

Committee Minutes

FINANCE AND RESOURCE MANAGEMENT COMMITTEE Latham A/B, The Inn at Virginia Tech August 25, 2020

Joint Closed Session with the Academic, Research, and Student Affairs Committee

Board Members Present: Ed Baine, Carrie Chenery, Greta Harris, Anna James, Tish Long, Melissa Nelson, Horacio Valeiras, Preston White

Virginia Tech Staff: Callan Bartel, Cyril Clarke, Jack Finney, Rachel Gabriele, Bryan Garey, Kay Heidbreder, Nancy Meacham, Ken Miller, Kim O'Rourke, Charlie Phlegar, Dwayne Pinkney, Ellen Plummer, Tim Sands

1. **Motion for Closed Session:** Motion to begin closed session.
2. **Discussion of Changes to and Ratification of Personnel Changes Report:** The Committees met in closed session to discuss proposed changes to the Personnel Changes Report and to review and ratify the quarterly Personnel Changes Report.

The Committees recommended the Personnel Changes Report to the full Board for approval.

Open Session

Board Members Present: Ed Baine, Shelley Barlow, Sharon Brickhouse Martin, Carrie Chenery, Greta Harris, C. T. Hill, Anna James, Eric Kaufman – Faculty Representative, Tish Long, Melissa Nelson, Camellia Pastore – Undergraduate Student Representative, Mehul Sanghani, Tamarah Smith – Staff Representative, Sabrina Sturgeon – Graduate Student Representative, Horacio Valeiras, Preston White

Virginia Tech Staff: Callan Bartel, Bob Broyden, Cyril Clarke, Al Cooper, John Cusimano, Kari Evans, Corey Earles, Bryan Garey, Kay Heidbreder, Tim Hodge, Lisa Lee, Nancy Meacham, Ken Miller, Justin Noble, Kim O'Rourke, Charlie Phlegar, Dwayne Pinkney, Menah Pratt-Clarke, Trudy Riley, Brandy Salmon, Tim Sands, Don Taylor, Tracy Vosburgh

Guests: Henri Gendreau

1. **Motion to Reconvene in Open Session:** Motion to begin open session.
2. **Opening Remarks**
3. **Consent Agenda:** The Committee considered for approval and acceptance the items listed on the Consent Agenda.
 - a. Approval of Items Discussed in Closed Session
 - b. Approval of Minutes of the May 29, 2020 Meeting
 - c. Report on Higher Education Restructuring Performance Measures: This report focused on finance and administrative performance standards results for fiscal year 2019. In July 2020, the university reported on the performance of the finance and administrative measures for fiscal year 2019 to the Secretaries of Finance, Administration, and Education. The assessment of the academic measures is conducted by State Council for Higher Education of Virginia (SCHEV).

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

The Creativity and Innovation District Living Learning Community has been authorized by the state to be financed for up to \$89.62 million plus amounts needed to fund issuance costs, reserve funds, and other financing expenses. The university has used commercial paper as short-term financing to date and will reimburse itself from the 9(c) bond proceeds.

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

The Committee approved the items on the Consent Agenda and recommended the Creativity and Innovation District Living Learning Community 9(c) Debt Financing Resolution and the Resolution to Adjust VT-ARC Affiliation Agreement to the full Board for approval.

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

The Rector requested that all Board members consider making donations to University Advancement, if they are able, so the 100% Board member philanthropic participation continues in fiscal year 2021.

5. **Update on Research:** The Committee received an update on research including an update on goals from fiscal year 2020 and notable achievements and results, a summary of the impact of COVID-19 on research, and leadership testimonials.
- ◆ 6. **Financial Update on COVID-19:** The Committee received an update on the financial impacts of the COVID-19 pandemic. The presentation included an overview of the university's response to the pandemic; the allocation of the Coronavirus Aid, Relief, and Economic Security (CARES) Act funds; and the remaining unknown impacts related to the pandemic for Fall semester of fiscal year 2021.
- * 7. **Approval of Resolution for Additional Lines of Credit:** The Committee reviewed for approval a resolution identifying authorized officers; approving the terms of proposals and the form of a credit agreement and promissory note; and authorizing the authorized officers to negotiate, execute, and deliver all necessary documents to obtain up to \$210 million of additional lines of credit.

The Committee recommended the Resolution for Additional Lines of Credit to the full Board for approval.

- * 8. **Approval of Year-to-Date Financial Performance Report (July 1, 2019 – June 30, 2020):** The Committee reviewed for approval the Year-to-Date Financial Performance Report for July 1, 2019 – June 30, 2020. The university successfully closed its fiscal year in accordance with guidance and requirements of the commonwealth. The Education and General budgets were balanced at year-end, with no operating deficit incurred. The Auxiliary Enterprises revenues were higher than projected due to interest earnings, orientation participation, student fees from higher than budgeted enrollments, and software sales. Auxiliary Enterprises expenditures were lower than projected due to the university holding back

expenses in response to the COVID-19 pandemic and the timing of incomplete projects.

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

The Committee recommended the Year-to-Date Financial Performance Report to the full Board for approval.

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

The Committee recommended the Resolution Establishing University Policy, 12111, Acceptance of Terms and Conditions Associated with Donations, Gifts, and Other Private Philanthropic Support to the full Board for approval.

- 10. **Update on the Implementation of the JLARC Recommendations:** The Committee received an update on the implementation of JLARC recommendations for broader spans of control. This update also provided an overview of the human resources milestones reached in 2019 and outlined human resources goals and objectives for 2020.
- 11. **Discussion of Future Agenda Topics and Closing Remarks:** The Committee discussed possible topics for future meetings and other topics as needed.

Joint Open Session with the Buildings and Grounds Committee

Board Members Present: Ed Baine, Shelley Barlow, Sharon Brickhouse Martin, Carrie Chenery, Greta Harris, C.T. Hill, Anna James, Eric Kaufman – Faculty Representative, Tish Long, Melissa Nelson, Camellia Pastore – Undergraduate Student Representative, Mehul Sanghani, Tamarah Smith – Staff Representative, Sabrina Sturgeon – Graduate Student Representative, Horacio Valeiras, Preston White

Virginia Tech Staff: Callan Bartel, Bob Broyden, Cyril Clarke, Al Cooper, John Cusimano, Corey Earles, Kevin Foust, Kay Heidbreder, Tim Hodge, Chris Kiwus, Nancy Meacham, Ken Miller, Liza Morris, Justin Noble, Kim O'Rourke, Mark Owczarski, Charlie Phlegar, Dwayne Pinkney, Menah Pratt-Clarke, Tim Sands, Dwyn Taylor, Jon Clark Teglas, Tracy Vosburgh

Guests: Henri Gendreau

1. **Approval of Resolution for Temporary Supplement for Planning the Undergraduate Science Laboratory Building:** The Committees reviewed for approval a resolution for a temporary supplement for planning the Undergraduate Science Laboratory Building. The university infused \$3.084 million of temporary nongeneral funds to complete preliminary designs in September 2017; these designs were completed and the funds were exhausted by January 2020. During fiscal year 2020, the university infused \$2.432 million of additional temporary funds to ensure continuity of the A/E design team and to complete working drawings, bringing the adjusted total budget to complete planning to \$5.516 million. The state has requested that Virginia Tech hold the \$2.432 million supplement authorization locally using its restructuring authority.

The entire \$5.516 million of temporary resources will be reimbursed by General Fund resources when the state appropriates construction funding for this project.

This request is for a capital planning authorization to hold a \$2.432 million supplement to adjust the temporary budget and funding for the Undergraduate Science Laboratory Building project to \$5.516 million.

The Committees recommended the Resolution for Temporary Supplement for Planning the Undergraduate Science Laboratory Building to the full Board for approval.

There being no further business, the meeting adjourned at 11:24 a.m.

*** Requires full Board approval.**