

## Committee Minutes

### FINANCE AND RESOURCE MANAGEMENT COMMITTEE

#### The Inn at Virginia Tech

August 30-31, 2021

#### Joint Open Session with the Buildings and Grounds Committee

August 30, 2021

**Board Members Present:** Sharon Brickhouse Martin, Shelley Butler Barlow, Carrie Chenery, Greta Harris, C. T. Hill, Tish Long, Phil Miskovic – Graduate Student Representative, Melissa Nelson, Chris Petersen, Horacio Valeiras, Robert Weiss – Faculty Representative, Preston White, Serena Young – Staff Representative

**Virginia Tech Personnel:** Mac Babb, Lynsay Belshe, Eric Brooks, Bob Broyden, Charlene Casamento, Cyril Clarke, Van Coble, Al Cooper, John Cusimano, Corey Earles, Jeff Earley, Alisha Ebert, Kari Evans, Michael Evans, Lance Franklin, Ron Fricker, Bryan Garey, Mark Gess, Alan Grant, Tony Haga, Wendy Halsey, Mary Helmick, Kay Heidbreder, Jim Hillman, Patrick Hilt, Elizabeth Hooper, Mary-Ann Ibeziako, Frances Keene, Chris Kiel, Chris Kiwus, Sharon Kurek, Jamie Lau, Jack Leff, Rob Mann, Meghan Marsh, Elizabeth McClanahan, Nancy Meacham, Ken Miller, Liza Morris, Saied Mostaghimi, Mike Mulhare, Justin Noble, Kim O'Rourke, Mark Owczarski, Dwayne Pinkney, Ellen Plummer, John Randolph, Tim Sands, Frank Shushok, Adam Smith, Ken smith, Don Taylor, Dwyn Taylor, Jon Clark Teglas, Tracy Vosburgh, Chris Yianilos

- \* 1. **Approval of Resolution for a Capital Project for Hitt Hall:** The Committees reviewed for approval the resolution for a capital project for Hitt Hall.

In 2017, the Board of Visitors approved a \$6 million planning authorization to design a multi-purpose facility to support doubling the size of the Building Construction academic program, increasing dining services, and increasing general assignment instruction space. The project design for the approximately 100,000 gross square foot facility is 65 percent complete, with an early site package expected to begin in October 2021 and the building construction package slated to start in January 2022.

The university estimates that the total project cost will be \$85 million, inclusive of all hard and soft costs. The funding plan for this project calls for \$25 million of private support, \$47 million of dining services revenues, and \$13 million of internal lease funding for the academic space. The timing of revenues results in the use of cash and approximately \$73 million of debt.

This request is for approval of a \$79 million supplement to the existing \$6 million authorization for an adjusted \$85 million authorization to complete the construction of the Hitt Hall project.

The Committees recommended the Resolution for a Capital Project for Hitt Hall to the full Board for approval.

There being no further business, the meeting adjourned at 5:16 p.m.

### **Open Session**

August 31, 2021

**Board Members Present:** Sharon Brickhouse Martin, Shelley Butler Barlow, Carrie Chenery, Paolo Fermin – Undergraduate Student Representative, Greta Harris, C. T. Hill, Tish Long, Phil Miskovic – Graduate Student Representative, Melissa Nelson, Chris Petersen, Horacio Valeiras, Robert Weiss – Faculty Representative, Preston White, Serena Young – Staff Representative

**Virginia Tech Personnel:** Callan Bartel, Lynsay Belshe, James Bridgeforth, Eric Brooks, Bob Broyden, Charlene Casamento, Cyril Clarke, Lance Collins, Al Cooper, David Crotts, John Cusimano, Jon Deskins, Corey Earles, Alisha Ebert, Kari Evans, Lance Franklin, John Forte, Bryan Garey, Luisa Havens Gerardo, Rebekah Gunn, Kay Heidbreder, Mary Helmick, Jim Hillman, Tim Hodge, Elizabeth Hooper, Frances Keene, Chris Kiwus, Sharon Kurek, Elizabeth McClanahan, Nancy Meacham, Ken Miller, Terri Mitchell, Justin Noble, Kim O'Rourke, Mark Owczarski, Charlie Phlegar, Dwayne Pinkney, Ellen Plummer, Menah Pratt-Clarke, Julia Ross, Robin Queen, Tim Sands, Adam Smith, Ken Smith, Dan Sui, Don Taylor, Jon Clark Teglas, Tracy Vosburgh

1. **Welcome and Opening Remarks:** The acting 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 June 8, 2021 Meeting**

- \* **b. Approval of Falls Church Property Acquisition 9(d) Debt Financing Resolution:** This debt financing resolution is for the Falls Church property acquisition. The total \$11.08 million project will be funded entirely by 9(d) debt. Debt service for the project will be covered by redirecting retired debt service from the original Falls Church project.

The Committee approved the items on the Consent Agenda and recommended the Falls Church Property Acquisition 9(d) Debt Financing Resolution to the full Board for approval.

- ◆ 3. **Comprehensive Update on Advancement:** The Committee received a comprehensive presentation from University Advancement on the year-end giving results for fiscal year 2021. This presentation also included an update on alumni participation and growth trends; an overview of the Enterprise Risk landscape and mitigation strategies; and a summary of near-term focus areas for fundraising priorities such as the athletics *Reach for Excellence* campaign, Innovation Campus, and the Sesquicentennial and the ongoing Boundless Impact campaign.
- \* 4. **Approval of Authorization of General Banking Resolution:** The Committee reviewed for approval an authorization of general banking resolution. This resolution authorizes the President, Senior Vice President and Chief Business Officer, or the University Treasurer, or their designees, to transact the day-to-day banking duties on behalf of the university.

The Committee recommended the Authorization of General Banking Resolution to the full Board for approval.

- ◆ 5. **Update on the Financial Impacts Caused by the COVID-19 Pandemic:** The Committee received an update on the financial impacts caused by the COVID-19 pandemic. This update provided an overview of the impacts from fiscal year 2020 and fiscal year 2021; the risks and uncertainty of potential impacts in fiscal year 2022; the remaining federal funding available to address financial impacts of the pandemic; and the Enterprise Risk landscape and mitigation strategies.
- 6. **Related Corporations Performance – Update on Virginia Tech – Applied Research Corporation:** The Committee received an update on the performance of the Virginia Tech - Applied Research Corporation (VT-ARC), a Virginia Tech related corporation, from John Forte, the president and chief executive officer. The mission of this corporation is to deliver tailored analysis, research, and engineering to address problems of national and global importance. VT-ARC specializes in applied research, translational research, technical services, and commercialization.

This update provided an overview of VT-ARC's defining work and affiliations, the VT-ARC "Research Ecosystem" Approach, strategic priorities for fiscal years 2022 through 2024, leadership and organizational structure, the overall financial picture, an in-depth program analysis, research and technical services exemplars, and future initiatives.

- \* 7. **Approval of Resolution Authorizing Changes to the Commercial Paper Program:** The Committee reviewed for approval a resolution authorizing changes to the existing commercial paper program. The proposed resolution increases the authorized use of commercial paper from \$120 million to \$175 million; authorizes the university to issue its own commercial paper on a tax-exempt or taxable basis in an aggregate principal amount up to \$175 million; authorizes the university to enter into one or more line(s) of credit in an aggregate principal amount of up to \$175 million; and authorizes the university to enter into one or more commercial paper broker-dealer agreement(s) provided that the line of credit and broker-dealer terms are at least as favorable as those presented to the Board.

This resolution also authorizes the Vice President for Finance, and the University Treasurer, in consultation with the Chief Business Officer, to negotiate, execute, deliver, and enter into extensions and amendments of all certificates, documents, and instruments related to the commercial paper program.

The Committee recommended the Resolution Authorizing changes to the Commercial Paper Program to the full Board.

- \* 8. **Approval of Year-to-Date Financial Performance Report (July 1, 2020 – June 30, 2021):** The Committee reviewed for approval the Year-to-Date Financial Performance Report for fiscal year ending June 30, 2021. The university successfully closed its fiscal year in accordance with guidance and requirements of the commonwealth. The Educational and General budgets were balanced at year-end, with no operating deficit incurred. The Educational and General program experienced higher than projected net tuition revenue due to savings in scholarship and codified waivers, and lower than projected revenues in continuing education and animal cancer care programs. Expenditures in the Educational and General and Auxiliary Enterprise programs were lower than projected due to timing delays as a result of the essential spending order in response to the COVID-19 pandemic.

For year-ended June 30, 2021, \$109.2 million was expended for Educational and General capital projects, and \$64.3 million was expended on Auxiliary Enterprises capital projects. The cumulative capital outlay expenditures for year-ended June 30, 2021 totaled \$173.5 million against an annual budget of \$223.3 million.

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

9. **Discussion of Future Agenda Topics and Closing Remarks:** The acting Chair requested input on future agenda topics.

There being no further business, the meeting adjourned at 11:47 a.m.

**\* Requires full Board approval.**

**◆ Discusses Enterprise Risk Management topic(s).**