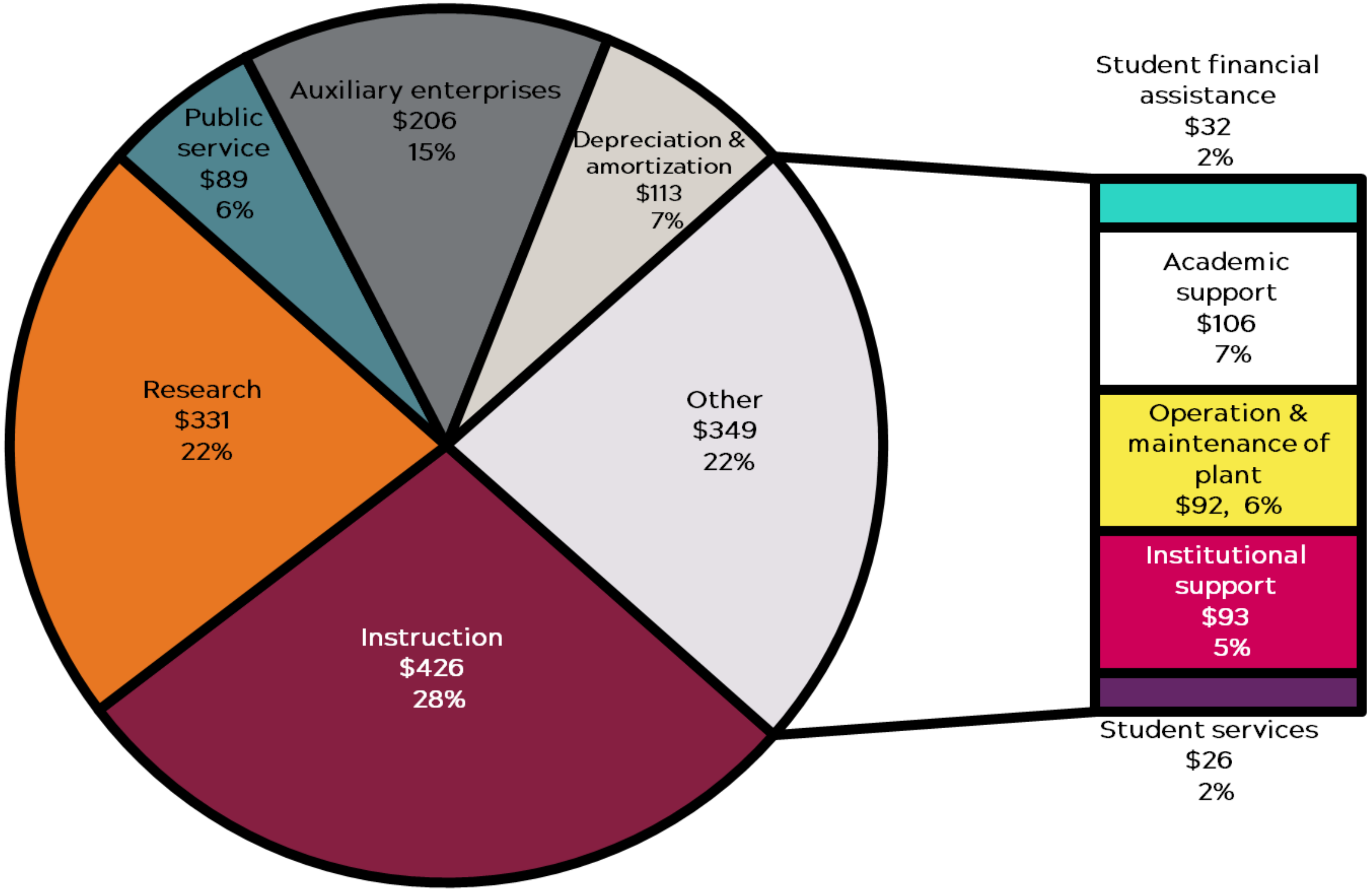
* Other revenues include gifts, investment income, interest expense on debt related to capital assets, federal Pell grants, CARES Act stabilization revenue, and other non-operating revenue.

VIRGINIA TECH

Summary of Expenses by Function - $1.514 Billion

For the year ended June 30, 2021

(all dollars in millions)

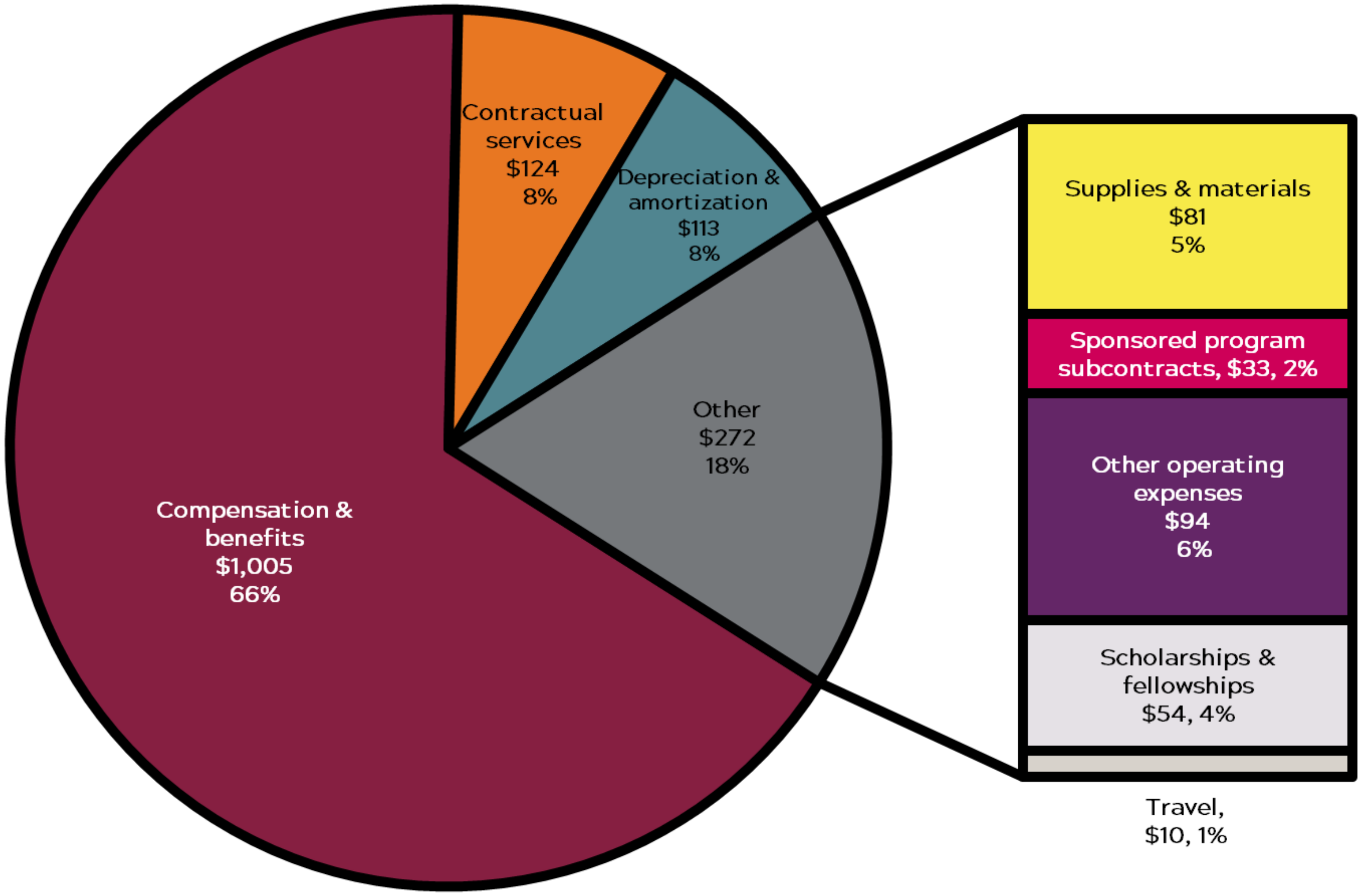


VIRGINIA TECH

Total Operating Expenses by Classification - $1.514 Billion

for the year ended June 30, 2021

(all dollars in millions)



VIRGINIA TECH

GASB 87 Leases

Financial Statement Impact

As of June 30, 2021

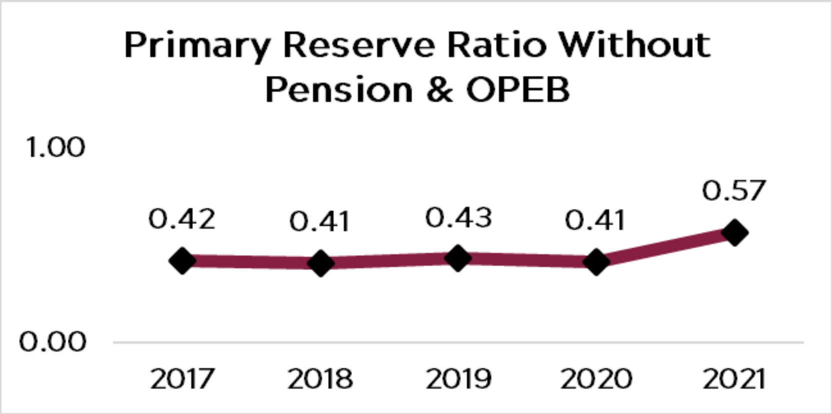
(all dollars in thousands)

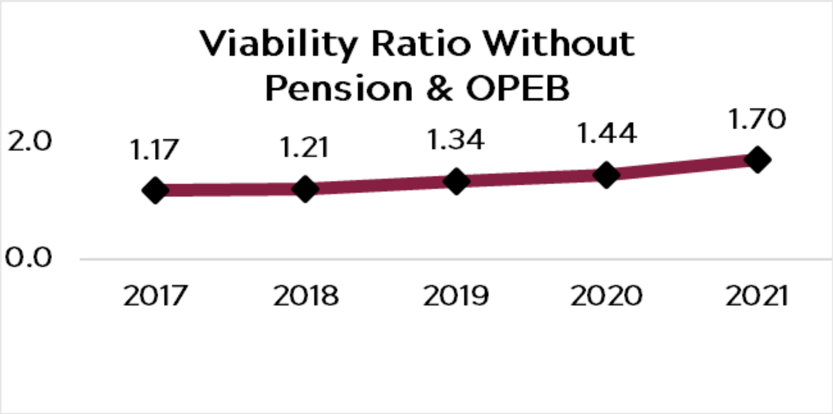
	GASB 62 Long-Term Debt, Capital Leases			GASB 87 Long-Term Debt, Long-Term Leases	
Capital lease obligations	$	72,547	Long-term lease liability (reclassified former capital lease obligations)	$	72,547
Operating lease commitments		-	Estimated Long-term lease liability (recognized former operating lease commitments)		79,390
Total long-term debt, capital leases	$	72,547	Total long-term debt, long-term leases	$	151,937

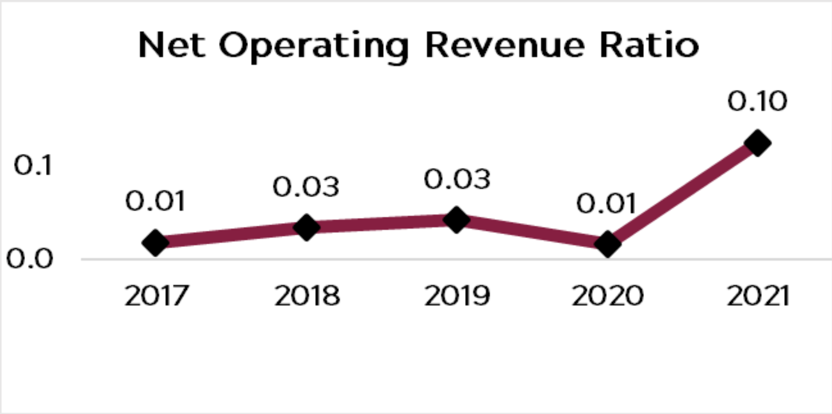
	GASB 62 Operating Lease Commitments Note Disclosure Only			GASB 87 Short-term Lease Commitments
Operating lease commitments	$	88,522	Short-term lease commitments	No Disclosure

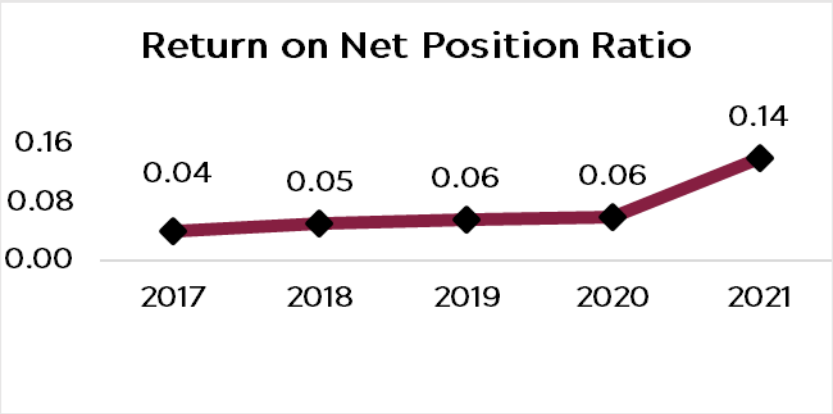
VIRGINIA TECH.

Measuring the Overall Level of Financial Health









Prager, Sealy & Co., LLC; KPMG LLP; and Attain LLC 2010, Strategic Financial Analysis for Higher Education: Identifying, Measuring & Reporting Financial Risks, Seventh Edition, 2010, https://www.attain.com/sites/default/files/take-aways-pdf/HEAMC_Strategic%20Financial%20Analysis%20Seventh%20Edition.pdf

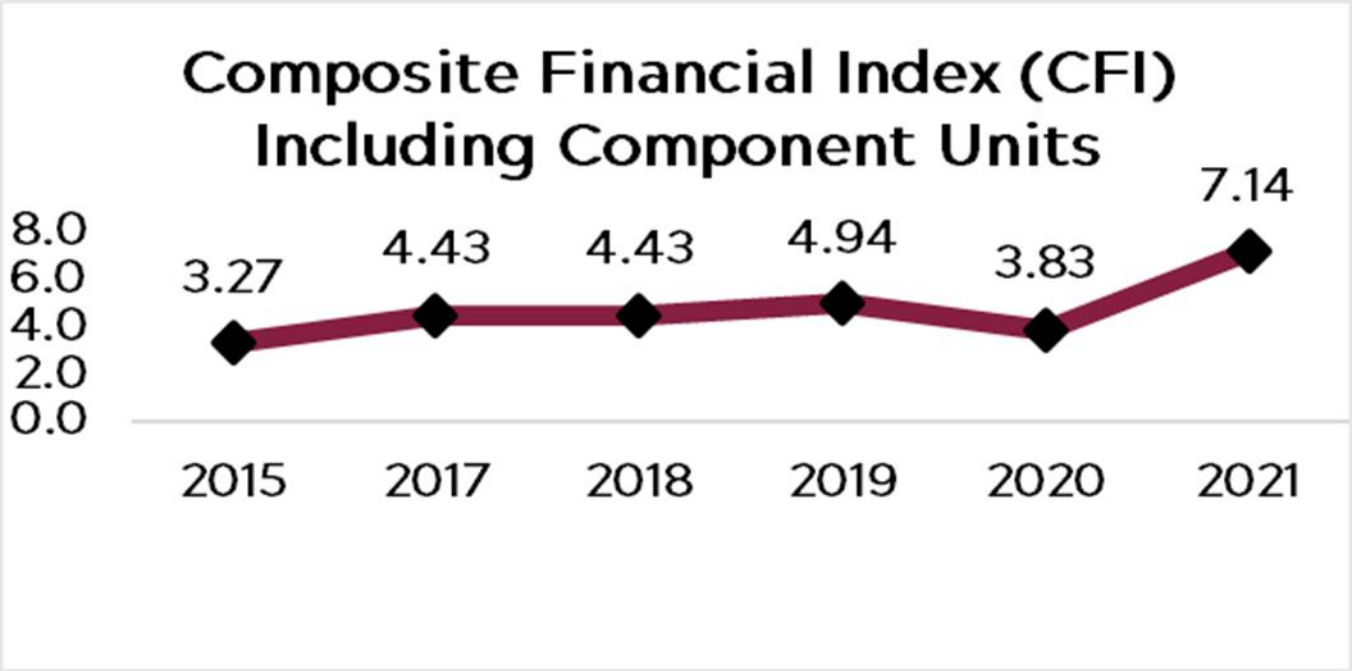
Measuring the Overall Level of Financial Health

Ratio	Definition
Primary Reserve	Snapshot of the financial strength and flexibility of an institution calculated by dividing expendable net assets by total expenses. The accepted benchmark for this ratio is 0.4.
Viability	Availability of expendable net position to cover long-term debt and indicates whether an institution can assume new debt calculated by dividing expendable net assets by long-term debt. The accepted benchmark for this ratio is 1.0 or greater.
Net Operating Revenue	Indicates whether an organization is living within its available resources calculated by dividing net income less capital revenues by noncapital revenues.
Return on Net Position	Answers whether the university is achieving a positive economic return on its investment of resources calculated by dividing change in net assets by total net assets.

Consistent with the Auditor of Public Accounts report, the impacts of Pension and Other Post Employment Benefits have been excluded.

Prager, Sealy & Co., LLC; KPMG LLP; and Attain LLC 2010, Strategic Financial Analysis for Higher Education: Identifying, Measuring & Reporting Financial Risks, Seventh Edition, 2010,
https://www.attain.com/sites/default/files/take-aways-pdf/HEAMC_Strategic%20Financial%20Analysis%20Seventh%20Edition.pdf

Measuring the Overall Level of Financial Health



The CFI is a weighted average of the four previous financial ratios.
The accepted benchmark is 3.0 or greater.

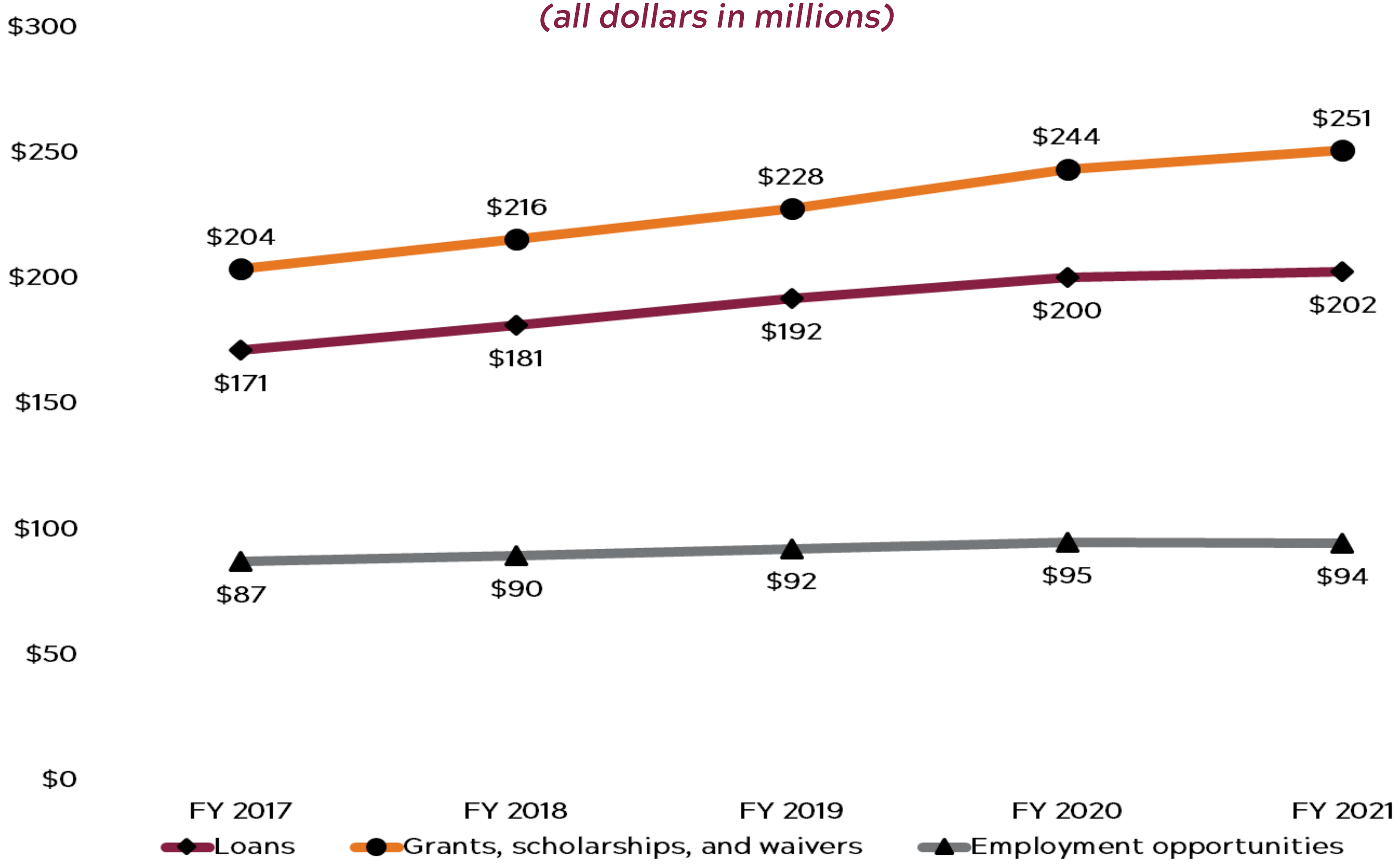
Prager, Sealy & Co., LLC; KPMG LLP; and Attain LLC 2010, Strategic Financial Analysis for Higher Education: Identifying, Measuring & Reporting Financial Risks, Seventh Edition, 2010, https://www.attain.com/sites/default/files/take-aways-pdf/HEAMC_Strategic%20Financial%20Analysis%20Seventh%20Edition.pdf

VIRGINIA TECH

Student Financial Aid

For the years ended June 30, 2017 - 2021

(all dollars in millions)



Conclusion

Continued Investment in Facilities

Strong Student Demand

Moderate Undergraduate Tuition & Fees

Ranked 49th in 2020 NSF Research Ranking

Total Expenditures

FY2020	$556.3 Million
FY2021	$542.0 Million

Continued Growth in Net Position

Continued Success of Philanthropy

DISCUSSION

Update on Auditor of Public Accounts
Intercollegiate Athletics Programs
Report for Year Ended June 30, 2021

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

March 4, 2022

The Auditor of Public Accounts (APA) is performing certain agreed-upon procedures to evaluate whether the university's Schedule of Revenues and Expenses of Intercollegiate Athletics Programs (Schedule) complies with the National Collegiate Athletic Association (NCAA) Constitution 3.2.4.15.1 for the year ended June 30, 2021. To date, the APA has not identified any matters requiring amounts on the Schedule to be adjusted. In addition to the Schedule, the agreed-upon procedures address internal controls, affiliated and outside organizations, and separate procedures for specific revenues and expenses. The APA is not auditing the financial statements of the Intercollegiate Athletics Programs and will not be issuing an opinion.

The Schedule's purpose is to present a summary of revenues and expenses for the university's intercollegiate athletics programs for the year ended June 30, 2021. Total revenues were $92.7 million, with the majority of the revenues coming from non-program specific sources and football. Total expenses for the year were $88.0 million, resulting in an operating surplus of $4.7 million. The following attachments provide additional information regarding athletic finances:

- *Attachments A, B and C* displays trend analyses of athletic revenues, expenses and debt. The analysis indicates an upward slope in revenues and expenses, with a deficit in fiscal year 2017, and surpluses in the remaining years.

- *Attachment D* shows the five-year trend for net income/deficit. The fiscal year 2017 deficit occurred primarily due to the decision to use funds other than gifts to fund scholarships; a detailed explanation was provided in prior years' reports.

- *Attachment E* offers a breakout of fiscal year 2021 net operating income by athletic program, showing that the proceeds from football and men's basketball support other athletic programs.

- *Attachment F* is the unaudited Schedule of Revenues and Expenses and footnotes for the year ended June 30, 2021.

- *Attachment G* is the reconciliation of cash basis accounting to the NCAA report.

As with all auxiliaries, the university requires the Athletics Department to maintain adequate fund balances or reserves to protect its operations from financial variances. However, the unprecedented nature of the coronavirus pandemic and the exigency created by canceled sporting events led the university to pursue several authorized strategies to assist the Athletics Department.

Excluding support strategies, the Athletics Department experienced a severe operating revenue decline of $26.1 million dollars in fiscal year 2021 compared to 2020. While balancing the needs of the larger campus community with those of the Athletics Department, the following authorized strategies were pursued to provide relief:

- *Direct Institutional Support:* $13.0 million of Higher Education Emergency Relief Fund II lost revenue resources were allocated to the Athletics Department in accordance with the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 and Board of Visitors approval.

- *Indirect Institutional Support:* $4.2 million of Auxiliary Indirect Charges were waived by the university in accordance with § 3-4.01 item 3 of Chapter 56 of the Virginia Acts of Assembly and Board of Visitors approval.

The relief allocation for the Athletics Department was determined on a cash-basis.

In addition to the one-time indirect institutional support provided due to the financial impacts of the pandemic, the Schedule began reflecting the university's ongoing support of the academic success of student athletes. Student Athlete Academic Support Services (SAASS) is a student services office that exclusively provides student athletes with comprehensive academic support services such as tutoring, studying assistance, computing technology, and academic and individual skill development programs. University SAASS support appears on the Schedule as offsetting indirect institutional support revenue and expenditure amounts and is excess/(deficiency) neutral, however it is a use of E&G funds to support the academic programs for student athletes

See Attachment F for the unaudited Schedule of Revenues and Expenses of Intercollegiate Athletics Programs for the year ended June 30, 2021.

The APA is near completion of its review and a draft report is anticipated in the near future. The final auditor's report will be distributed to the Board of Visitors as soon as it is available.

Additional Activities Related to NCAA Reporting

Subsidy Percentage

House Bill 1897 (HB1897) passed by the 2015 General Assembly prohibits the total of school funds and student fees used to support intercollegiate athletics programs from exceeding a certain percentage of athletics revenues. This calculation is called the subsidy percentage. For the subsidy percentage calculation, revenues supporting spirit groups, indirect cost charges, and debt service are removed from both the total revenue and the student fees. The bill requires any school that violates the subsidy percentage cap to submit a five-year plan for coming into compliance to the General Assembly. The subsidy percentages are larger for small institutions which do not have significant ticket sales or conference distributions. For Virginia Tech, the subsidy percentage must remain below 20 percent.

The university's athletic fees are the lowest in the commonwealth and have not been affected by the legislation's fixed percentage of fees ceiling. Virginia Tech has met the subsidy percentage requirement in fiscal years 2017-19. The APA reports for fiscal years 2020-21 are not available at the time of this report.

Rolling Average

Per the requirements of Subsection D of § 23.1-1309 of the Code of Virginia, "any percentage increase in the subsidy at an institution that complies with Subsection C shall be matched by a like percentage increase in generated revenue, except that each institution shall utilize a rolling average of the change in generated revenues and student fees over the immediately preceding five years for the purposes of such calculation." Fiscal year 2021 was the fifth reporting year following the effective date of the regulation. However, due to interruptions from the pandemic, the most recently available calculation from the APA is for the three-year averages from fiscal year 2017 through 2019.

The 2021 Virginia General Assembly amended the requirements of Subsection D of § 23.1-1309 of the Code of Virginia to provide additional operational relief to institutions of higher education. Pursuant to § 4-2.01.b.11 of this act, fiscal years 2020, 2021, and 2022 shall be excluded from the calculated five-year rolling average of the change in generated revenues and student fees for future required reporting on intercollegiate athletic revenues and expenses, specifically related to the share of athletic revenues from school funds and student fees, as set out in § 23.1-1309, Code of Virginia.

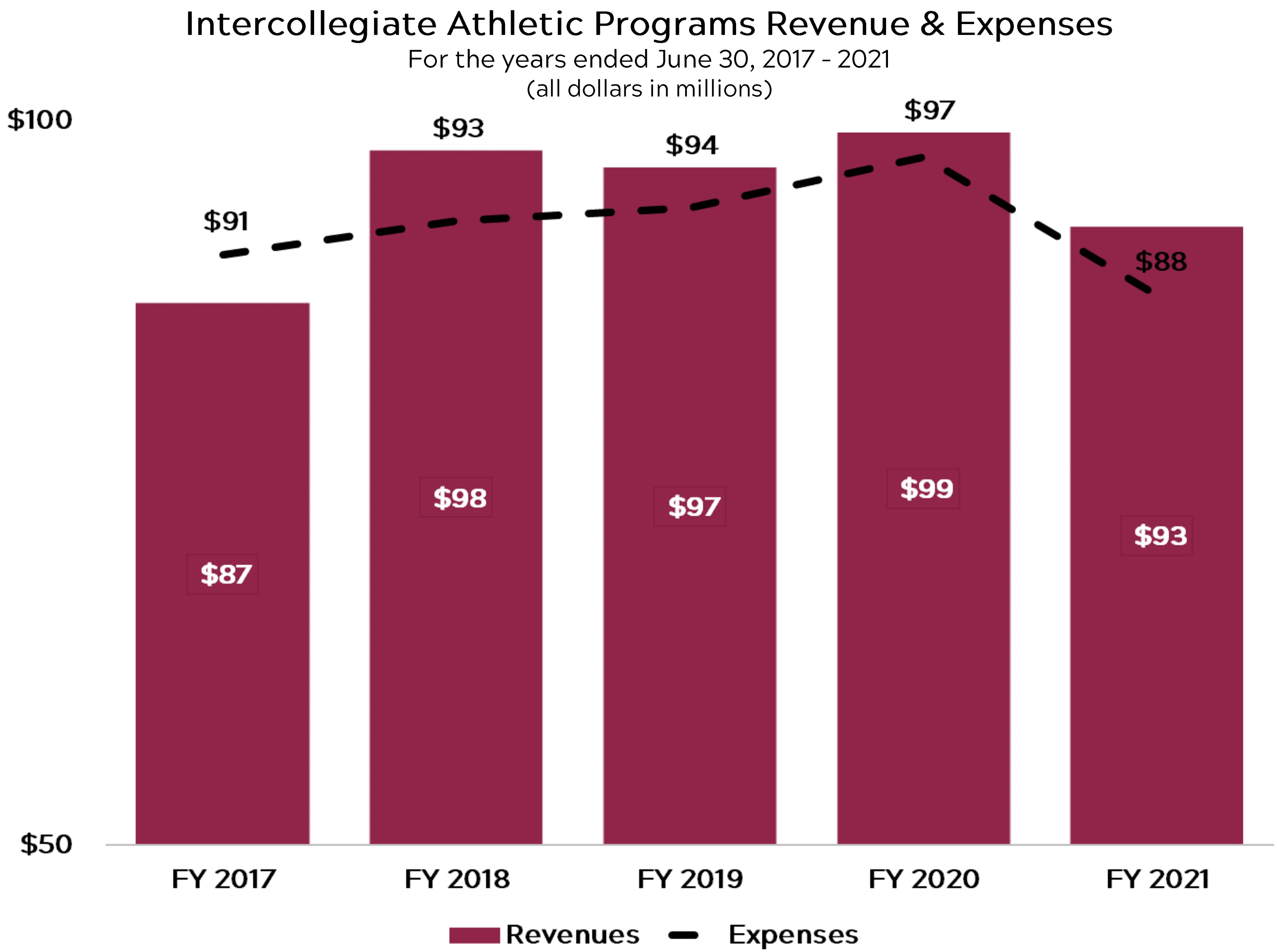
The average increase in the student fees revenues for the three-year period from fiscal year 2017 to 2019 was 7.5 percent, which was greater than the 5.2 percent average increase in generated revenues. The increase in student fees revenues resulted from a combination of enrollment growth and nominal rate increases. Significant increases in enrollments allow for large increases in student fee revenue without substantial increases in the per-student fee. From fiscal year 2017 to 2019, the average per-student athletic fee increase was 4.0 percent (which is less than the average increase in generated revenues), yet the average total student athletic fee revenue increase was 7.5 percent. This difference is due to increases in enrollment, which includes the increase of nearly 1,000 full-time students in fiscal year 2018. Year over year enrollment and rate changes are equally meaningful when evaluating the changes in student athletic fee revenues.

Table 1 below displays Virginia Tech's modest increases in enrollment and student athletic fees for the past five fiscal periods.

Table 1: Intercollegiate Athletics Non-E&G Mandatory Intercollegiate Athletics Fees

	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY20-21
Fee per FTE student	$293	$308	$317	$326	$326
$ Increase	$5	$15	$9	$9	$0
% Increase	1.7%	5.1%	2.9%	2.8%	0.0%
Student fee revenues	$8,885,874	$9,704,076	$10,275,759	$10,924,067	$10,889,955

Attachment A



Revenue and Expense Line Items with Significant Increase (Decrease)

For the years ended June 30, 2021 and 2020

(all dollars in thousands)

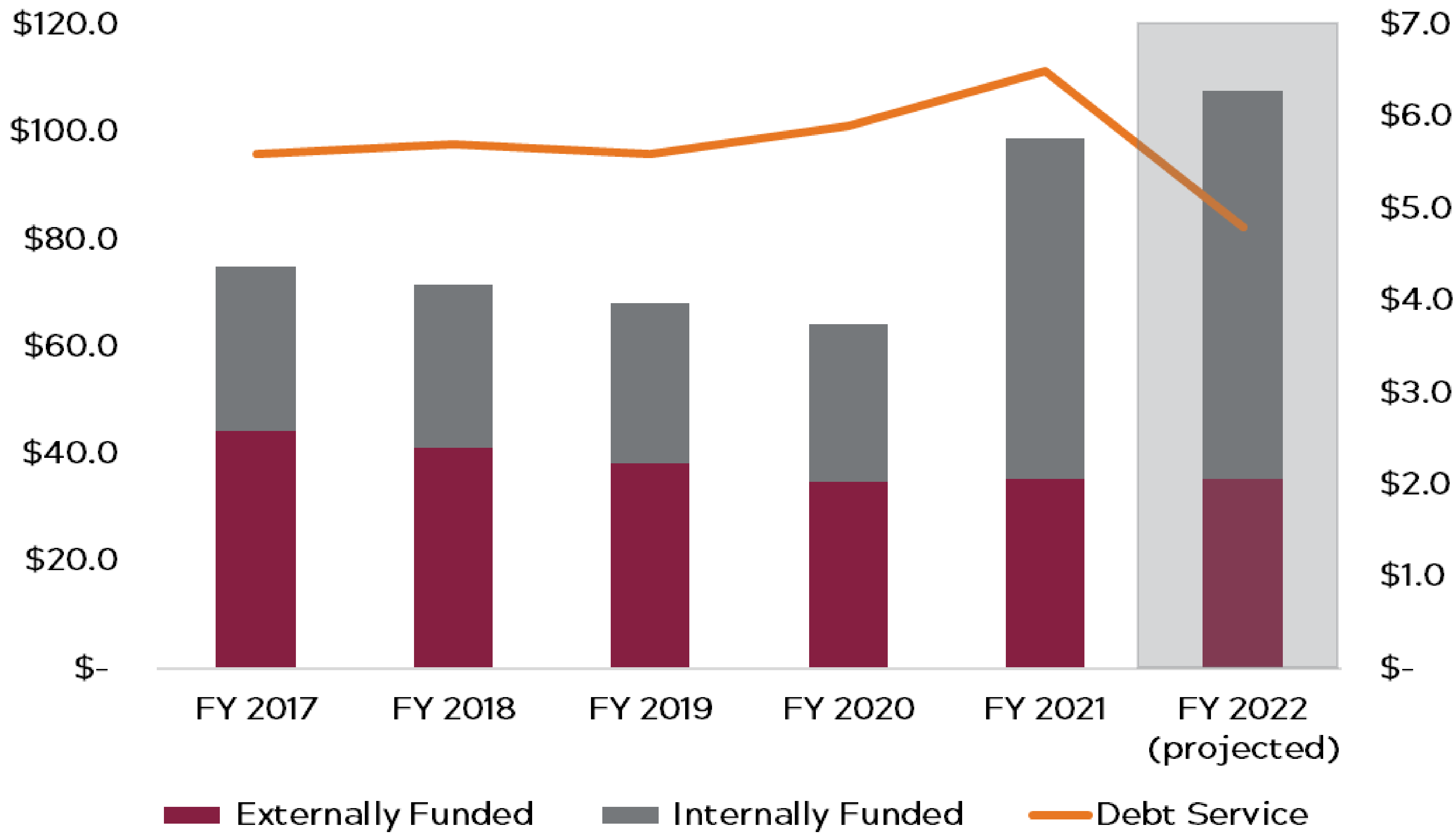
	2021	2020	Change Amount	Change Percent
Operating revenues				
Ticket Sales	$ 49.0	$ 19,200.0	*$ (19,151.0)*	(99.7)%
Direct government support (HEERF)	13,028.3	0.0	*13,028.3*	COVID RELIEF
Indirect institutional support*	5,447.3	0.0	*5,447.3*	*
Contributions	16,241.9	21,806.8	*(5,564.9)*	(25.5)%
NCAA distributions	3,601.3	1,536.1	*2,065.2*	134.4 %
Program, novelty, parking, and concession sales	137.4	1,697.0	*(1,559.6)*	(91.9)%
			$ (5,734.7)	

	2021	2020	Change Amount	Change Percent
Operating expenses				
Athletic student aid	14,548.9	15,656.6	*(1,107.7)*	(7.1)%
Guarantees	721.4	2,134.1	*(1,412.7)*	(66.2)%
Salaries, Benefits, Bonuses	35,290.4	36,737.6	*(1,447.2)*	(3.9)%
Recruiting	232.7	1,876.9	*(1,644.2)*	(87.6)%
Team travel	2,636.2	3,925.7	*(1,289.5)*	(32.8)%
Game expenses	1,558.4	4,736.4	*(3,178.0)*	(67.1)%
Indirect institutional support*	5,447.3	0.0	*5,447.3*	*
Indirect cost paid to institution by athletics	535.5	5,306.5	*(4,771.0)*	(89.9)%
Direct overhead and administrative expenses	5,286.7	7,336.0	*(2,049.3)*	(27.9)%
Football bowl expenses	72.3	1,607.0	*(1,534.7)*	(95.5)%
Other operating expenses	6,221.6	4,671.9	*1,549.7*	33.2 %
			$ (11,437.3)	

*Revenue and expense grossed up for university E&G support including student athlete academic support expenditures and waived indirect costs as permitted by the Commonwealth for FY21 in response to pandemic related financial impact on university auxiliary operations.

Intercollegiate Athletic Programs Long-Term Debt

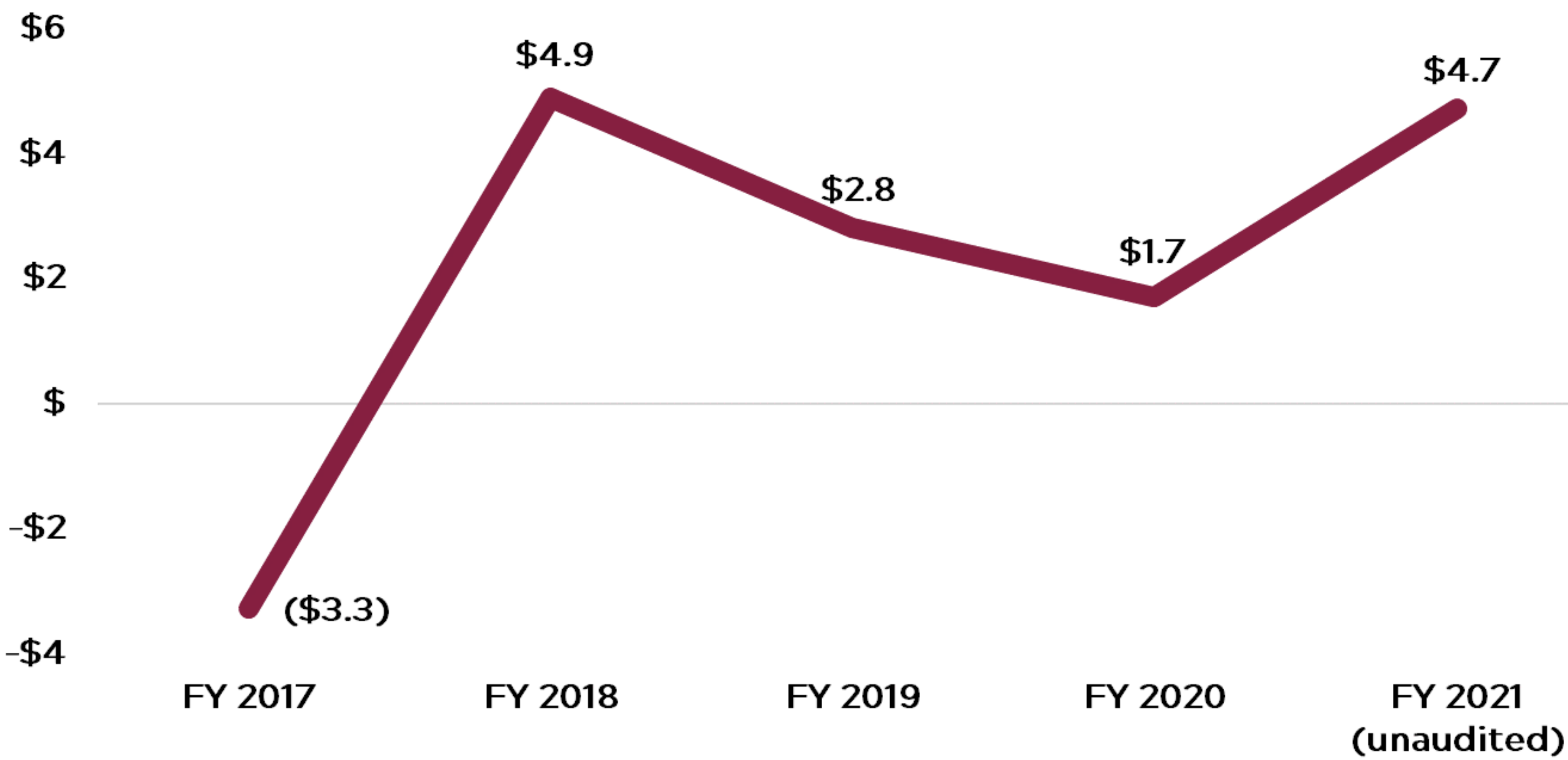
For the years ended June 30, 2017 - 2022
(all dollars in millions)



Attachment D

Intercollegiate Athletic Programs

Net Operating Income (Deficit)
For the years ended June 30, 2017 - 2021
(all dollars in millions)



Attachment E

Intercollegiate Athletic Programs
Net Operating Income (Deficit)

For the year ended June 30, 2021
(all dollars in millions)

	Revenue	Expenses	Net Income/(Deficit)
Football	$ 32.0	$ 26.7	$ 5.3
Men's Basketball	10.4	6.7	3.7
Women's Basketball	0.4	3.6	(3.2)
Other Sports*	3.7	19.6	(15.9)
Non Program Specific**	46.2	31.4	14.8
	$ 92.7	$ 88.0	$ 4.7

**Other Sports is the total of Men's Other Sports, Women's Other Sports. There are 16 other sports programs such as baseball, softball, golf, tennis, track & field, etc.*

*** Non Program Specific includes revenues and expenses that cannot be attributed to a specific sport and support the overall function of the Athletic program.*

Intercollegiate Athletic Programs
Schedule of Revenues & Expenses
For the year ended June 30, 2021
UNAUDITED

	Football	Men's Basketball	Women's Basketball	Men's Other Sports	Women's Other Sports	Non-Program Specific	Total
Operating Revenues:							
Ticket sales	$ -	$ 3,180	$ -	$ 45,880	$ -	$ -	$ 49,060
Direct state or other government support						13,028,286	13,028,286
Student fees					2,536,926	8,353,029	10,889,955
Direct institutional support		584		1,597	1,534		3,715
Less: Transfers to institution							-
Indirect institutional support						5,447,267	5,447,267
Guarantees							-
Contributions	2,190,290	41,959	10,094	194,572	115,889	13,689,130	16,241,934
In-kind	7,755	48,223			3,104	28,287	87,369
Compensation and benefits provided by a third-party							-
Media rights	21,701,689	7,702,508	290,030			25,897	29,720,124
NCAA distributions		2,302,320				1,298,946	3,601,266
Conference distributions (non-media or bowl)	-	262,337		35,000	119,000		416,337
Conference distributions (bowl)	6,657,296						6,657,296
Program, novelty, parking, and concession sales	136,615					805	137,420
Royalties, licensing, advertisement and sponsorships	1,230,973	72,500	72,500	293,003	232,140	996,372	2,897,488
Sports camp revenues							-
Athletics restricted endowment and investment income	33,069					2,914,901	2,947,970
Other				62,665	62,833	434,660	560,158
Bowl revenue							-
Total Operating Revenues	$ 31,957,687	$ 10,433,611	$ 372,624	$ 632,717	$ 3,071,426	$ 46,217,580	$ 92,685,645

Intercollegiate Athletic Programs
Schedule of Revenues & Expenses

For the year ended June 30, 2021

UNAUDITED

	Football	Men's Basketball	Women's Basketball	Men's Other Sports	Women's Other Sports	Non-Program Specific	Total
Operating Expenditures:							
Athletic student aid	(4,562,916)	(725,868)	(857,033)	(3,367,277)	(4,769,046)	(266,762)	(14,548,902)
Guarantees	(419,000)	(215,000)	(59,164)	(23,998)	(4,221)		(721,383)
Coaching salaries, benefits, and bonuses paid by the university and related entities	(8,410,355)	(3,315,870)	(1,238,965)	(3,071,442)	(2,695,626)		(18,732,258)
Coaching other compensation and benefits paid by a third-party							-
Support Staff/Administrative salaries, benefits, and bonuses paid by the university and related entities	(1,879,385)	(805,090)	(544,199)	(450,954)	(249,860)	(12,628,724)	(16,558,212)
Support Staff/Administrative other compensation paid by a third-party							-
Severance payments	(115,612)	(63,890)	(16,039)	(11,841)	(14,504)	(141,699)	(363,585)
Recruiting	(86,362)	(57,040)	(60,249)	(18,208)	(10,823)		(232,682)
Team travel	(772,872)	(337,856)	(196,984)	(681,059)	(647,393)		(2,636,164)
Sports equipment, uniforms and supplies	(1,613,980)	(114,810)	(27,690)	(523,555)	(370,180)	(311,983)	(2,962,198)
Game expenses	(402,633)	(63,476)	(50,572)	(145,109)	(92,363)	(804,264)	(1,558,417)
Fundraising, marketing and promotions	(132,991)	(16,776)	(6,440)	(30,801)	(19,106)	(847,494)	(1,053,608)
Sport camp expenses	(25)						(25)
Spirit groups	(144,545)					(116,338)	(260,883)
Athletic facilities leases, and rental fees				(126,192)	(125,720)		(251,912)
Athletic facilities debt service	(3,597,483)	(279,935)	(279,935)			(2,301,593)	(6,458,946)
Direct overhead and administrative expenses	(2,115,195)	(429,866)	(65,152)	(271,737)	(199,389)	(2,205,334)	(5,286,673)
Indirect cost paid to the institution by athletics	(75,744)					(459,769)	(535,513)
Indirect institutional support						(5,447,267)	(5,447,267)
Medical expenses and insurance	(239,723)	(34,362)	(43,095)	(249,957)	(283,331)	(992,450)	(1,842,918)
Memberships and dues	(4,984)	(355)	(944)	(23,037)	(20,775)	(20,981)	(71,076)
Student-Athlete meals	(1,074,654)	(116,098)	(57,540)	(447,418)	(356,259)	(89,031)	(2,141,000)
Other operating expenses	(979,155)	(112,754)	(68,906)	(199,341)	(92,360)	(4,769,112)	(6,221,628)
Bowl expenses	(72,259)						(72,259)
Bowl expenses- Coaching Compensation/Bonuses							-
Total Operating Expenditures	$ (26,699,873)	$ (6,689,046)	$ (3,572,907)	$ (9,641,926)	$ (9,950,956)	$ (31,402,801)	$ (87,957,509)
Excess (Deficiency) of Revenues Over (Under) Expenditures for the Year	$ 5,257,814	$ 3,744,565	$ (3,200,283)	$ (9,009,209)	$ (6,879,530)	$ 14,814,779	$ 4,728,136

1. BASIS OF PRESENTATION

The accompanying Schedule of Revenues and Expenses of Intercollegiate Athletic Programs has been prepared on the accrual basis of accounting. The purpose of the Schedule is to present a summary of revenues and expenses of the intercollegiate athletic programs of theUniversity for the year ended June 30, 2021. The Schedule includes those intercollegiate athletics revenues and expenses made on behalf of the University's athletics programs by outside organizations not under the accounting control of the University. Because the Schedule presents only a selected portion of the activities of the University, it is not intended to and does not present either the financial position, changes in fund balances, or cash flowsfor the year then ended. Revenues and expenses directly identifiable with each category of sport presented are reported accordingly. Revenues and expenses not directly identifiable to a specific sport are reported under the category "Non-Program Specific."

2. AFFILIATED ORGANIZATIONS

The University received $19,189,903 from the Virginia Tech Foundation, Inc. Approximately $14,548,902 of these funds were used for grant-in-aid scholarships for student-athletes. These amounts received are included in the accompanying Schedule as follows: $12,247,154 is included in the Contributions line item and $2,301,748 is included in the Athletics Restricted Endowment and Investment Income line item.

3. LONG-TERM DEBT

Externally-funded debt

The University, on behalf of the Athletic Department, has obtained debt financing for capital improvement projects as needed. These debts usually consist of Section 9(d) revenue bonds issued by the University or notes payable issued through the Virginia College Building Authority (VCBA), and will be repaid by the department using operating revenues and private fundraising proceeds. Outstanding principal as of June 30, 2021 (in dollars):

Project	**Maturity**	**Principal**
Indoor Practice Facility		
Series 2015B, 9(d) revenue bond	2035	$ 510,000
Series 2021, 9(d) revenue bond	2036	40,000
Lane Stadium - West Side Expansion		
Series 2021, 9(d) refunding revenue bond	2041	21,825,000
Lane Stadium - South End Zone		
Series 2021, 9(d) refunding revenue bond	2041	7,055,000
Hahn Hurst Basketball Practice Center		
Series 2021, 9(d) refunding revenue bond	2041	6,075,000
		$35,505,000

Internally-funded debt

The University has internally loaned the Athletic Department funds for capital improvement projects as needed. These debts will be repaid by the department using operating revenues and private fundraising proceeds. Outstanding principal as of June 30, 2021 (all dollars):

Project	Maturity	Principal
Student Athletic Performance Center	2030	$ 4,248,000
ACC Media Studio	2031	10,250,000
Creativity & Innovation District	2041	21,200,000
Baseball Stadium and Rector Field House	2045	27,660,000
		$63,358,000

A summary of future principal and interest commitments for fiscal years subsequent to June 30, 2021 is presented as follows (all dollars):

	Principal	Interest	Total
2022	$ 3,049,000	$ 1,751,000	$ 4,800,000
2023	3,098,000	1,645,000	4,743,000
2024	4,864,000	1,592,000	6,456,000
2025	5,175,000	1,531,000	6,706,000
2026	4,987,000	1,460,000	6,447,000
2027-2031	25,088,000	6,167,000	31,255,000
2032-2036	19,882,000	4,183,000	24,065,000
2037-2041	21,538,000	2,189,000	23,727,000
2042-2045	11,182,000	427,000	11,609,000
	$98,863,000	$20,945,000	$119,808,000

4. UNIVERSITY ADMINISTRATION FEE

As with all auxiliary enterprises, the University charges the Athletic Department an administrative fee. For fiscal year 2021, the University was authorized by the state to reduce the amount of administrative fee charged to the auxiliaries due to the significant financial impact on auxiliary enterprises caused by the COVID-19 pandemic. During the fiscal year the Athletic Department paid $535,513 to the University. This amount is included on the Indirect Cost Paid to the Institution by Athletics line item, and includes $75,744 in Football and $459,769 in the Non-Program Specific category. The University waived $4,165,940 of the administrative fee which is included in the Non-Program Specific category of the Indirect Institutional Support line item.

5. CAPITAL ASSETS

Capital assets consisting of buildings, infrastructure, and equipment are stated at appraised historical cost or actual cost where determinable. Construction in progress (CIP) is capitalized at actual cost as expenses are incurred. All gifts of capital assets are recorded at fair market value as of the donation date.

Equipment is capitalized when the unit acquisition cost is $2,000 or greater and the estimated useful life is one year or more. Software is capitalized when the acquisition and/or the development costs exceed $100,000. Renovation costs are capitalized when expenses total more than $100,000, the asset value significantly increases, or the useful life is significantly extended. Routine repairs and maintenance are charged to operating expense in the year theexpense is incurred.

Depreciation is computed using the straight-line method over the useful life of the assets. The useful life is 40 to 60 years for buildings, ten to 50 years for infrastructure and land improvements, and three to 30 years for fixed and movable equipment.

A summary of changes in capital assets follows for the year ending June 30, 2021 (all dollars in thousands):

	Beginning Balance	**Additions**	**Retirements**	**Ending Balance**
Depreciable capital assets				
Buildings	$ 209,592	$ 22,540	$ 63	$ 232,069
Moveable equipment	13,595	1,600	39	15,156
Software	313	-	-	313
Fixed equipment	13,101	1,487	-	14,588
Infrastructure	20,547	1 ,392	628	21,311
Total depreciable capital assets, at cost	257,148	27,019	730	283,437
Less accumulated depreciation:				
Buildings	$ 63,134	$ 5,076	$ 63	$ 68,147
Moveable equipment	6,644	1,357	36	7,965
Software	285	9	-	294
Fixed equipment	5,502	681	-	6,183
Infrastructure	17,927	702	628	18,001
Total accumulated depreciation	93,492	7,825	727	100,590
Total depreciable capital assets net of accumulated depreciation	163,656	19,194	3	182,847
Non-depreciable capital assets				
Construction in progress	15,435	14,761	24,469	5,727
Total non-depreciable capital assets	15,435	14,761	24,469	5,727
Total capital assets, net of accumulated depreciation	$ 179,091	$ 33,955	$ 24,472	$ 188,574

Intercollegiate Athletic Programs
Reconciliation of Cash to NCAA Report

For the year ended June 30, 2021
(all dollars in millions)

	Revenues	Expenses	Net Income/Deficit
Cash Basis Per BOV Financial Performance Report	$ 65.8	$ 62.8	$ 3.0
Accounts Receivable			-
Reversal of FY21 revenue accruals	(8.8)		(8.8)
FY 21 ACC revenue received in FY 22	8.9		8.9
NCAA Adjustments FY21			-
Athletic scholarships	14.6	14.6	-
Foundation athletic expenses	1.9	1.9	-
Waived overhead	4.2	4.2	-
Student academic advisors	1.3	1.3	-
Apparel contract	1.0	1.0	-
ACC expense	2.4	2.4	-
Maintenance reserve contribution		(1.7)	1.7
Other Accruals	1.4	1.5	(0.1)
NCAA Report	$ 92.7	$ 88.0	$ 4.7

Auditor of Public Accounts Draft Report on Intercollegiate Athletics Programs

KEN MILLER, VICE PRESIDENT FOR FINANCE

MELINDA WEST, ASSOCIATE VICE PRESIDENT FOR FINANCE AND UNIVERSITY CONTROLLER

APRIL 3, 2022

NCAA Annual Report Overview

- National Collegiate Athletic Association (NCAA) constitution requires an annual Schedule of Revenues and Expenses of Intercollegiate Athletics Program (Schedule)

- Auditor of Public Accounts (APA) performs certain agreed-upon procedures to evaluate the university's Schedule complies with NCAA rules

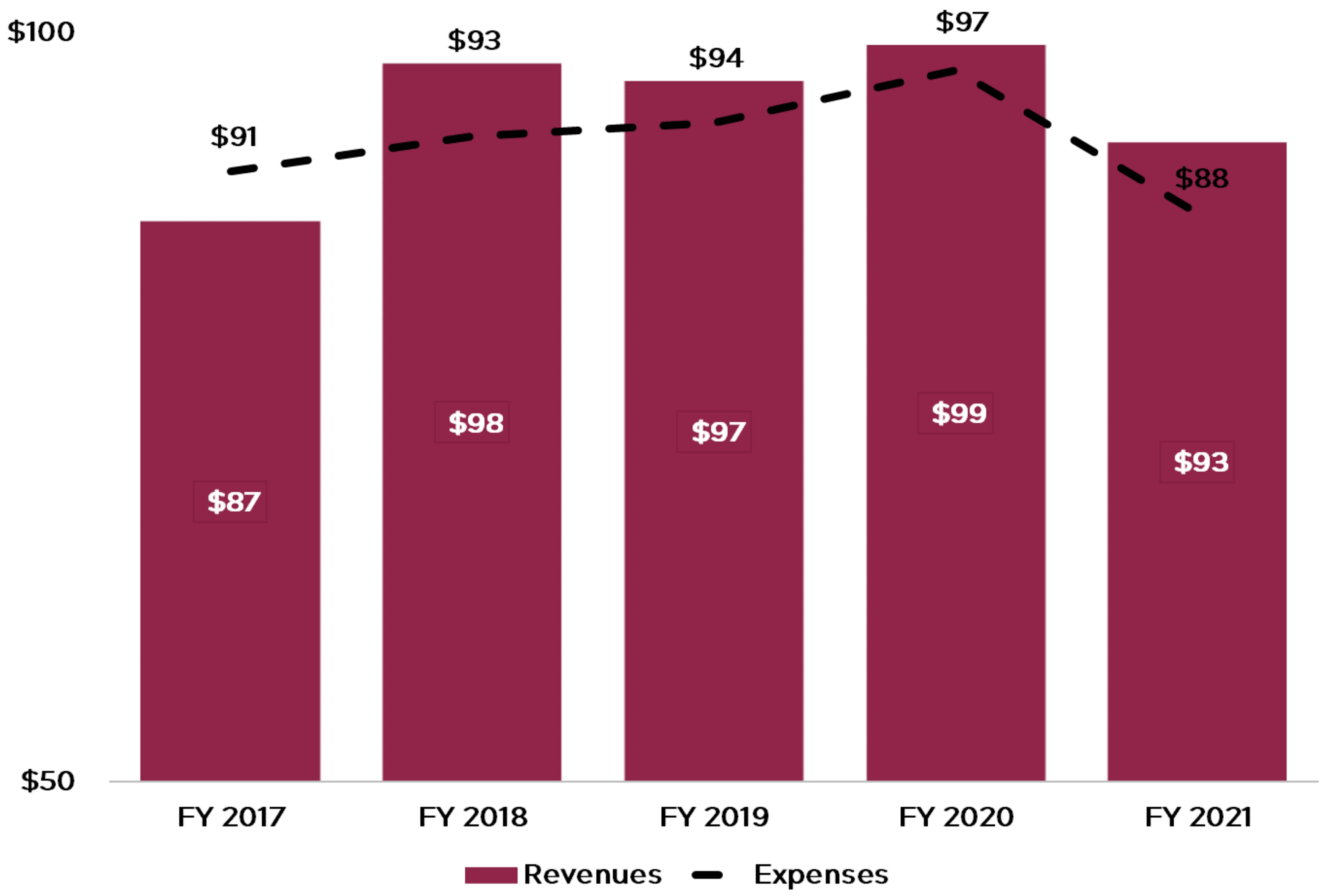
- APA review is in progress and the final report will be provided to the BOV
  - The university is not aware of any matters identified by the APA requiring adjustments to the Schedule

- NCAA report differs from the cash basis quarterly financial performance report as it is accrual basis and includes revenues and expenditures for items paid by outside parties (e.g., Virginia Tech Foundation)

Intercollegiate Athletic Programs Revenues & Expenses

For the years ended June 30, 2017 - 2021

(all dollars in millions)



VIRGINIA TECH

Revenue Line Items with Significant Increase (Decrease)

For the years ended June 30, 2021 and 2020

(all dollars in thousands)

	2021	2020	Change Amount	Change Percent
Operating revenues				
Ticket Sales	$ 49.0	$ 19,200.0	*$ (19,151.0)*	(99.7)%
Direct government support (HEERF)	13,028.3	0.0	*13,028.3*	COVID RELIEF
Indirect institutional support*	5,447.3	0.0	*5,447.3*	*
Contributions	16,241.9	21,806.8	*(5,564.9)*	(25.5)%
NCAA distributions	3,601.3	1,536.1	*2,065.2*	134.4 %
Program, novelty, parking, and concession sales	137.4	1,697.0	*(1,559.6)*	(91.9)%
			$ (5,734.7)	

*Revenue and expense grossed up for university E&G support including student athlete academic support expenditures and waived indirect costs as permitted by the Commonwealth for FY21 in response to pandemic related financial impact on university auxiliary operations.

VIRGINIA TECH

Expense Line Items with Significant Increase (Decrease)

For the years ended June 30, 2021 and 2020

(all dollars in thousands)

	2021	2020	Change Amount	Change Percent
Operating expenses				
Athletic student aid	14,548.9	15,656.6	*(1,107.7)*	(7.1)%
Guarantees	721.4	2,134.1	*(1,412.7)*	(66.2)%
Salaries, Benefits, Bonuses	35,290.4	36,737.6	*(1,447.2)*	(3.9)%
Recruiting	232.7	1,876.9	*(1,644.2)*	(87.6)%
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Game expenses	1,558.4	4,736.4	*(3,178.0)*	(67.1)%
Indirect institutional support*	5,447.3	0.0	*5,447.3*	*
Indirect cost paid to institution by athletics	535.5	5,306.5	*(4,771.0)*	(89.9)%
Direct overhead and administrative expenses	5,286.7	7,336.0	*(2,049.3)*	(27.9)%
Football bowl expenses	72.3	1,607.0	*(1,534.7)*	(95.5)%
Other operating expenses	6,221.6	4,671.9	*1,549.7*	33.2 %
			$ (11,437.3)	

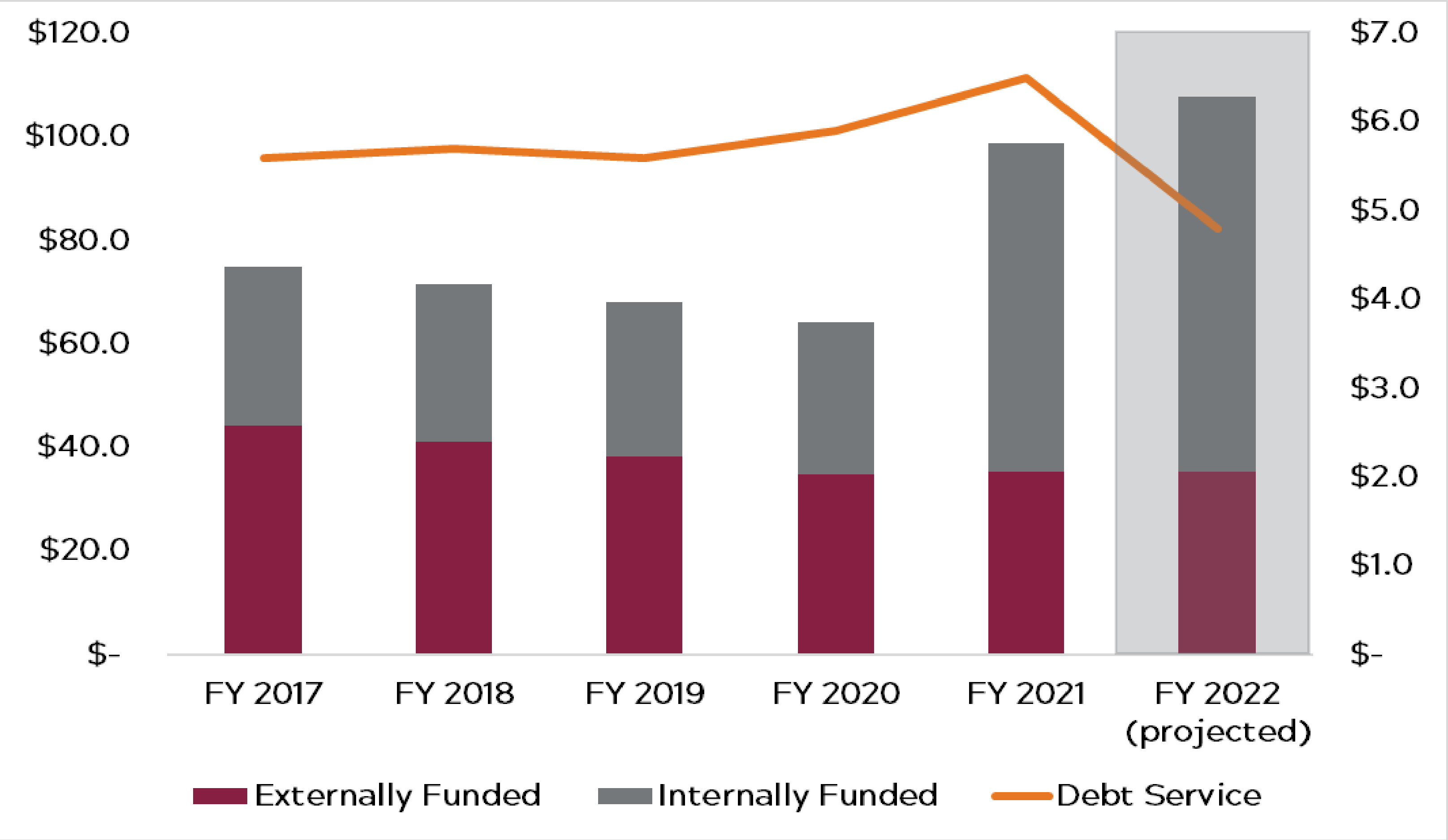
*Revenue and expense grossed up for university E&G support including student athlete academic support expenditures and waived indirect costs as permitted by the Commonwealth for FY21 in response to pandemic related financial impact on university auxiliary operations.

VIRGINIA TECH

Intercollegiate Athletic Programs Long-Term Debt

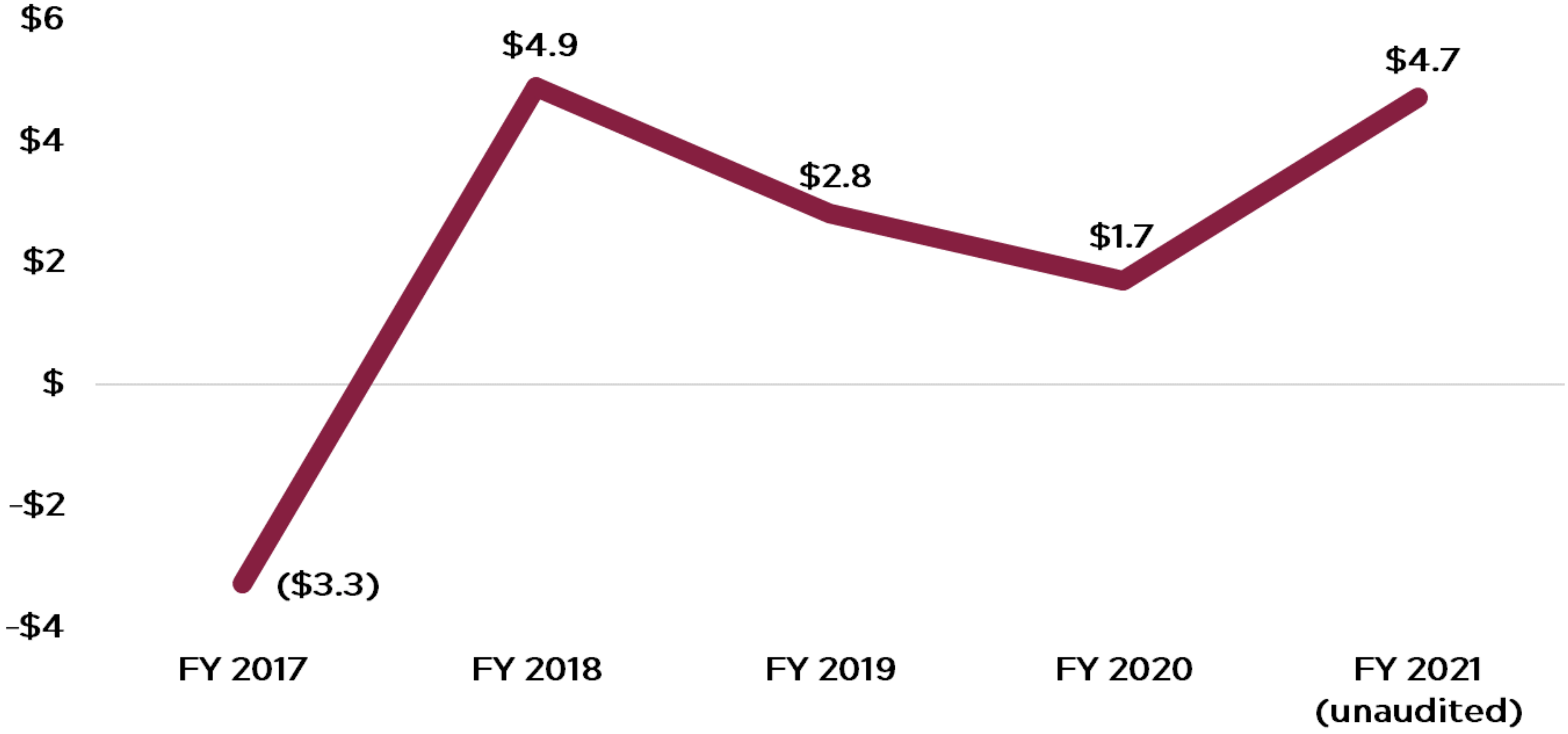
For the years ended June 30, 2017 - 2022

(all dollars in millions)



VIRGINIA TECH

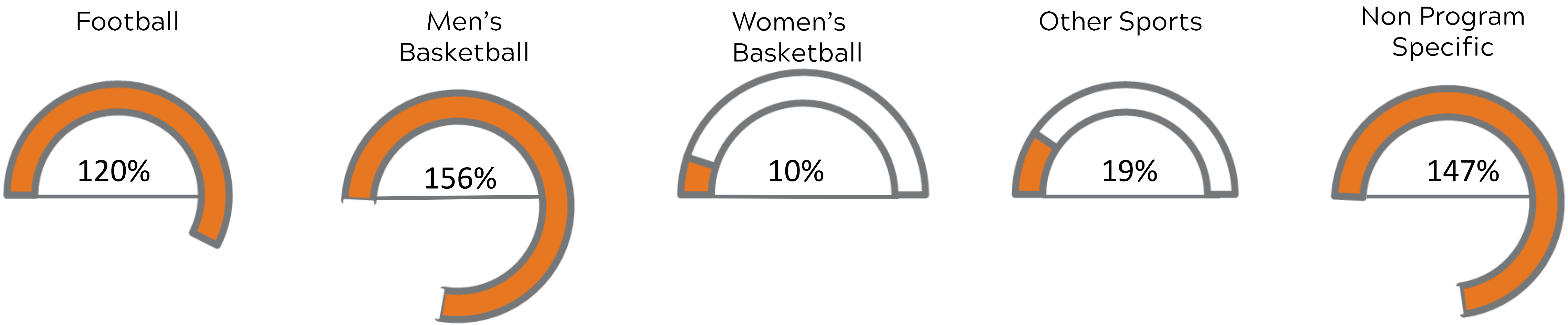
Intercollegiate Athletic Programs
Net Operating Income (Deficit)
For the years ended June 30, 2017 - 2021
(all dollars in millions)



VIRGINIA TECH

Intercollegiate Athletic Programs
Net Operating Income (Deficit) - including the impact of COVID

FY 2021 Unaudited
(all dollars in millions)



	Revenue	Expenses	Net Income/(Deficit)
Football	$ 32.0	$ 26.7	$ 5.3
Men's Basketball	10.4	6.7	3.7
Women's Basketball	0.4	3.6	(3.2)
Other Sports*	3.7	19.6	(15.9)
Non Program Specific**	46.2	31.4	14.8
	$ 92.7	$ 88.0	$ 4.7

**Other Sports is the total of Men’s Other Sports, Women’s Other Sports. There are 16 other sports programs such as baseball, softball, golf, tennis, track & field, etc.*

***Non Program Specific includes revenues and expenses that cannot be attributed to a specific sport and support the overall function of the Athletic program.*

VIRGINIA TECH

Intercollegiate Athletic Programs Reconciliation of Cash to NCAA Report

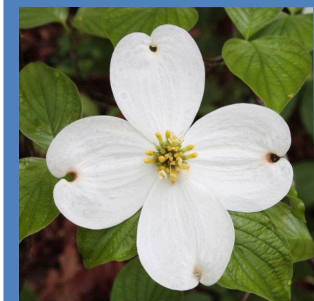
FY 2021

(all dollars in millions)

	Revenues	Expenses	Net Income/Deficit
Cash Basis Per BOV Financial Performance Report	$ 65.8	$ 62.8	$ 3.0
Accounts Receivable			-
Reversal of FY21 revenue accruals	(8.8)		(8.8)
FY 21 ACC revenue received in FY 22	8.9		8.9
NCAA Adjustments FY21			-
Athletic scholarships	14.6	14.6	-
Foundation athletic expenses	1.9	1.9	-
Waived overhead	4.2	4.2	-
Student academic advisors	1.3	1.3	-
Apparel contract	1.0	1.0	-
ACC expense	2.4	2.4	-
Maintenance reserve contribution		(1.7)	1.7
Other Accruals	1.4	1.5	(0.1)
NCAA Report	$ 92.7	$ 88.0	$ 4.7

VIRGINIA TECH

DISCUSSION




VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

INTERCOLLEGIATE ATHLETICS PROGRAMS FOR THE YEAR ENDED JUNE 30, 2021

Auditor of Public Accounts
Staci A. Henshaw, CPA
www.apa.virginia.gov
(804) 225-3350

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Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

March 7, 2022

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Timothy D. Sands
President, Virginia Polytechnic Institute and State University

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below on **Virginia Polytechnic Institute and State University's** (Virginia Tech) Schedule of Revenues and Expenses (Schedule) for the year ended June 30, 2021. University management is responsible for the Schedule and its compliance with National Collegiate Athletic Association (NCAA) requirements.

University management has agreed to and acknowledged that the procedures are appropriate to meet the intended purpose of evaluating whether the Schedule is in compliance with NCAA Constitution 3.2.4.17.1, for the year ended June 30, 2021. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Agreed-Upon Procedures Related to the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs

Procedures described below were limited to material items. For the purpose of this report, and as defined in the agreed-upon procedures, items are considered material if they exceed four percent of total revenues or total expenses, as applicable. The procedures and associated findings are as follows:

Internal Controls

1. We reviewed the relationship of internal control over intercollegiate athletics programs to internal control reviewed in connection with our audit of the university's financial statements. In addition, we identified and reviewed those controls unique to the

Intercollegiate Athletics Department, which were not reviewed in connection with our audit of the university's financial statements.

2. Intercollegiate Athletics Department management provided a current organizational chart. We also made certain inquiries of management regarding control consciousness, the use of internal audit in the department, competence of personnel, protection of records and equipment, and controls regarding information systems with the Information Technology Department.

3. Intercollegiate Athletics Department management provided us with their process for gathering information on the nature and extent of affiliated and outside organizational activity for or on behalf of the university's intercollegiate athletics programs. We tested these procedures as noted below.

Affiliated and Outside Organizations

4. Intercollegiate Athletics Department management identified all related affiliated and outside organizations and provided us with copies of audited financial statements for each such organization for the reporting period.

5. Intercollegiate Athletics Department management prepared and provided to us a summary of revenues and expenses for or on behalf of the university's intercollegiate athletics programs by affiliated and outside organizations included in the Schedule.

6. Intercollegiate Athletics Department management provided to us any additional reports regarding internal control matters identified during the audits of affiliated and outside organizations performed by independent public accountants. We were not made aware of any internal control findings.

Schedule of Revenues and Expenses of Intercollegiate Athletics Programs

7. Intercollegiate Athletics Department management provided to us the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs for the year ended June 30, 2021, as prepared by the university and shown in this report. We recalculated the addition of the amounts in the Schedule, traced the amounts on the Schedule to management's trial balance worksheets, and agreed the amounts in management's trial balance worksheets to the Intercollegiate Athletics Department's accounts in the accounting records. Certain adjustments to the Schedule were necessary to conform to NCAA reporting guidance. We discussed the nature of adjusting journal entries with management and are satisfied that the adjustments are appropriate.

8. We compared each major revenue and expense account over ten percent of total revenues or total expenses, respectively, to prior period amounts and budget estimates.

Variances exceeding ten percent of prior period amounts or budget estimates are explained below:

Line Item	**Explanation**
Admin Salaries (Budget Item)	The university had a \$4.5 million or 93 percent difference between budgeted and actual admin salaries due to the budget for football being held in the admin salary fund instead of being allocated out to the football fund where the actual year-to-date expenses were recorded.
Direct state or other government support	The direct state or other government support line item of \$13 million is new to the Schedule for fiscal year 2021 to reflect an allocation of federal Higher Education Emergency Relief Funding (HEERF) to offset lost revenue caused by the COVID-19 pandemic.
Contributions	The reduction of \$5.6 million or 25.5 percent in contributions is due to a decrease in funds drawn from the Virginia Tech Foundation to cover scholarship and other operating expenses.

Revenues

9. We obtained the amount of ticket sales revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.

10. We obtained the amount of direct state or other government support revenue from the Schedule. We compared amounts to corroborative supporting documentation and noted them to be substantially in agreement.

11. We obtained documentation of the university's methodology for allocating student fees to intercollegiate athletics programs. We compared student fees reported in the Schedule to amounts reported in the accounting records and an expected amount based on fee rates and enrollment. We found these amounts to be substantially in agreement with minor differences attributed to the methodology used for projecting student fee revenue.

12. We compared amounts reported in the Schedule for indirect institutional support to corroborative supporting documentation and noted them to be substantially in agreement.

13. Intercollegiate Athletics Department management provided us with a listing of all contributions of moneys, goods or services received directly by its intercollegiate athletics programs from any affiliated or outside organization, agency or group of individuals that constitutes ten percent or more of all contributions received during the reporting period. Except for contributions received from the Virginia Tech Foundation, Inc., an affiliated organization, we noted no individual contribution which constituted more than ten percent of total contributions received for intercollegiate athletics programs. We reviewed contributions from the Virginia Tech Foundation, Inc., which exceeded ten percent of all contributions and agreed them to supporting documentation. We identified a reconciling difference of $2,969 between the amount reported in the Schedule and the amount reported as contributions by the Virginia Tech Foundation.

14. We obtained the amount of in-kind revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.

15. Intercollegiate Athletics Department management provided us with a listing and copy of the agreements related to media rights. We gained an understanding of the relevant terms of the agreement and agreed selected amounts to proper posting in the accounting records and supporting documentation. We identified a reconciling difference of $18,896 between the amount reported on the Schedule and the amount reported in the accounting system. Following adjustment, media rights revenue has been properly reported in the Schedule.

16. We obtained the amount of NCAA distribution revenue from the Schedule. We agreed amounts to corroborative supporting documentation and noted them to be substantially in agreement.

17. We obtained the amount of conference distributions (non-media and non-football bowl) revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.

18. We obtained the amount of conference distributions of football bowl generated revenue from the Schedule. After reclassifying $6,657,296 from conference distributions (non-media and non-football bowl) to conference distributions of football bowl generated revenue, we deemed the amount to be properly reported in the Schedule.

19. We obtained the amount of program, novelty, parking, and concession sales revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.

20. We obtained the amount of royalties, licensing, advertisement, and sponsorships revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.

21. We obtained the amount of athletics-restricted endowment and investments income revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.

22. We obtained the amount of other operating revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.

Expenses

23. Intercollegiate Athletics Department management provided us a listing of institutional student aid recipients during the reporting period. Since the university used the ARMS software to prepare athletic aid detail, we selected 60 individual student-athletes across all sports and obtained the students' account detail from the university's student information system. We agreed each student's information to the information reported in the NCAA Membership Financial Reporting System by comparing the reported amounts to amounts in the finance and student information systems. We also ensured that the total aid amount for each sport agreed to amounts reported as financial aid in the student accounting system. We performed a check of selected students' information as reported in the NCAA Membership Financial Reporting System to ensure proper calculation of revenue distribution equivalencies.

24. We obtained the amount of guarantee expense from the Schedule. The amount was deemed to be immaterial for detailed testing.

25. Intercollegiate Athletics Department management provided us with a listing of coaches, support staff, and administrative personnel employed and paid by the university during the reporting period. We selected and tested individuals, including football and men's and women's basketball coaches, and compared amounts paid during the fiscal year from the payroll accounting system to their contract or other employment agreement document. We found that recorded expenses equaled amounts paid as salary and bonuses and were in agreement with approved contracts or other documentation.

26. We obtained the amount of severance payments expense from the Schedule. The amount was deemed to be immaterial for detailed testing.

27. We obtained the amount of recruiting and team travel expense from the Schedule. These amounts were deemed to be immaterial for detailed testing.

28. We selected a sample of disbursements for direct overhead and administration and other operating expenses from the Schedule. We compared and agreed the selected operating expenses to adequate supporting documentation. We found all reviewed amounts to be properly approved, reasonable to intercollegiate athletics, and properly recorded in the accounting records.

29. We obtained the amount of lease payments and rental fees from the Schedule. The amount was deemed to be immaterial for detailed testing.

30. We obtained a listing of debt service payments for athletics facilities for the reporting year. We selected a sample of debt payments included in the Schedule, including the two highest facility payments, and agreed them to supporting documentation.

31. We obtained an understanding of the university's methodology for charging indirect cost to the athletic department. We evaluated indirect cost charges for reasonableness and noted proper reporting of these charges in the Schedule.

Other Reporting Items

32. We obtained repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. We recalculated annual maturities reported in the notes to the Schedule and agreed total annual maturities and total outstanding athletic-related debt to supporting documentation.

33. We agreed total outstanding institutional debt to supporting debt schedules and the university's audited financial statements and general ledger.

34. We agreed the fair value of athletics-dedicated endowments to supporting documentation provided by the university's foundation.

35. We agreed the fair value of institutional endowments to supporting documentation provided by the university's foundation.

36. We obtained a schedule of athletics-related capital expenditures made during the period. We selected a sample of transactions to validate existence and accuracy of recording and recalculated totals.

Additional Procedures

37. We compared the sports sponsored, as reported in the NCAA Membership Financial Reporting System, to the Calculation of Revenue Distribution Equivalencies Report (CRDE) from the ARMS software for the institution. We noted agreement of the sports reported.

38. We compared total current year grants-in-aid revenue distribution equivalencies to total prior year reported equivalencies per the NCAA Membership Financial Report submission and noted no variations exceeding four percent when compared to prior year.

39. We obtained the university's Sports Sponsorship and Demographics Forms Report for the reporting year. We validated that the countable sports identified by the institution met the minimum requirements for number of contests and minimum number of participants

as defined in NCAA Bylaw 20.9.6.3 or qualified for the extraordinary blanket waiver per NCAA guidance due to the COVID-19 pandemic. We ensured that countable sports have been properly identified in the NCAA Membership Financial Reporting System for the purpose of revenue distribution calculations.

40. We compared the current number of sports sponsored to the prior year total reported in the university's NCAA Membership Financial Report submission and noted no variations when compared to prior year.

41. We obtained a listing of student-athletes receiving Pell grant awards from the university's student information system and agreed the total value of these Pell grants to the amount reported in the NCAA Membership Financial Reporting System. We noted agreement of the amounts reported.

42. We compared the total number of Pell grant awards in the current year to the number reported in the prior year NCAA Membership Financial Report submission. We noted no variations greater than 20 grants when compared with the prior year.

We were engaged by university management to perform this agreed-upon procedures engagement and conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit, examination, or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs or any of the accounts or items referred to above. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the university and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of Virginia Tech and its President and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

JRQ/vks

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY
SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
For the year ended June 30, 2021

	Football	Men's Basketball	Women's Basketball	Men's Other Sports	Women's Other Sports	Non-Program Specific	Total
Operating revenues:							
Ticket sales	$ -	$ 3,180	$ -	$ 45,880	$ -	$ -	$ 49,060
Direct state or other government support	-	-	-	-	-	13,028,286	13,028,286
Student fees	-	-	-	-	2,536,926	8,353,029	10,889,955
Direct institutional support	-	584		1,597	1,534	-	3,715
Indirect Institutional Support	-	-	-	-	-	5,447,267	5,447,267
Contributions	2,190,290	41,959	10,094	194,572	115,889	13,689,130	16,241,934
In-Kind	7,755	48,223	-	-	3,104	28,287	87,369
Media rights	21,701,689	7,702,508	290,030	-	-	25,897	29,720,124
NCAA distributions	-	2,302,320	-	-	-	1,298,946	3,601,266
Conference distributions (non-media and non-football bowl)	-	262,337	-	35,000	119,000	-	416,337
Conference distributions of football bowl generated revenue	6,657,296	-	-	-	-	-	6,657,296
Program, novelty, parking, and concession sales	136,615	-	-	-	-	805	137,420
Royalties, licensing, advertisement and sponsorships	1,230,973	72,500	72,500	293,003	232,140	996,372	2,897,488
Athletics-Restricted endowment and investments income	33,069	-	-	-	-	2,914,901	2,947,970
Other operating revenue	-	-	-	62,665	62,833	434,660	560,158
Total operating revenues	31,957,687	10,433,611	372,624	632,717	3,071,426	46,217,580	92,685,645
Operating expenses:							
Athletic student aid	4,562,916	725,868	857,033	3,367,277	4,769,046	266,762	14,548,902
Guarantees	419,000	215,000	59,164	23,998	4,221	-	721,383
Coaching salaries, benefits, and bonuses paid by the university and related entities	8,410,355	3,315,870	1,238,965	3,071,442	2,695,626	-	18,732,258
Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities	1,879,385	805,090	544,199	450,954	249,860	12,628,724	16,558,212
Severance payments	115,612	63,890	16,039	11,841	14,504	141,699	363,585
Recruiting	86,362	57,040	60,249	18,208	10,823	-	232,682
Team travel	772,872	337,856	196,984	681,059	647,393	-	2,636,164
Sports equipment, uniforms, and supplies	1,613,980	114,810	27,690	523,555	370,180	311,983	2,962,198
Game expenses	402,633	63,476	50,572	145,109	92,363	804,264	1,558,417
Fundraising, marketing and promotion	132,991	16,776	6,440	30,801	19,106	847,494	1,053,608
Sports camp expenses	25	-	-	-	-	-	25
Spirit groups	144,545	-	-	-	-	116,338	260,883
Athletic facility leases and rental fees	-	-	-	126,192	125,720	-	251,912
Athletic facility debt service	3,597,483	279,935	279,935	-	-	2,301,593	6,458,946
Direct overhead and administrative expenses	2,115,195	429,866	65,152	271,737	199,389	2,205,334	5,286,673
Indirect institutional support	-	-	-	-	-	5,447,267	5,447,267
Indirect cost paid to the institution by athletics	75,744	-	-	-	-	459,769	535,513
Medical expenses and insurance	239,723	34,362	43,095	249,957	283,331	992,450	1,842,918
Memberships and dues	4,984	355	944	23,037	20,775	20,981	71,076
Student-Athlete meals (non-travel)	1,074,654	116,098	57,540	447,418	356,259	89,031	2,141,000
Other operating expenses	979,155	112,754	68,906	199,341	92,360	4,769,112	6,221,628
Football bowl expenses	72,259	-	-	-	-	-	72,259
Total operating expenses	26,699,873	6,689,046	3,572,907	9,641,926	9,950,956	31,402,801	87,957,509
Excess (deficiency) of revenues over (under) expenses	$ 5,257,814	$ 3,744,565	$ (3,200,283)	$ (9,009,209)	$ (6,879,530)	$ 14,814,779	$ 4,728,136
Other Reporting Items:							
Total athletics-related debt							$ 98,863,000
Total institutional debt							$ 485,361,000
Value of athletics-dedicated endowments							$ 73,420,735
Value of institutional endowments							$ 1,583,719,452
Total athletics-related capital expenditures							$ 17,311,000

The accompanying Notes to the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs are an integral part of this Schedule.

VIRGINIA TECH
NOTES TO SCHEDULE OF REVENUES AND EXPENSES OF INTERCOLLEGIATE ATHLETICS PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2021

1. BASIS OF PRESENTATION

The accompanying Schedule of Revenues and Expenses of Intercollegiate Athletic Programs has been prepared on the accrual basis of accounting. The purpose of the Schedule is to present a summary of revenues and expenses of the intercollegiate athletic programs of the university for the year ended June 30, 2021. The Schedule includes those intercollegiate athletics revenues and expenses made on behalf of the university's athletics programs by outside organizations not under the accounting control of the university. Because the Schedule presents only a selected portion of the activities of the university, it is not intended to and does not present either the financial position, changes in fund balances, or cash flows for the year then ended. Revenues and expenses directly identifiable with each category of sport presented are reported accordingly. Revenues and expenses not directly identifiable to a specific sport are reported under the category "Non-Program Specific."

2. AFFILIATED ORGANIZATIONS

The university received $19,189,903 from the Virginia Tech Foundation, Inc. Approximately $14,548,902 of these funds were used for grant-in-aid scholarships for student-athletes. These amounts received are included in the accompanying Schedule as follows: $12,247,154 is included in the Contributions line item and $2,301,748 is included in the Athletics-Restricted Endowment and Investments Income line item.

3. LONG-TERM DEBT

<u>Externally-Funded debt</u>

The university, on behalf of the Intercollegiate Athletic Department, has obtained debt financing for capital improvement projects as needed. These debts usually consist of Section 9(d) revenue bonds issued by the university or notes payable issued through the Virginia College Building Authority (VCBA) and will be repaid by the department using operating revenues and private fundraising proceeds. Outstanding principal as of June 30, 2021 (in dollars):

Project	Maturity	Principal
Indoor Practice Facility		
Series 2015B, 9(d) revenue bond	2035	$ 510,000
Series 2021, 9(d) revenue bond	2036	40,000
Lane Stadium - West Side Expansion		
Series 2021, 9(d) refunding revenue bond	2041	21,825,000
Lane Stadium - South End Zone		
Series 2021, 9(d) refunding revenue bond	2041	7,055,000
Hahn Hurst Basketball Practice Center		
Series 2021, 9(d) refunding revenue bond	2041	6,075,000
		$35,505,000

Internally-Funded debt

The university has internally loaned the Intercollegiate Athletic Department funds for capital improvement projects as needed. These debts will be repaid by the department using operating revenues and private fundraising proceeds. Outstanding principal as of June 30, 2021 (all dollars):

Project	Maturity	Principal
Student Athletic Performance Center	2030	$ 4,248,000
ACC Media Studio	2031	10,250,000
Creativity & Innovation District	2041	21,200,000
Baseball Stadium and Rector Field House	2045	27,660,000
		$63,358,000

A summary of future principal and interest commitments for fiscal years subsequent to June 30, 2021 is presented as follows (all dollars):

	Principal	Interest	Total
2022	$ 3,049,000	$ 1,751,000	$ 4,800,000
2023	3,098,000	1,645,000	4,743,000
2024	4,864,000	1,592,000	6,456,000
2025	5,175,000	1,531,000	6,706,000
2026	4,987,000	1,460,000	6,447,000
2027-2031	25,088,000	6,167,000	31,255,000
2032-2036	19,882,000	4,183,000	24,065,000
2037-2041	21,538,000	2,189,000	23,727,000
2042-2045	11,182,000	427,000	11,609,000
	$98,863,000	$20,945,000	$119,808,000

4. UNIVERSITY ADMINISTRATION FEE

As with all auxiliary enterprises, the university charges the Intercollegiate Athletic Department an administrative fee. For fiscal year 2021, the university was authorized by the state to reduce the amount of administrative fee charged to the auxiliaries due to the significant financial impact on auxiliary enterprises caused by the COVID-19 pandemic. During the fiscal year the Intercollegiate Athletic Department paid $535,513 to the university. This amount is included on the Indirect Cost Paid to the Institution by Athletics line item and includes $75,744 in Football and $459,769 in the Non-Program Specific category. The university waived $4,165,940 of the administrative fee which is included in the Non-Program Specific category of the Indirect Institutional Support line item.

5. CAPITAL ASSETS

Capital assets consisting of buildings, infrastructure, and equipment are stated at appraised historical cost or actual cost where determinable. Construction in progress (CIP) is capitalized at actual cost as expenses are incurred. All gifts of capital assets are recorded at fair marketvalue as of the donation date.

Equipment is capitalized when the unit acquisition cost is $2,000 or greater and the estimated useful life is one year or more. Software is capitalized when the acquisition and/or the development costs exceed $100,000. Renovation costs are capitalized when expenses total more than $100,000, the asset value significantly increases, or the useful life is significantly extended. Routine repairs and maintenance are charged to operating expense in the year theexpense is incurred.

Depreciation is computed using the straight-line method over the useful life of the assets. The useful life is 40 to 60 years for buildings, ten to 50 years for infrastructure and land improvements, and three to 30 years for fixed and movable equipment.

A summary of changes in capital assets follows for the year ending June 30, 2021 (all dollars in thousands):

	Beginning Balance	Additions	Retirements	Ending Balance
Depreciable capital assets				
Buildings	$ 209,592	$ 22,540	$ 63	$232,069
Moveable equipment	13,595	1,600	39	15,156
Software	313	-	-	313
Fixed equipment	13,101	1,487	-	14,588
Infrastructure	20,547	1,392	628	21,311
Total depreciable capital assets, at cost	257,148	27,019	730	283,437
Less accumulated depreciation:				
Buildings	$ 63,134	$ 5,076	$ 63	$ 68,147
Moveable equipment	6,644	1,357	36	7,965
Software	285	9	-	294
Fixed equipment	5,502	681	-	6,183
Infrastructure	17,927	702	628	18,001
Total accumulated depreciation	93,492	7,825	727	100,590
Total depreciable capital assets net of accumulated depreciation	163,656	19,194	3	182,847
Non-depreciable capital assets				
Construction in progress	15,435	14,761	24,469	5,727
Total non-depreciable capital assets	15,435	14,761	24,469	5,727
Total capital assets, net of accumulated depreciation	$ 179,091	$ 33,955	$ 24,472	$ 188,574

VIRGINIA TECH

As of June 30, 2021

BOARD OF VISITORS

UNIVERSITY OFFICIALS

Timothy D. Sands
President

Whit Babcock
Director of Intercollegiate Athletics Programs

Financial Performance Report – Operating and Capital

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

July 1, 2021 to December 31, 2021

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 December 2021-22 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, 2021 through December 31, 2021 and the Capital Outlay report be approved.

April 3, 2022

OPERATING BUDGET

2021-22

Dollars in Thousands

	July 1, 2021 to December 31, 2021				Annual Budget for 2021-22			
	Actual	Budget	Change		Original	Adjusted	Change	
Educational and General Programs								
University Division								
Revenues								
General Fund	$91,699	$91,699	$0		$214,721	$214,275	$-446	(9)
Tuition and Fees	361,218	358,797	2,421	(1)	619,620	629,069	9,449	(10)
All Other Income	27,096	27,119	-23		44,090	44,455	365	(11)
Total Revenues	$480,013	$477,615	$2,398		$878,432	$887,799	$9,367	
Expenses								
Academic Programs	$-277,528	$-281,260	$3,732		$-559,541	$-570,976	$-11,435	
Support Programs	-129,202	-130,252	1,050		-318,891	-325,408	-6,517	
Reserve Drawdown/(Depos	0	0	0		0	8,585	8,585	(12)
Total Expenses	$-406,730	$-411,512	$4,782	(2)	$-878,432	$-887,799	$-9,367	(9,10,11)
NET	$73,283	$66,103	$7,180		$0	$0	$0	
CE/AES Division								
Revenues								
General Fund	$38,456	$38,456	$0		$79,216	$79,633	$417	(13)
Federal Appropriation	7,893	9,049	-1,156	(3)	15,647	16,811	1,164	(14)
All Other Income	635	400	235	(4)	750	750	0	
Total Revenues	$46,984	$47,905	$-921		$95,613	$97,194	$1,581	
Expenses								
Academic Programs	$-45,162	$-47,561	$2,399	(5)	$-88,315	$-92,801	$-4,486	
Support Programs	-5,107	-5,240	133		-7,298	-7,298	0	
Reserve Drawdown/(Depos	0	0	0		0	2,905	2,905	(15)
Total Expenses	$-50,269	$-52,801	$2,532		$-95,613	$-97,194	$-1,581	(13,14)
NET	$-3,285	$-4,896	$1,611		$0	$0	$0	
Auxiliary Enterprises								
Revenues	$201,349	$197,994	$3,355	(6)	$355,918	$355,549	$-369	(6)
Expenses	-178,908	-183,217	4,309	(6)	-350,771	-373,218	-22,447	(6)
Reserve Drawdown/(Deposit	-22,441	-14,777	-7,664	(6)	-5,147	17,669	22,816	(6)
NET	$0	$0	$0		$0	$0	$0	
Sponsored Programs								
Revenues	$164,683	$164,352	$331	(7)	$355,706	$355,706	$0	
Federal Pandemic Relief	23,961	23,961	0		0	23,961	23,961	(16)
Expenses	-207,820	-208,734	914	(7)	-355,706	-379,666	-23,961	(16)
Reserve Drawdown/(Deposit	19,176	20,421	-1,245		0	0	0	
NET	$0	$0	$0		$0	$0	$0	
Student Financial Assistance								
Revenues	$18,134	$19,094	$-960		$38,340	$37,837	$-503	(17)
Expenses	-17,986	-18,928	942		-38,340	-37,837	503	(17)
Reserve Drawdown/(Deposit	0	0	0		0	0	0	
NET	$148	$166	$-18		$0	$0	$0	
All Other Programs *								
Revenue	$4,812	$4,992	$-180		$13,923	$13,923	$0	
Federal Pandemic Relief	23,148	23,148	0		0	23,148	23,148	(18)
Expenses	-3,079	-7,834	4,755	(8)	-13,923	-37,955	-24,032	(18)
Reserve Drawdown/(Deposit	-24,881	-20,306	-4,575	(8)	0	884	884	(18)
NET	$0	$0	$0		$0	$0	$0	
Total University								
Revenues	$963,084	$959,061	$4,023		$1,737,932	$1,795,117	$57,185	
Expenses	-864,792	-883,026	18,234		-1,732,785	-1,813,669	-80,885	
Reserve Drawdown/(Deposit	-28,146	-14,662	-13,484		-5,147	18,552	23,699	
NET	$70,146	$61,373	$8,773		$0	$0	$-1	

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

OPERATING BUDGET

1. Tuition and Fee revenues are slightly ahead of projections due to the timing of tuition payments and higher than projected program fee revenues.
2. University Division E&G Academic and Support program expenditures are lower than projected due to timing of expenditures.
3. 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 and Agriculture Experiment Station Division is lower than projected due to the timing of federal drawdown.
4. Cooperative Extension and Agriculture Experiment Station Division All Other Income are higher than projected due to milk sales and self-generated revenues.
5. Cooperative Extension and Agriculture Experiment Station Division academic program expenditures are lower than historical projections due to timing of expenses and locality recovery activity.
6. Quarterly and projected annual variances are explained in the Auxiliary Enterprises section of this report.
7. 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 higher than projected. The sponsored research expenditures are 11.6% higher than December 31, 2020.
8. Expenses for All Other Programs was lower than projected due to timing of expenditures and lower than projected Surplus Property activity.
9. The annual budget for the University Division General Fund was decreased $0.4 million for the state share of salary and fringe benefit rate changes.
10. In June, the budget for Tuition and Fees was increased $0.8 million for planned Fall 2021 Graduate enrollment and scholarships. The budget was increased $6.2 million for higher than projected graduate and professional on-campus revenue and the undergraduate residency mixture. The tuition and fee budget was increased $2.4 million for summer enrollments. The corresponding expenditure budgets have been adjusted accordingly.
11. The All Other Income revenue budget was increased $0.4 million for self-generated earmarked revenues. The corresponding expenditure budgets have been adjusted accordingly.
12. The University Division had a cash balance of $8.6 million at the end of the fiscal year 2020-21. The university authorized a one-time expenditure budget increase of $8.6 million to accomplish work which was previously delayed by the pandemic.
13. The Cooperative Extension/Agriculture Experiment State Division General Fund revenue budget was increased $0.4 million for the state share of salary and fringe benefit rate changes. The corresponding expenditure budgets have been adjusted accordingly.
14. The federal revenue budget in the Cooperative Extension/Agriculture Experiment Station Division has been increased by $1.2 million for the carryover of unexpended federal funds in fiscal year 2020-21. The corresponding expenditure budgets have been adjusted accordingly.
15. The Cooperative Extension and Agriculture Experiment Station division had a state E&G cash balance of $2.9 million at the end of fiscal year 2020-21. The university authorized a one-time expenditure budget increase of $2.9 million to accomplish work which was previously delayed by the pandemic.
16. Virginia Tech received $24.0 million funding through The Higher Education Emergency Relief Fund II and III (HEERF II & III) programs for the Student Financial Aid award expenditures. In addition, other miscellaneous CARES allocations received by the institution, not recorded in the Auxiliary or E&G programs, are recorded as Sponsored Programs activity.
17. The Student Financial Assistance revenue and expenditure budgets were decreased $0.7 million for the finalization of the scholarship budget and technical accounting changes and increased $0.2 million for the SCHEV GEAR Up scholarship program.
18. The projected annual budgets for All Other Programs were increased $23.1 million for pandemic relief clearing and $0.9 million for outstanding 2020-21 commitments that were initiated but not completed before June 30, 2021.

AUXILIARY ENTERPRISES

Dollars in Thousands

	July 1, 2021 to December 31, 2021			Annual Budget for 2021-22		
	Actual	Budget	Change	Original	Adjusted	Change
Residence and Dining Halls *						
Revenues	$70,284	$68,662	$1,622 (1)	$132,387	$129,212	$-3,175 (6)
Expenses	-61,352	-66,390	5,038 (1)	-128,747	-140,079	-11,332 (8,9)
Reserve Drawdown/(Deposit	-8,932	-2,272	-6,660	-3,640	10,867	14,507 (6,8,9)
Net	$0	$0	$0	$0	$0	$0
Parking and Transportation						
Revenues	$10,890	$10,115	$775	$15,722	$15,722	$0
Expenses	-7,204	-8,388	1,184	-16,912	-17,645	-733 (8)
Reserve Drawdown/(Deposit	-3,686	-1,727	-1,959	1,190	1,923	733 (8)
Net	$0	$0	$0	$0	$0	$0
Telecommunications Services						
Revenues	$11,057	$10,752	$305	$21,594	$21,671	$77 (7)
Expenses	-9,365	-10,823	1,458	-21,856	-23,146	-1,290 (7,8)
Reserve Drawdown/(Deposit	-1,692	71	-1,763	262	1,475	1,213 (8)
Net	$0	$0	$0	$0	$0	$0
University Services * **						
Revenues	$31,747	$31,513	$234	$55,967	$55,952	$-15 (7)
Expenses	-26,160	-28,720	2,560 (2)	-55,493	-57,955	-2,462 (7,8,9)
Reserve Drawdown/(Deposit	-5,587	-2,793	-2,794	-474	2,003	2,477 (7,8,9)
Net	$0	$0	$0	$0	$0	$0
Intercollegiate Athletics *						
Revenues	$50,987	$50,029	$958	$78,327	$80,810	$2,483 (10)
Expenses	-53,141	-45,171	-7,970 (3)	-77,596	-81,006	-3,410 (8)
Reserve Drawdown/(Deposit	2,154	-4,858	7,012	-731	196	927 (8,10)
Net	$0	$0	$0	$0	$0	$0
Electric Service *						
Revenues	$14,711	$16,021	$-1,310 (4)	$34,775	$34,198	$-577 (7)
Expenses	-17,879	-19,163	1,284 (4)	$-34,197	-35,320	-1,123 (7,8)
Reserve Drawdown/(Deposit	3,168	3,142	26	-578	1,122	1,700 (8)
Net	$0	$0	$0	$0	$0	$0
Inn at VT/Skelton Conf. Center						
Revenues	$4,045	$4,326	$-281	$9,056	$9,229	$173 (7)
Expenses	-4,373	-4,456	83	-10,354	-10,694	-340 (7,8)
Reserve Drawdown/(Deposit	328	130	198	1,298	1,465	167 (7,8)
Net	$0	$0	$0	$0	$0	$0
Other Enterprise Functions ***						
Revenues	$7,628	$6,576	$1,052 (5)	$8,090	$8,755	$665 (7,11)
Expenses	566	-106	672	-5,616	-7,373	-1,757 (7,8,11)
Reserve Drawdown/(Deposit	-8,194	-6,470	-1,724	-2,474	-1,382	1,092 (7,8,11)
Net	$0	$0	$0	$0	$0	$0
TOTAL AUXILIARIES						
Revenues	$201,349	$197,994	$3,355	$355,918	$355,549	$-369
Expenses	-178,908	-183,217	4,309	-350,771	-373,218	-22,447
Reserve Drawdown/(Deposit	-22,441	-14,777	-7,664	-5,147	17,669	22,816
Net	$0	$0	$0	$0	$0	$0

* 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.

AUXILIARY ENTERPRISE BUDGET

1. While the 2021-22 original budget for Dining included an $11.1 million one-time decrease in business volume related to the pandemic, revenues in Residence and Dining Halls are higher than projected due to higher than budgeted meal plan sales and self-generated revenues from dining dollars and cash sales. Expenses are lower than projected due to timing of operating and project expenses. A third quarter budget adjustment is anticipated to partially offset this decrease.
2. Expenses for the University Services System are lower than projected due to timing of expenses.
3. Expenses for Intercollegiate Athletics are higher than projected due to the coaching staff transitions and buyout. A third quarter budget adjustment for $12.0 million associated with coaching transition is anticipated.
4. Revenue and expenses for the Electric Service auxiliary are lower than projected due to lower than anticipated electricity consumption.
5. Revenues for Other Enterprise Functions are higher than projected due to increased business volume in New Student Programs and Software Sales.
6. The annual revenue budget for Residence and Dining Halls was decreased $3.2 million due for lower than anticipated residence hall occupancy. The annual expense budget was increased $2.5 million for a one-time equipment purchase of microwave-refrigerators for residence rooms.
7. In June 2021, the annual revenue, expense, and reserve budgets for Auxiliary Enterprises were adjusted for technical alignments and finalization of fixed cost estimates.
8. The annual expense budget for Auxiliary Enterprises was increased $12.6 million for outstanding 2020-21 commitments and projects that were initiated but not completed before June 30, 2021.

Auxiliary Enterprise	Outstanding Commitments
Residence and Dining Halls	$3,449,416
Parking and Transportation	732,928
Telecommunication Services	1,213,341
University Services System	2,308,486
Intercollegiate Athletics	1,857,700
Electric Service	2,299,715
Inn at Virginia Tech	149,749
Other Enterprise Functions	614,948
Total	$12,626,283

9. The annual expense budgets for Residence and Dining Halls were increased $5.4 million and University Services System increased $0.2 million to increase entry level compensation to respond to the market.
10. The annual revenue, expense, and reserve budgets for Intercollegiate Athletics were increased to accommodate additional revenue of $1.7 million for the football team's participation in the Pinstripe Bowl, $0.7 million in private funds for the repayment of the football lounge advance, and $1.5 million bowl expenses (total bowl expense is $2.5 million).
11. The annual revenue, expense, and reserve budgets for Other Enterprise Functions were increased for sustainability projects and the cost of winding down operations in Printing Services.

CAPITAL OUTLAY PROJECTS
AUTHORIZED AS OF DECEMBER 31, 2021
Dollars in Thousands

	PROJECT INITIATED	FISCAL YEAR ACTIVITY: ANNUAL BUDGET	FISCAL YEAR ACTIVITY: YTD EXPENDITURES	TOTAL PROJECT BUDGET: STATE SUPPORT	TOTAL PROJECT BUDGET: NONGENERAL FUND	TOTAL PROJECT BUDGET: REVENUE BOND	TOTAL PROJECT BUDGET: TOTAL BUDGET	TOTAL PROJECT BUDGET: CUMULATIVE EXPENDITURES	
EDUCATIONAL AND GENERAL PROJECTS									
Design Phase									
Undergraduate Science Laboratory Building	Jul 2017	$ 8,000	$ 78	$ 86,378	$ -	$ -	$ 86,378	$ 4,753	(1)
Planning: Replace Randolph Hall	Jul 2020	2,500	375	-	-	11,000	11,000	409	(2)
Life, Health, Safety, Accessibility, & Code Compliance	Jul 2020	155	54	3,100	-	-	3,100	109	(3)
Construction Phase									
Maintenance Reserve	On-going	14,300	4,716	29,824	-	-	29,824	15,188	(4)
Holden Hall Renovation	Oct 2016	18,500	15,089	57,215	212	17,500	74,927	57,097	(5)
Livestock & Poultry Research Facilities, Phase I	Oct 2016	10,000	8,909	25,274	-	-	25,274	11,592	(6)
Construct Virginia Seafood AREC	Jul 2018	1,224	1,224	2,500	-	-	2,500	2,500	(7)
Corps Leadership and Military Science Building	Jun 2019	10,000	7,831	-	20,650	31,350	52,000	12,949	(8)
Data and Decision Science Building	Jul 2019	35,000	19,758	69,000	-	10,000	79,000	31,995	(9)
Innovation Campus - Academic Building	Jul 2019	22,000	13,658	168,000	-	134,136	302,136	28,521	(10)
Hitt Hall	Apr 2017	5,000	1,344	-	14,113	70,887	85,000	6,240	(11)
Equipment and Special Initiatives									
Commonwealth Cyber Initiative	May 2019	230	63	1,500	-	-	1,500	1,333	(12)
Fralin Biomedical Research Institute Equipment	Jul 2020	8,633	943	18,133	-	-	18,133	8,483	(13)
Equipment for Workforce Development	May 2021	5,075	-	15,778	-	-	15,778	5,200	(14)
Close-Out									
Improve Kentland Facilities	Sep 2013	363	212	12,463	-	-	12,463	12,124	(15)
Gas-Fired Boiler at the Central Steam Plant	Apr 2017	400	274	-	8,200	-	8,200	7,812	(16)
Acquisition: Falls Church Property	Apr 2019	2,850	-	-	-	2,850	2,850	-	(17)
Chiller Plant Phase II	Oct 2016	5,000	4,583	32,655	10,312	-	42,968	38,741	(18)
TOTAL EDUCATIONAL AND GENERAL PROJECTS		$ 149,230	$ 79,110	$ 521,820	$ 53,487	$ 277,723	$ 853,031	$ 245,046	

Education and General Projects

1. Undergraduate Science Laboratory Building: This project will construct a 102,000 gross square foot science instruction laboratory building. Working drawings are complete and market pricing is expected to be received January 2022.
2. Planning: Replace Randolph Hall: This state authorized planning project will design the replacement of Randolph Hall with an approximately 284,000 gross square foot building to accommodate engineering instruction and research. In accordance with the state capital budget program, the university will temporarily fund the planning costs and be reimbursed through a request for construction funding as part of the fiscal year 2023 state budget call. Schematic design is underway.
3. Life, Health, Safety, Accessibility, & Code Compliance: This project improves pedestrian connectors to ensure accessible service in the North Academic District. Preliminary Design is underway.
4. Maintenance Reserve: The total project budget reflects $2.73 million of carryforward from fiscal year 2020, and the state's fiscal year 2021 and fiscal year 2022 appropriations totaling $27.46 million. The annual budget amount reflects the pace necessary to meet the state's 85 percent spending performance requirement by June 30, 2022.
5. 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. Construction is underway with substantial completion expected January 2022.
6. Livestock & Poultry Research Facilities, Phase I: This project is the first of two phases to renew existing facilities for the livestock and poultry programs. Construction is underway for the swine, poultry, beef, and equine packages. Packages for three hay barns and demolition are under development. Construction funding for those packages is included in the Executive Budget Bill for the 2022 General Assembly session.
7. 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 a new 15,000 gross square foot facility. The project is being implemented by the Foundation and substantial completion is expected March 2022.
8. 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. Construction is underway with substantial completion expected July 2023.
9. Data and Decision Sciences Building: Construction of the new 120,000 gross square foot building is underway with substantial completion expected April 2023. Cash outflows shifted from fiscal year 2023 to fiscal year 2022 because the contractor's work is ahead of the estimated pace. The annual budget was adjusted to account for the increased pace. Resources are available and sufficient to cover the accelerated cash flows, and the project remains within the authorized budget.
10. Innovation Campus – Academic Building: This project will construct a new 300,000 gross square foot academic building with below grade parking as part of the Innovation Campus in Alexandria Virginia. The university received a Guaranteed Maximum Price (GMP) construction contract for the foundations and steel package on June 30, 2021 with construction starting October 2021. Working drawings are complete and market pricing is expected to be received January 2022.
11. Hitt Hall: This project houses an expansion of Myers-Lawson School of Construction, a new dining center, and other academic spaces. Working drawings are complete and market pricing for an early site and steel package was awarded December 2021. Pricing for the building package is expected to be received January 2022. Cash outflows and the annual budget were adjusted to reflect the project moving into construction. Resources are available and sufficient to cover the accelerated cash flows, and the project remains within the authorized budget.
12. Commonwealth Cyber Initiative: This project makes improvements to support the Commonwealth Cyber Initiative Hub renovations, space enhancements, and equipment. The Virginia Innovation Partnership Authority (VIPA) approves spending requests which are then allocated to Virginia Tech for procurement. The maximum appropriation from the commonwealth is $3.5 million.
13. Fralin Biomedical Research Institute Equipment: This funding supports the procurement and installation of specialized research equipment for the Fralin Biomedical Research Institute.
14. Equipment for Workforce Development: This project supports space and equipment purchases for the instructional programs associated with the Tech Talent Investment Program.
15. Improve Kentland Facilities: The project is substantially complete and the total cost is expected to be $12.46 million. The project may be closed and financial accounts terminated when final invoices are received and paid.
16. Gas-Fired Boiler at the Central Steam Plant: This project is substantially complete and the total cost is expected to be $8.2 million. The project may be closed and financial accounts terminated when final invoices are received and paid.
17. 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 university is working with the City of Falls Church on this transaction.
18. Chiller Plant Phase II: This project is substantially complete and the total cost is expected to be $42.968 million. The project will be closed and financial accounts terminated when final invoices are received and paid.

Capital Outlay Projects Authorized as of December 31, 2021 (Continued)

Dollars in Thousands

		FISCAL YEAR ACTIVITY		TOTAL PROJECT BUDGET					
	PROJECT INITIATED	ANNUAL BUDGET	YTD EXPENDITURES	STATE SUPPORT	NONGENERAL FUND	REVENUE BOND	TOTAL BUDGET	CUMULATIVE EXPENDITURES	
AUXILIARY ENTERPRISE PROJECTS									
Design Phase									
Student Wellness Improvements	Jun 2016	$ 2,500	$ 34	$ -	$ 13,310	$ 44,690	$ 58,000	$ 5,100	(1)
Dietrick Renovation	Sept 2017	1,200	89	-	8,519	-	8,519	1,037	(2)
Global Business & Analytics Complex Residence Halls	Jun 2019	-	-	-	-	84,000	84,000	1,269	(3)
Construction Phase									
Maintenance Reserve	On-going	8,000	6,458	-	8,000	-	8,000	6,458	(4)
New Upper Quad Residence Hall	Jun 2019	6,500	4,997	-	2,000	40,000	42,000	7,484	(5)
Close-Out									
Student-Athlete Performance Center	Mar 2018	417	17	-	20,417	-	20,417	19,725	(6)
Creativity & Innovation District LLC	Oct 2016	17,176	13,003	-	15,880	89,620	105,500	100,939	(7)
Planning: Tennis Center Improvements	Aug 2016	384	100	-	809	-	809	485	(8)
TOTAL AUXILIARY ENTERPRISE PROJECTS		$ 36,177	$ 24,698	$ -	$ 68,934	$ 258,310	$ 327,244	$ 142,496	
GRAND TOTAL		$ 185,407	$ 103,808	$ 521,820	$ 122,421	$ 536,033	$ 1,180,275	$ 387,543	

Auxiliary Enterprise Projects

1. Student Wellness Improvements: The project scope and budget include refurbishments to War Memorial Hall and McComas Hall. The university is redesigning the scope to fit within the authorized budget with results of market pricing expected to be received May 2022.

2. Dietrick Renovation: This project includes refurbishing the first floor of Dietrick Hall, inserting a modern food service venue, enclosing a portion of the overhang, and improvements to the outdoor plaza. Improvements to Dietrick Hall will be implemented within the approved budget and improvements to the outdoor plaza will be implemented as a non-capital activity supported with private gift receipts. The low bid received December 2, 2021 was over budget because of escalated materials pricing. The required funding increase reflects a minor change to the budget, which may be approved administratively under the university's tier three Management Agreement with the state. Negotiations on project schedule are underway.

3. Global Business & Analytics Complex Residence Halls: This project calls for two residence halls in the northwest area of campus with a minimum of 700 beds. Because of excessive costs to deliver the program under traditional campus design standards in this area of campus, the university is exploring alternatives for project implementation.

4. Maintenance Reserve: The auxiliary maintenance reserve program covers 106 assets with a total replacement value of $1.4 billion. Projects are scheduled and funded by the auxiliary enterprises. 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 2022.

5. New Upper Quad Residence Hall: The project provides a residence hall in the upper quad section of campus with a minimum of 300 beds. The project is under construction with substantial completion expected August 2023.

6. Student-Athlete Performance Center: The project is complete and the total cost is expected to be $20.42 million. The project will be closed and financial accounts terminated when final invoices are received and paid.

7. Creativity & Innovation District Living Learning Community (LLC): The project is substantially complete and the total cost is expected to be $105.5 million. The project may be closed and financial accounts terminated when final invoices are received and paid. Cash outflows shifted from fiscal year 2023 to fiscal year 2022 because the contractor completed close-out work ahead of the estimated pace. The annual budget was adjusted to account for the increased pace. Resources are available and sufficient to cover the accelerated cash flows, and the project remains within the authorized budget.

8. Planning: Tennis Center Improvements: The project is complete and the total cost is expected to be $809 thousand. The project may be closed and financial accounts terminated when final invoices are received and paid.

FINANCIAL PERFORMANCE REPORT

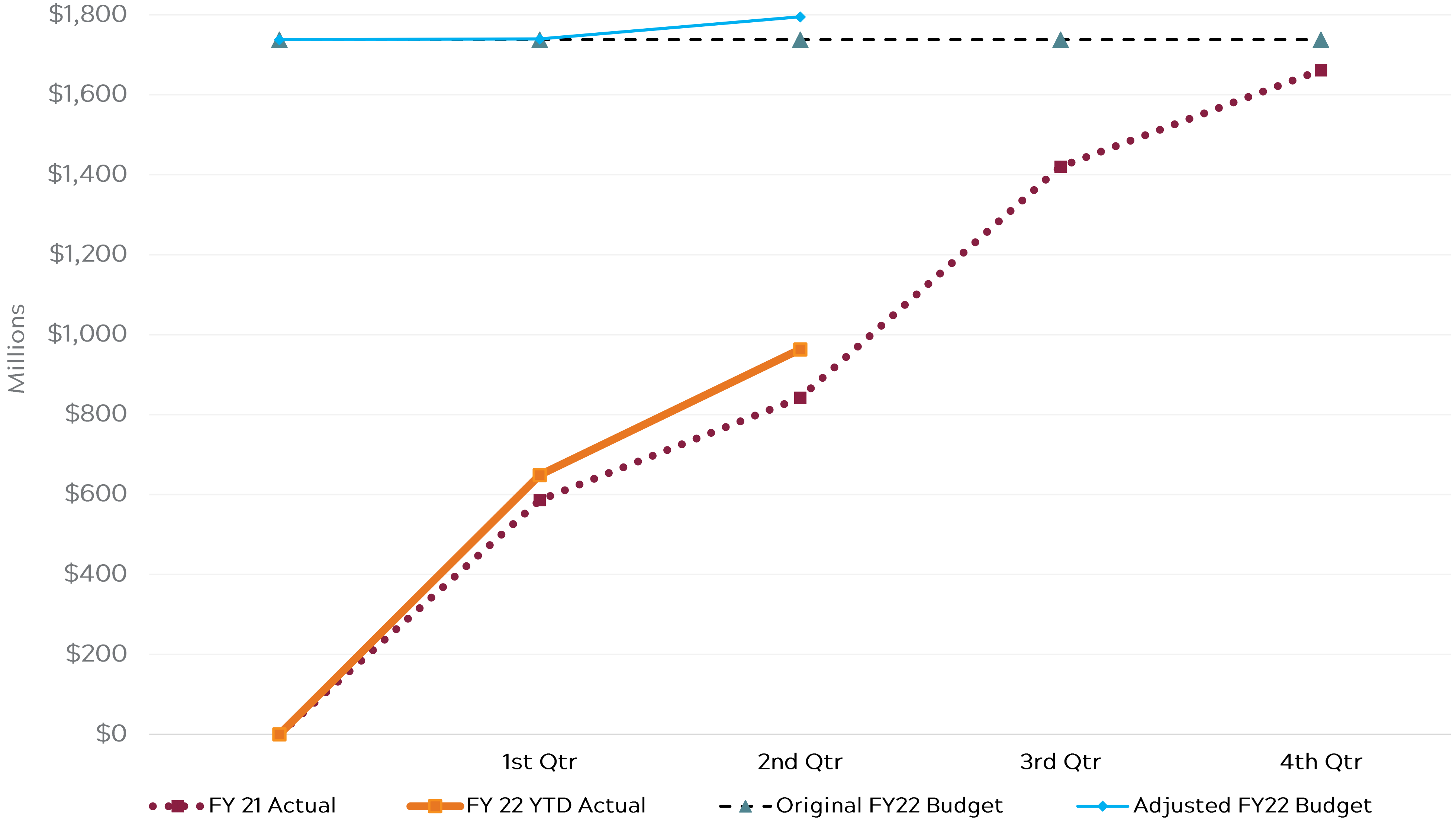
July 1, 2021 – December 31, 2021

TIM HODGE, ASSOCIATE VICE PRESIDENT FOR BUDGET AND FINANCIAL PLANNING

BOB BROYDEN, ASSOCIATE VICE PRESIDENT FOR CAMPUS PLANNING AND CAPITAL FINANCING

APRIL 3, 2022

OPERATING REVENUES



Federal student and institutional support for pandemic relief recognized in budget during in Q2

2nd QUARTER 2021-22

Annual Budget Changes

Federal Pandemic Relief

- Sponsored Programs: $23.9 million student aid
- All Other Programs: $23.1 million institutional

208 E&G

- $2.4 million for Summer 2021 enrollment
- $6.2 million for Fall 2021 enrollment

229 E&G

- $1.2 million carryover of federal funds

Auxiliary Enterprises

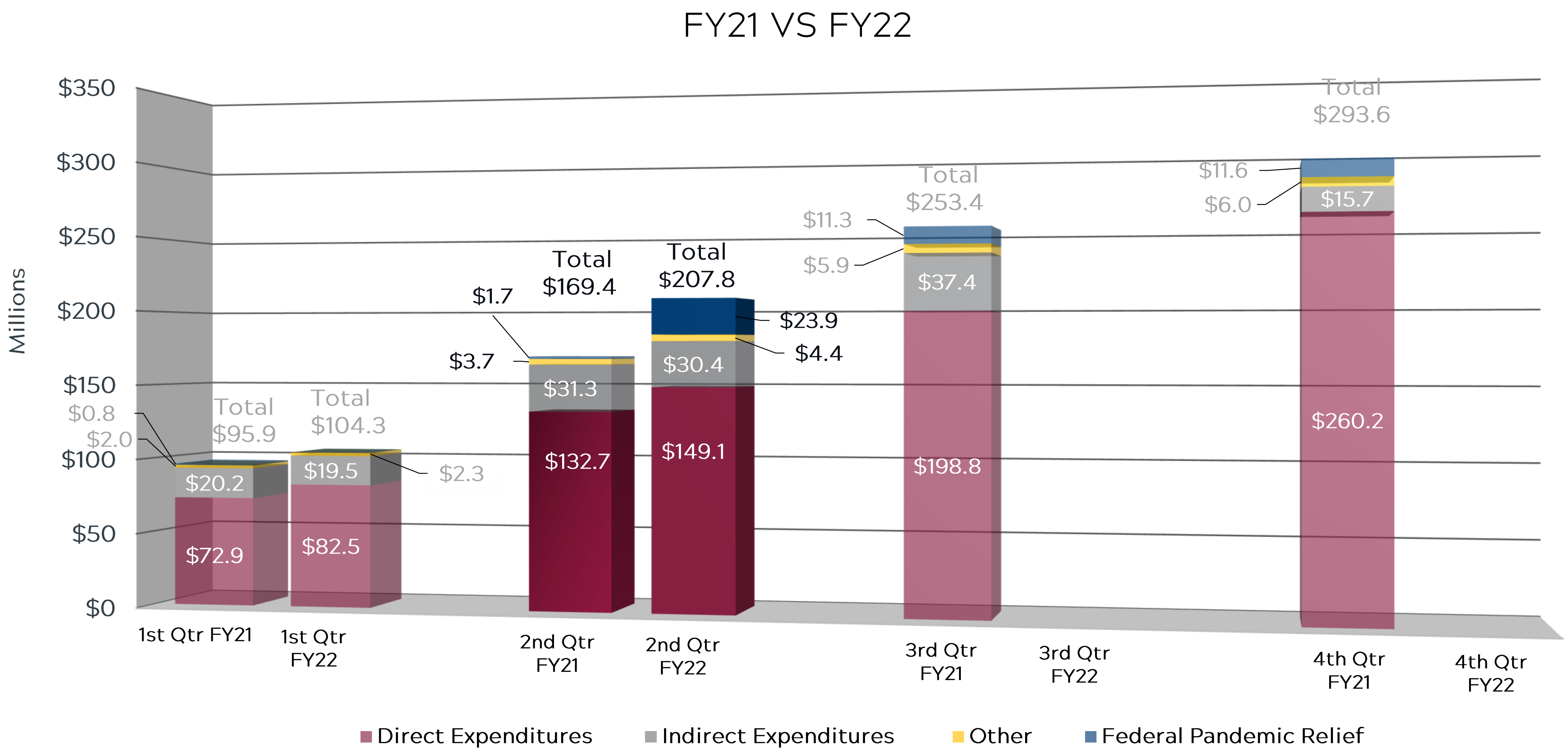
- Residential: $3.2 million revenue decrease for lower occupancy and $2.5 million expense increase for residence hall microwave-refrigerators
- Athletics: increased revenue $1.7 million and expenditures $1.5 million for Pinstripe Bowl participation. Total bowl expense budget $2.6 million ($1 million of existing resources utilized)

Financial Performance

Auxiliary Enterprise

- Dining: while the revenue budget was decreased $11 million one-time in anticipation of continued pandemic impacts, revenue are slightly higher than projected. Continue to monitor situation and develop a budget adjustment.
- Athletics: higher than projected expenses due to football coaching transition. During Q3, $12 million of financing is being aligned.

SPONSORED PROGRAM EXPENDITURES

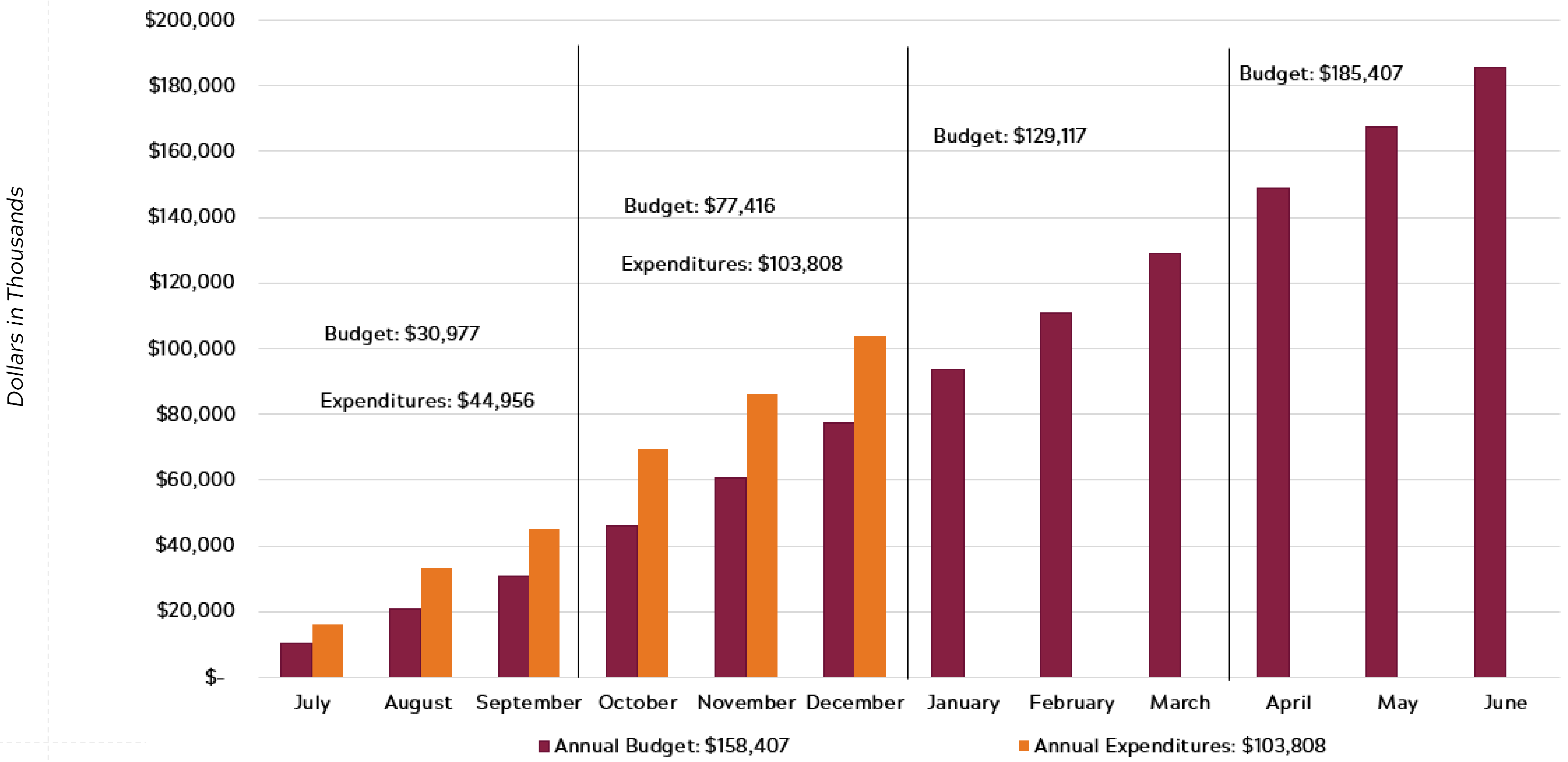


CAPITAL PROGRAM

CAPITAL OUTLAY TOTAL PROGRAM

	1st Quarter Ended	2nd Quarter Ended	3nd Quarter	4th Quarter
Design	7	6		
Construction	10	10		
Equipment	3	3		
Closeout	6	7		
Total Projects	26	26		
Total Budget ($ in Thousands)	$1,180,056	$1,180,275		
Total Expenditures ($ in Thousands)	$328,691	$387,543		

ACTIVITY THROUGH DECEMBER 31, 2021



VIRGINIA TECH.

TIMING FOR CONSTRUCTION PRICING

OCT 2021	NOV 2021	NOV 2021	DEC 2021	FEB 2022	JUN 2022	JUN 2023
Innovation Campus, Building Package	*Hitt Hall, Building Package*	*Dietrick Renovation*	*Undergraduate Science Laboratory Building*	*Student Wellness Improvements*	*Life, Health, Safety, Accessibility & Code Compliance*	*Randolph Replacement*

$344,577,000

Design phase spending through December 31, 2021- $12,676,000

PRICING RESULTS DURING COVID

Project	Date	Percent of Budget	Status
Livestock & Poultry Research Facilities	October 2020	120%	Hard Bid; Awarded Four of Six Packages
Data and Decision Science	January 2021	100%	GMP Executed
Corps Leadership & Military Science	January 2021	100%	GMP Executed
New Upper Quad Residence Hall	June 2021	105%	GMP Executed
Innovation Campus Academic Building: GMP-1	July 2021	100%	GMP Executed
Hitt Hall: GMP-1	November 2021	100%	GMP Executed
Dietrick Hall Renovation	December 2021	109%	Hard Bid: Contract complete
Innovation Campus Academic Building: GMP-2	January 2022	105%	Finalizing GMP-2
Hitt Hall: GMP-2	January 2022	100%	GMP-2 Executed
Undergraduate Science Laboratory	January 2022	105%	Finalizing GMP
Student Wellness Improvements	February 2022	124%	Estimate at 65% Drawings

Construction pricing value - $541,513,262

VIRGINIA TECH

PROJECTS COMING ONLINE

2021

- NOV: Chiller Plant, Phase II

2022

- JAN: Holden Hall Renovation
- MARCH: Construct Seafood AREC
- JUNE: Livestock & Poultry Research Facilities, Phase I

2023

- FEB: Dietrick Renovation
- APRIL: Data & Decision Sciences Building
- JULY: Corps Leadership & Military Sciences Building
- AUG: New Upper Quad Residence Hall
- AUG: Hitt Hall

2024

- Innovation Campus- Academic Building

Construction phase activity through December 31, 2021 - $180,025,000

APPROVAL OF YEAR-TO-DATE FINANCIAL PERFORMANCE REPORT

July 1, 2021 - December 31, 2021

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, 2021 through December 31, 2021 and the Capital Outlay report be approved.

April 4, 2022

VIRGINIA TECH

DISCUSSION OF FUTURE AGENDA TOPICS AND CLOSING REMARKS

ED BAINE

COMMITTEE CHAIR, FINANCE AND RESOURCE MANAGEMENT COMMITTEE

Joint Closed/Open Session Agenda

FINANCE AND RESOURCE MANAGEMENT COMMITTEE AND BUILDINGS AND GROUNDS COMMITTEES

11:30 a.m.

April 4, 2022

Joint Closed

		Agenda Item	**Reporting Responsibility**
	1.	Motion to Begin Closed Session	Sharon Brickhouse Martin
*	2.	Approval of Resolution for the Disposition of Real Estate	Ken Miller Chris Kiwus Bob Broyden

Joint Open

		Agenda Item	**Reporting Responsibility**
	1.	Motion to Reconvene in Open Session	Sharon Brickhouse Martin
	2.	Approval of Items Discussed in Closed Session	Ed Baine
*	3.	Approval of Resolution for a Long-term Lease for the Research Swing Space	Ken Miller Chris Kiwus Bob Broyden
*	4.	Approval of Resolution for a Long-term Lease for the Gilbert Street Project	Ken Miller Chris Kiwus Bob Broyden
*	5.	Approval of Resolution for Planning for the New Pamplin College of Business Building	Ken Miller Chris Kiwus Bob Broyden

* **Requires full Board approval.**

♦ **Discusses Enterprise Risk Management topic(s).**

Briefing Report

JOINT FINANCE AND RESOURCE MANAGEMENT COMMITTEE AND BUILDINGS AND GROUNDS COMMITTEE

April 4, 2022

Joint Closed Session

1. **Motion to Begin Closed Session**

* 2. **Approval of Resolution for the Disposition of Real Estate:** The Committees will review for approval a resolution for the disposition of real estate.

Joint Open Session

1. **Motion to Reconvene in Open Session**

2. **Approval of Items Discussed in Closed Session:** The Committees will review and approve the items discussed in closed session.

* 3. **Approval of Resolution for a Long-term Lease for the Research Swing Space:** The Committees will review a resolution for a long-term lease for the Research Swing Space.

   The university has developed plans to swing research programs temporarily displaced by campus building renovations to a new 68,000 gross square feet building in the Corporate Research Center (CRC), to be delivered by the Virginia Tech Foundation (Foundation). The new building will be completed by the end of 2022 to ensure uninterrupted continuity of research through the project.

   The total project budget for the project is $20 million, and the estimated annual lease costs are $2.07 million with an estimated present value debt impact of $20 million. The university has developed an entirely nongeneral fund resource plan to support the project's annual lease based on the financing and operating costs provided by the CRC.

   This request is for an authorization for Virginia Tech to enter into a long-term lease with the Virginia Tech Foundation for the Research Swing Space.

* 4. **Approval of Resolution for a Long-term Lease for the Gilbert Street Project:** The Committees will review for approval a resolution for a long-term lease for the Gilbert Street project.

   The Foundation is constructing an approximately 236,000 gross square feet

* **Requires full Board approval.**

building, referred to as the Gilbert Street project, which is expected to be ready for occupancy in early 2023. The university plans to lease approximately 197,000 gross square feet of the building to address three high priority goals: i) providing adequate and convenient space for student support, academic, and administrative units, ii) consolidating approximately $2.2 million of annual leases, and iii) vacating space in the Corporate Research Center for commercial clients.

The total budget for the university's portion of the project is $71.7 million with an estimated annual lease costs of $5.5 million and an estimated present value debt impact of $69 million. The university has developed an entirely nongeneral fund plan to support the annual lease costs that includes the redirection of current leases and nongeneral funds that have been budgeted for this initiative.

This request is to authorize Virginia Tech to enter into a long-term lease with the Virginia Tech Foundation for the Gilbert Street project.

* **5. Approval of Resolution for Planning for the New Pamplin College of Business Building:** The Committees will review for approval a resolution for planning the new Pamplin College of Business building.

The Campus Master Plan and the Six-Year Capital Outlay Plan include a new building for the Pamplin College of Business (College) as part of the Global Business and Analytics Complex (GBAC). The GBAC vision calls for two 350-bed Living-Learning residence halls and two academic buildings. The residence halls are included in the university's plans for the Student Life Village with a future site on the golf course. The academic components of the complex include the Data and Decision Sciences Building and a new building for the Pamplin College of Business.

The new Pamplin College of Business building is envisioned as an approximately 104,000 gross square feet, four story structure with an expanded, modern educational space that will connect with the Data and Decision Sciences Building through a common area.

The target total project budget is $80.8 million, and the funding plan calls for entirely nongeneral fund support. The funding sources include $40.4 million of private fund raising and $40.4 million of university nongeneral funds will be allocated by the university in a combination of cash and annual support for debt service. The private fund commitments have reached the necessary milestone and cash receipts are available and sufficient to cover the $8 million costs to complete planning through working drawings. Thus, the university is ready to request a planning authorization and begin design work.

This request is for authorization for Virginia Tech to plan the New Pamplin College of Business Building.

Motion to Reconvene in Open Session

FINANCE AND RESOURCE MANAGEMENT AND BUILDINGS AND GROUNDS COMMITTEES

April 4, 2022

WHEREAS, the Finance and Resource Management and Buildings and Grounds Committees 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 and Buildings and Grounds Committees that such closed meeting was conducted in conformity with Virginia Law;

NOW, THEREFORE, BE IT RESOLVED, that the Finance and Resource Management and Buildings and Grounds Committee of the Board of Visitors of Virginia Polytechnic Institute and State University hereby certify 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 and Buildings and Grounds Committees.

Items Discussed in Closed Session

FINANCE AND RESOURCE MANAGEMENT COMMITTEE AND BUIILDINGS AND GROUNDS COMMITTEE

April 4, 2022

Approval of Resolution for the Disposition of Real Estate

Recommendation: That the Committees approve the Resolution for the Disposition of Real Estate as submitted.

Resolution for a Long-Term Lease for the Research Swing Space

JOINT FINANCE AND RESOURCE MANAGEMENT COMMITTEE AND BUILDINGS AND GROUNDS COMMITTEE

February 18, 2022

The Campus Master Plan and the Six-Year Capital Outlay Plan list several future capital renovations to major instruction and research facilities including Randolph Hall, Hahn Hall, Robeson Hall, and Derring Hall. The university has developed plans to swing the instructional programs within these buildings to other locations on main-campus. The university does not have adequate space available to swing research activity on main-campus. The plan to accommodate temporarily displaced research programs is to construct a building in the Corporate Research Center (CRC) to serve as research swing space. As an illustration, the Randolph Hall replacement capital project (208-18502) is in design and expected to enter construction by summer 2023. The departments within this building generate sponsored research activity that accounts for more than $79 million in annual expenditures. To ensure uninterrupted continuity of research through the project, the university requires research swing space by early 2023.

Programming efforts demonstrate the university requires approximately 68,000 gross square feet (GSF) of swing space to accommodate wet and dry laboratories, graduate design and computer laboratories, faculty and staff offices, and other support spaces. To accomplish this, the university requested the Foundation to deliver a new 68,000 GSF building in the Corporate Research Center that will be completed by the end of 2022.

This long-term lease is included in the 2022-2028 Capital Outlay Plan, ratified November 7, 2021, and the University Debt Ratio and Debt Capacity Report, reviewed and accepted November 8, 2021. The total project budget for the project is $20 million, and the estimated annual lease costs are $2.07 million with an estimated present value debt impact of $20M. The university has developed an entirely nongeneral fund resource plan to support the project's annual lease based on the financing and operating costs provided by the CRC. This funding plan calls for use of research overhead to service the lease. The plan calls for the university to enter into its usual break-even lease arrangement with the Foundation for the entire facility at a rate sufficient to retire the debt and financing costs as well as cover normal operating expenses. After the costs of the property and improvements are retired, the lease will be adjusted to reflect the usual and customary property carrying costs.

Under the 2006 Management Agreement between the Commonwealth of Virginia and the University, the Board of Visitors has the authority to approve the budget, size, scope, and funding of nongeneral fund capital outlay projects, including long-term leases. This request is for authorization to enter into a long-term lease for the Research Swing Space facility.

RESOLUTION FOR A LONG-TERM LEASE FOR THE RESEARCH SWING SPACE

WHEREAS, Campus Master Plan and the Six-Year Capital Outlay Plan list capital renovations to several instruction and research facilities including Randolph Hall, Hahn Hall, Robeson Hall, and Derring Hall; and,

WHEREAS, to ensure uninterrupted continuity of the research programs through these future capital renovations, the university requires additional research swing space to house temporarily displaced units; and,

WHEREAS, the university determined the most effective and economical solution is the construction of a new 68,000 gross square foot building located in the Corporate Research Center that will be delivered and financed through the Foundation; and,

WHEREAS, the total project budget for Research Swing Space is $20 million; and,

WHEREAS, this long-term lease is included in the 2022-2028 Capital Outlay Plan, ratified November 7, 2021, and the University Debt Ratio and Debt Capacity Report, reviewed and accepted November 8, 2021; and,

WHEREAS, the university has a funding plan that calls for entering a long-term lease with the Foundation at a rate sufficient to retire the debt and financing costs and cover normal property carrying costs and operating expenses; and,

WHEREAS, the lease rate will be based on a break-even arrangement with the rates reverting to usual and customary property carrying costs after the facility costs are retired; and,

WHEREAS, the university has developed a nongeneral fund resource sufficient to support the full costs of the lease; and,

WHEREAS, under the 2006 Management Agreement between the Commonwealth of Virginia and Virginia Tech, the Board of Visitors has authority to approve the budget, size, scope, debt issuance, and overall funding of nongeneral funded major capital outlay projects, including long-term leases.

NOW, THEREFORE, BE IT RESOLVED, that Virginia Tech be authorized to enter into a long-term lease with the Virginia Tech Foundation for the Research Swing Space facility.

<u>RECOMMENDATION:</u>

That the above resolution authorizing Virginia Tech to enter into a long-term lease with the Virginia Tech Foundation for the Research Swing Space facility be approved.

April 4, 2022

Resolution of a Long-Term Lease for Research Swing Space

BOB BROYDEN
ASSOCIATE VICE PRESIDENT CAMPUS PLANNING & CAPITAL FINANCING

APRIL 4, 2022

Lease for Research Swing Space

- Future capital renovations including Randolph Hall, Hahn Hall, Robeson Hall, and Derring Hall require swing space accommodations.

- The solution for research swing space calls for construction of a new facility in the Corporate Research Center.

- Project included in the Six-Year Capital Outlay Plan and University Debt Report.

Virginia Tech Research Center Rendering

Lease for Research Swing Space

- **Size:** 68,000 gross square foot research laboratory facility
- **Location:** Corporate Research Center
- **Landlord:** Virginia Tech foundation
- **Project Costs:** $20 million, $294 per square foot
- **Annual Lease Costs:** $2 million, $29 per square foot
- **Funding Source:** University overhead funds
- **Occupancy:** Early 2023
- **Business Model:** Long-term lease rate based on a break-even arrangement with the rates reverting to usual and customary property carrying costs after the facility costs are retired.

Resolution for a Long-Tem Lease for the Research Swing Space

NOW, THEREFORE BE IT RESOLVED, that Virginia Tech be authorized to enter into a long-term lease with the Virginia Tech Foundation for the Research Swing Space facility.

RECOMMENDATION:

That the resolution authorizing Virginia Tech to enter into a long-term lease with the Virginia Tech Foundation for the Research Swing Space facility be approved.

APRIL 4, 2022

Resolution for a Long-Term Lease for the Gilbert Street Building

JOINT FINANCE AND RESOURCE MANAGEMENT COMMITTEE AND BUILDINGS AND GROUNDS COMMITTEE

February 17, 2022

The Virginia Tech Foundation's (Foundation) redevelopment plans for the area commonly known as Gilbert Street located at the north end in Blacksburg include an approximately 236,000 gross square feet (GSF) of new construction for retail, restaurant, and office space. The new building will be located adjacent to campus and next to the North End Center, an approximately 141,000 GSF building leased largely by the university. The Foundation expects the Gilbert Street building and be ready for occupancy in early 2023.

The Gilbert Street project presents an opportunity for the university to address three high priority goals: i) provide adequate and convenient space for student support, academic, and administrative units, ii) consolidate approximately $2.2 million of annual leases, and iii) vacate space in the Corporate Research Center for commercial clients. The university occupancy plan for the Gilbert Street building includes the following departments: Academic Excellence, Computer Science, Cook Counseling Center, Equity and Accessibility, Human Resources, Outreach and International Affairs, Vice President for Finance, and Budget Office. In total, the university's occupancy plan would consume approximately 197,000 GSF of the new building.

This long-term lease is included in the 2022-2028 Capital Outlay Plan, ratified November 7, 2021, and the University Debt Ratio and Debt Capacity Report, reviewed and accepted November 8, 2021. The total budget for the university's portion of the project is $71.7 million with an estimated annual lease costs of $5.5 million and an estimated present value debt impact of $69 million. The university has developed an entirely nongeneral fund plan to support the annual lease costs that includes the redirection of current leases and nongeneral funds that have been budgeted for this initiative. The plan calls for the university to enter into its usual break-even lease arrangement with the Foundation for the entire facility at a rate sufficient to retire the debt and financing costs as well as cover normal operating expenses. After the costs of the property and improvements are retired, the lease will be adjusted to reflect the usual and customary property carrying costs.

Under the 2006 Management Agreement between the Commonwealth of Virginia and the University, the Board of Visitors has the authority to approve the budget, size, scope, and funding of nongeneral fund capital outlay projects, including long-term leases. This request is for authorization to enter into a long-term lease with the Foundation for space in the Gilbert Street building.

RESOLUTION FOR A LONG-TERM LEASE FOR THE GILBERT STREET BUILDING

WHEREAS, the Foundation's redevelopment plans for the Gilbert Street project located at the north end in Blacksburg present a timely opportunity for the university to economically address critical space needs; and,

WHEREAS, the implementation plan calls for the Foundation to deliver approximately 197,000 gross square feet of office and student support space for the university; and,

WHEREAS, the total project budget for the university's portion of the Gilbert Street project is $71.7 million; and,

WHEREAS, this long-term lease is included in the 2022-2028 Capital Outlay Plan, ratified November 7, 2021, and the University Debt Ratio and Debt Capacity Report, reviewed and accepted November 8, 2021; and,

WHEREAS, the university has a funding plan that calls for entering a long-term lease with the Foundation for the university's portion of the facility at a rate sufficient to retire the debt and financing costs and cover normal operating expenses; and,

WHEREAS, the lease rate will be based on a break-even arrangement with the rates reverting to usual and customary property carrying costs after the building costs are retired; and,

WHEREAS, the university has developed an entirely nongeneral fund resource sufficient to support the full costs of the lease; and,

WHEREAS, under the 2006 Management Agreement between the Commonwealth of Virginia and Virginia Tech, the Board of Visitors has authority to approve the budget, size, scope, debt issuance, and overall funding of nongeneral funded major capital outlay projects, including long-term leases.

NOW, THEREFORE, BE IT RESOLVED, that Virginia Tech be authorized to enter into a long-term lease with the Virginia Tech Foundation for the Gilbert Street building.

RECOMMENDATION:

That the resolution authorizing Virginia Tech to enter into a long-term lease with the Virginia Tech Foundation for the Gilbert Street project be approved.

April 4, 2022

Resolution of a Long-Term Lease for the Gilbert Street Project

BOB BROYDEN

ASSOCIATE VICE PRESIDENT CAMPUS PLANNING & CAPITAL FINANCING

APRIL 4, 2022

Lease for Gilbert Street Project

- The Gilbert Street project is a collaboration of the Foundation and the university for a 236,000 GSF retail and office building.

- The university component is approximately 197,000 GSF of office and student support space and provides an economical solution to meet critical program space needs for multiple departments.

- Project included in the Six-Year Capital Outlay Plan and University Debt Report.

Gilbert Street Project

Lease for Gilbert Street Project

- **Size:** 197,000 gross square foot office space
- **Location:** North End, Gilbert Street
- **Landlord:** Virginia Tech foundation
- **Project Costs:** $71.7 million, $364 per square foot
- **Annual Lease Costs:** $5.5 million, $29 per square foot
- **Funding Source:** $2.2 million of lease consolidations and $3.3 million of planned E&G lease expenses for this project
- **Occupancy:** Early 2023
- **Business Model:** Long-term lease rate based on a break-even arrangement with the rates reverting to usual and customary property carrying costs after the facility costs are retired.

Resolution for a Long-Tem Lease for the Gilbert Street Project

NOW, THEREFORE BE IT RESOLVED, that Virginia Tech be authorized to enter into a long-term lease with the Virginia Tech Foundation for the Gilbert Street building.

RECOMMENDATION:

That the resolution authorizing Virginia Tech to enter into a long-term lease with the Virginia Tech Foundation for the Gilbert Street project be approved.

APRIL 4, 2022

Capital Project for Planning the New Pamplin College of Business Building

JOINT FINANCE AND RESOURCE MANAGEMENT COMMITTEE AND BUILDINGS AND GROUNDS COMMITTEE

February 20, 2022

The Campus Master Plan and the Six-Year Capital Outlay Plan include a new building for the Pamplin College of Business (College) as part of the Global Business and Analytics Complex (GBAC). The GBAC vision calls for two 350-bed Living-Learning residence halls and two academic buildings. The residence halls are included in the university's plans for the Student Life Village with a future site on the golf course. The academic components of the complex include the Data and Decision Sciences Building and a new building for the Pamplin College of Business. The site for the academic buildings is the northwest corner of campus near Prices Fork Road and West Campus Drive.

The Data and Decision Sciences Building is fully funded by the commonwealth and is currently under construction. The project for the new Pamplin College of Business building is envisioned as an approximately 104,000 gross square foot, four story structure that will connect with the Data and Decision Sciences Building through a common area and provide expanded, modern, educational space sufficient to meet demand for the business programs.

The target total project budget is $80.8 million, and the funding plan calls for entirely nongeneral fund support. The funding sources include $40.4 million of private fund raising and $40.4 million of university nongeneral funds will be allocated by the university in a combination of cash and annual support for debt service. Proceeding with planning for the project is conditioned on private fund commitments reaching a threshold and cash receipts being available and sufficient to support the costs to complete an entire design effort.

The private fund commitments have reached the necessary milestone and cash receipts are available and sufficient to cover the $8 million costs to complete planning through working drawings. Thus, the university is ready to request a planning authorization and begin design work.

Under the 2006 Management Agreement between the Commonwealth of Virginia and the university, the Board of Visitors has the authority to approve the budget, size, scope, and funding of nongeneral fund capital outlay projects. This request is for an $8 million planning authorization to complete working drawings for the new Pamplin College of Business Building project. A subsequent request for full funding may be submitted after designs are underway and a firm scope, cost, funding, and schedule for the entire project are determined.

RESOLUTION OF A CAPITAL PROJECT FOR PLANNING THE NEW PAMPLIN COLLEGE OF BUSINESS BUILDING

WHEREAS, the Campus Master Plan and the Six-Year Capital Outlay Plan include a new building for the Pamplin College of Business (College) as part of the Global Business and Analytics Complex; and,

WHEREAS, the academic component of the complex includes the Data and Decision Sciences Building that is fully funded by the commonwealth and is under construction, and a new building for the College; and,

WHEREAS, the project for the College is envisioned as an approximately 104,000 gross square foot, four story building as a companion structure to the Data and Decision Sciences building; and,

WHEREAS, the College private fund raising for the project and has received gifts and commitments sufficient to support the $8 million planning phase of the project; and,

WHEREAS, the university is requesting an $8 million planning authorization to complete working drawings and to fund the planning project with 100 percent nongeneral fund resources derived from private gifts; and,

WHEREAS, the university may submit a subsequent request for full project funding after designs are underway and a firm scope, cost, funding plan, and schedule for the entire project are determined; and,

WHEREAS, under the 2006 Management Agreement between the Commonwealth of Virginia and the university, the Board of Visitors has authority to approve the budget, size, scope, and funding of nongeneral funded major capital outlay projects.

NOW, THEREFORE, BE IT RESOLVED, that the university be authorized to move forward with an $8 million planning authorization to complete designs through working drawings for the New Pamplin College of Business Building.

RECOMMENDATION:

That the resolution authorizing Virginia Tech to plan the New Pamplin College of Business Building be approved.

April 4, 2022

Resolution of a Capital Project for Planning the New Pamplin College of Business Building

BOB BROYDEN

ASSOCIATE VICE PRESIDENT CAMPUS PLANNING & CAPITAL FINANCING

APRIL 4, 2022

New Pamplin College of Business Planning Project

The Campus Master Plan, Six-Year Capital Outlay Plan, and University Debt Report include a new building for the Pamplin College of Business as part of the Global Business and Analytics Complex.

New Business Building GBAC Rendering

New Pamplin College of Business Planning Project

- Scope: envisioned as a 104,000 gross square foot, four story structure
- Location: northwest corner of campus, connected to the Data and Decision Sciences building currently under construction
- Target total project budget: $80.8 million
- Requesting an $8 million planning authorization to complete working drawings for the project.
- Private fund sources are available and sufficient to support the entire planning budget

Resolution of a Capital Project for Planning The New Pamplin College of Business Project

NOW, THEREFORE BE IT RESOLVED, that the university be authorized to move forward with an $8 million planning authorization to complete designs through working drawings for the New Pamplin College of Business Building.

RECOMMENDATION:

That the resolution authorizing Virginia Tech to plan the New Pamplin College of Business Building be approved.

APRIL 4, 2022