

VIRGINIA STATE UNIVERSITY
BOARD OF VISITORS
Petersburg, Virginia 23806

MINUTES
Thursday, September 16, 2010

CALL TO ORDER

Mr. Felix Davis, Jr., Rector, called the meeting of the Virginia State University Board of Visitors (“Board”) to order in the Board Room in Virginia Hall at 1:00 p.m.

ROLL CALL

A quorum was present.

Board Members Present:

Mr. Felix Davis, Jr., Rector
Ms. Katherine E. Busser, Vice Rector (*absent*)
Brigadier General (RET) Alfred J. Cade, Secretary
Mr. Jerry B. Bias (*absent*)
Mr. Harry Black
Mr. Allyn Myles Carnam
Ms. Erika T. Davis
Dr. Mary Hatwood Futrell
Ms. Catherine H. Gillespie (*absent*)
Ms. Maureen D. Massey
Mr. E. Ray Murphy
Ms. Daphne M. Reid
Mr. James H. Starkey, III (*via teleconference*)
Ms. Barbara Steverson
Mr. Spencer L. Timm
Dr. Ben U. Nwoke, Faculty Member Representative
Ms. LaJessica Stringfellow, SGA Representative

Administration Present:

Dr. Keith T. Miller, President
Dr. W. Weldon Hill, Vice President for Academic Affairs
Dr. Michael M. Shackelford, Vice President for Student Affairs
Dr. Robert L. Turner, Jr., Vice President for Development
Mr. David J. Meadows, Vice President for Administration and Finance
Mr. Cortez K. Dial, Chief of Staff
Dr. Elliott L. Wheelan, Associate Vice President for Human Resources
Ms. Joanne Curtis Taylor, Chief Audit Executive
Ms. Gwen Williams Dandridge, Administrative Policy Advisor to the President

Legal Counsel Present:

Mr. Roscoe C. Roberts, University Legal Counsel
Ms. Bonnie N. Degen, Legal Assistant, University Legal Counsel
Ms. Christy G. Brown, Paralegal, University Legal Counsel

Other Attendees:

Dr. Wondi Mersie, Associate Dean and Director of Research, Agriculture Research Station
Ms. Allison Lenard, Sungard (Banner)
Mr. Travis Edmonds, Office of Information Technology
Ms. Nia Thompson, Presidential Intern

OPENING REMARKS

Mr. Starkey confirmed that he was located at 121 Plumb Point, Deer Isle, Maine, which was fully accessible to the public, as required by the Virginia Freedom of Information Act (FOIA).

The Rector asked all present to pause for a moment of reverent silence.

Mr. Davis introduced and welcomed the new Board members, and Student Representative to the Board: Mr. Harry Black, Mr. Allyn Carnam, Ms. Catherine Gillespie and Ms. LaJessica Stringfellow. The Rector acknowledged the reappointments of Mr. E. Ray Murphy and Mr. James H. Starkey, III. Mr. Davis expressed sincere gratitude towards departing Board members: Dr. Earnest J. Edwards, Mr. Richard D. Legon, Mr. Christopher H. Holden, and Student Representative to the Board, Ms. Cassandra Campbell, for their service to the University.

PRESIDENT'S STATEMENT

President Miller began by introducing Ms. Nia Thompson, Presidential Intern, Senior, Business Management Major, and Captain of the Lady Trojans Basketball team, and asked that she give the Board a snapshot of student life at the University.

The President highlighted four areas of importance: establishing an agenda to focus on the priorities and direction of the University; his desire to communicate and interact fully with Board members; team and relationship building, and its importance to the mission of the University; and declaring short term priorities. The President stated that the cause is not Virginia State University, it is Virginia, and the University is a mechanism to reach the goals of state administrators.

Dr. Miller discussed the VSU Package: a systematic approach to create a quality array of complimentary programs that will enhance the programs now in existence at VSU. The package includes the following proposed academic programs and facilities: a law school, a veterinary medicine program, a medical/physician assistant program, and the Multipurpose Center.

The proposed law school was a part of the VSU 20/20 Vision Plan, and President Miller requested that a feasibility study be conducted to determine the market and demand. The Law School program will be a part-time program to serve working adults. Currently, there are no part-time programs within two hours of VSU. The population will not affect the surrounding law schools due to it appealing to an entirely different market. This will also provide an opportunity to incorporate the teaching of social justice.

The President also discussed: enhancing the University's Agricultural Program as it relates to veterinary medicine, the major shortage in large animal veterinarians, and how the University could benefit from looking into this area of study.

Medical/physician assistant programs are growing in demand, with shortages noted regionally and nationally. Pursuing this will give the University the opportunity to partner with ten local hospitals; and will tie directly into nationwide Science, Technology, Engineering, and Math (STEM) initiatives.

The University's Multipurpose Center will support community and economic development as well as serve as a source of additional revenue.

In summary, the programs will add to the professions that are in demand, create and infuse jobs into the southern region of Virginia, fuel the middle class, enhance the quality of life, support and promote economic growth, harbor community and university relationships, and serve underserved populations. Mr. Starkey applauded and fully supported the VSU Package and stressed the importance of high quality programs to ensure that the students of Virginia State University receive the best quality education while attending the University.

The President further discussed enhancing education and working diligently on the University's relationship with the military.

Dr. Futrell moved to authorize President Miller to proceed with the programmatic concepts of the three VSU Package initiatives: the law school program, the veterinary medicine program, and the medical/physician assistant program, which will be presented to the Board at a later date. The motion was seconded by Mr. Starkey, and carried by roll call voice vote.

The Rector adjourned the meeting of the Board at 2:26 p.m. for concurrent committee sessions.

Board Meeting
Friday, September 17, 2010

CALL TO ORDER

Mr. Felix Davis, Jr., Rector, called the meeting of the Virginia State University Board of Visitors (“Board”) to order in the Board Room in Virginia Hall at 8:29 a.m. Committee meetings were held on Thursday afternoon and the Board’s Committee Chair reports from those meetings are included in these minutes.

ROLL CALL

A quorum was present.

Board Members Present:

Mr. Felix Davis, Jr., Rector
Ms. Katherine E. Busser, Vice Rector (*absent*)
Brigadier General (RET) Alfred J. Cade, Secretary
Mr. Jerry B. Bias (*absent*)
Mr. Harry Black
Mr. Allyn Myles Carnam
Ms. Erika T. Davis (*arrived 8:39*)
Dr. Mary Hatwood Futrell
Ms. Catherine H. Gillespie (*absent*)
Ms. Maureen D. Massey
Mr. E. Ray Murphy
Ms. Daphne M. Reid
Mr. James H. Starkey, III (*via teleconference*)
Ms. Barbara Steverson
Mr. Spencer L. Timm (*departed 11:20 a.m.*)
Dr. Ben U. Nwoke, Faculty Member Representative
Ms. LaJessica Stringfellow, SGA Representative (*absent*)

Administration Present:

Dr. Keith T. Miller, President
Dr. W. Weldon Hill, Vice President for Academic Affairs
Dr. Michael M. Shackelford, Vice President for Student Affairs
Dr. Robert L. Turner, Jr., Vice President for Development
Mr. David J. Meadows, Vice President for Administration and Finance
Mr. Cortez K. Dial, Chief of Staff

Dr. Elliott L. Wheelan, Associate Vice President for Human Resources
Ms. Joanne Curtis Taylor, Chief Audit Executive
Ms. Gwen Williams Dandridge, Administrative Policy Advisor to the President

Legal Counsel Present:

Mr. Roscoe C. Roberts, University Legal Counsel
Ms. Bonnie N. Degen, Legal Assistant, University Legal Counsel
Ms. Christy G. Brown, Paralegal, University Legal Counsel

Other Attendees:

Travis Edmonds, Office of Information Technology

OPENING REMARKS

Mr. Starkey confirmed that he was located at 121 Plumb Point, Deer Isle, Maine, which was fully accessible to the public, as required by the Virginia Freedom of Information Act (FOIA).

The Rector asked all present to pause for a moment of reverent silence.

APPROVAL OF MINUTES

Mr. Davis called for approval of the minutes of the Board meeting held April 15-16, 2010 and the Special Call Board meeting held May 16, 2010. A motion for their approval was made by Dr. Futrell, seconded by Ms. Steverson, and the minutes were approved by roll call voice vote.

PRESIDENT'S STATEMENT

President Miller expressed his gratitude to the Board for their support of the VSU Package feasibility studies, which sets the tone for forward thinking and creative opportunities as the University moves forward.

The President discussed university opportunities: expansion of distance education, dual enrollment opportunities, military relationships, partnerships with two year colleges, and the Commonwealth Center for Aerospace Propulsion Systems (CCAPS) Rolls Royce Higher Education Business Partnership.

COMMITTEE REPORTS

Academic and Student Affairs

Dr. Mary Hatwood Futrell, Chair of the **Academic and Student Affairs Committee**, asked Dr. W. Weldon Hill to give an overview on emerging academic and accreditation matters. Dr. Hill discussed the three upcoming accreditations: Commission on Accreditation for Dietetics Education (CADE) reaffirmation of accreditation, Accreditation Commission for Programs in Hospitality Administration (ACPHA) reaffirmation of accreditation, and Notice of Confirmation of Accreditation from the Accreditation Board for Engineering and Technology (ABET) for the Bachelors of Science Program in Computer Science.

Dr. Hill discussed the University's efforts in trying to retrofit into the very exacting 2006 Virginia Information Technology Agency (VITA) standards. The University is currently in the midst of a transition between Information Technology (IT) vendors Sungard and Verizon which is going well. Work is diligently underway to address disaster recovery deficiencies and risks. Strategic planning for IT operations is currently in process. Dr. Hill anticipated the University's 24 hour restart capability will be effective October 30, 2010.

On behalf of the committee, Dr. Futrell moved for approval the Professor Emeritus deadline extension to the end of December 2010 for the fourteen faculty members who are up for consideration. The motion carried by roll call voice vote.

Dr. Hill discussed academic restructuring and specifically, the University's efforts to facilitate the quality of programs, to get the University in a position to raise funds, and to ensure the University is in accord with the mission of the Commonwealth especially with consideration to STEM disciplines. Discussion ensued.

On behalf of the committee, Dr. Futrell moved for approval the development of an academic reorganization/restructuring plan to be presented to the Board before the end of the academic year. The motion carried by roll call voice vote.

On behalf of the committee, Dr. Futrell moved for approval the Bachelor of Music Degree with an Emphasis in Sound Recording Technology. The motion carried by roll call voice vote.

On behalf of the committee, Dr. Futrell moved for approval the sabbatical leave request for Dr. Shobha Sriharan. The motion carried by roll call voice vote.

Mr. Cortez Dial, Chief of Staff, highlighted, and Dr. Futrell moved for approval, on behalf of the committee, the University's Emergency Operations Plan. The motion carried by roll call voice vote.

Mr. Felix Davis, Rector, stated for the record that all Virginia State University Board of Visitors meetings are open to the public unless they are declared closed pursuant to § 2.2-3711 of the *Code of Virginia*.

Resource and Governance Committee

Ms. Daphne M. Reid, Chair of the **Resource and Governance Committee**, highlighted the productive committee meeting, and the need to establish a strategic plan to decide the interim goals and how to subjectively and objectively evaluate them once they have been determined.

Facilities, Finance, and Audit Committee

Mr. E. Ray Murphy, Chair of the **Facilities, Finance and Audit Committee**, reiterated that the University must operate without a deficit at all times.

Mr. Murphy highlighted the four non-general fund amendments to the 2012 budget: Student Financial Assistance Undergraduate \$1,100,000, Sponsored Programs \$1,500,000, Non-General Fund Appropriation \$4,050,000, and Capital Outlay \$30,815,901. Mr. David J. Meadows, Vice President for Administration and Finance, highlighted the successful Quad I construction project, and stated that upon completion it will be one of three LEED Gold Residence Halls in the Commonwealth of Virginia. Discussion ensued.

Mr. Murphy discussed the Full Cost Report from the State Council of Higher Education for Virginia (SCHEV) which certified that all State colleges are meeting the SCHEV requirement of charging 100% of tuition as calculated through base adequacy guidelines adopted and periodically amended by the Joint Subcommittee Studying Higher Education Funding Policies. Virginia State University is currently at 112%, which is the lowest with the average being 151%. Discussion ensued.

Mr. Murphy indicated that all of the Auditor of Public Account's audit items have been addressed, or will be addressed by the end of the year.

Mr. Meadows discussed the records management and storage process and future storage options for the University.

On behalf of the committee, Mr. Murphy moved for reaffirmation of the Audit Committee Charter. The motion carried by roll call voice vote.

On behalf of the committee, Mr. Murphy moved for reaffirmation of the Internal Audit Charter. The motion carried by roll call voice vote.

The committee had a discussion in reference to the Definition of the Internal Auditing, the Institute of Internal Auditing Standards, the Internal Audit Department's Code of Ethics, and the landscape of university risk.

Discussion regarding IT governance ensued, and different models were noted, including the oversight structure in the Board of Visitors Bylaws. The Board requested that the Administration review the organizational structure regarding IT and report back to the Board.

On behalf of the committee, Mr. Murphy moved for approval of the Annual Internal Audit Plan and Goals and Objectives. The motion carried by roll call voice vote.

Development Committee

Ms. Maureen D. Massey reported on behalf of the **Development Committee**, and moved for approval on behalf of the committee the Reginald F. Lewis Endowed Fund. The motion carried by roll call voice vote.

On behalf of the committee, Ms. Massey moved for approval of the James E. and Wilma G. Hunter Endowed Scholarship Fund. The motion carried by roll call voice vote.

In January 2010, the Capital Campaign goal was increased to 33 million dollars, and the University has currently raised over 27 million dollars. Plans are underway to close the current campaign and start the next campaign.

Ms. Massey discussed and highlighted the revisions to: Policy: 4010 Policy and Procedures Governing the Solicitation and Acceptance of Gifts, Policy: 4020 Endowment Investment and Spending Policy, and Policy: 4030 Board Support of Fundraising Initiatives.

Transition Committee

Dr. Robert Turner provided an update on behalf of the **Transition Committee**. He also highlighted notable accomplishments of the committee, upcoming meetings and events, and the results of the Presidential Transition Survey. The proposed date for the Presidential Inauguration is March 25, 2011.

On behalf of the committee, Ms. Massey moved that the Board accept the report of the Transition Committee. The motion carried by roll call voice vote.

MISCELLANEOUS

Mr. Spencer Timm moved for approval resolutions honoring the service of the following departing Board members: Dr. Earnest J. Edwards, Mr. Christopher H. Holden, Mr. Richard D. Legon, and Student Representative to the Board, Ms. Cassandra Campbell. The motion was seconded by Ms. Reid, and carried by roll call voice vote.

CLOSED SESSION

In accordance with §§ 2.2-3711(A)(1), (A)(7) and (A)(10) of the *Code of Virginia*, the Board convened in closed session at 11:12 a.m. to discuss personnel matters, consultation with legal counsel, and discussion or consideration of honorary degrees or special awards. The motion provided that President Keith T. Miller, Roscoe C. Roberts, University Legal Counsel, and Dr. W. Weldon Hill attend the closed meeting as their presence was deemed necessary to aid the Board in its deliberations.

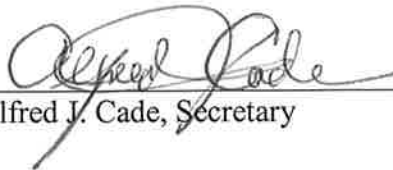
The Board reconvened in open session at 11:23 a.m., in accordance with § 2.2-3712(D) of the *Code of Virginia*. BG (RET) Cade conducted the poll in which all Board members certified that the Board only discussed personnel matters, consulted with legal counsel, and discussed or considered honorary degrees or special awards, as authorized by law. All Board members present certified compliance with the Freedom of Information Act.

On behalf of the Academic and Student Affairs Committee, Dr. Futrell moved for approval the Honorary Degrees for Mr. Earl Stafford and Mr. Preston Royster. The motion carried by roll call voice vote.

There being no further business, the Rector adjourned the meeting of the Board at 11:26 a.m.



Felix Davis, Jr., Rector



Alfred J. Cade, Secretary

11-12-10

Date

12 Nov 2010

Date

**VIRGINIA STATE UNIVERSITY
BOARD OF VISITORS**

RESOLUTION ADOPTING THE EMERGENCY OPERATIONS PLAN

SEPTEMBER 17, 2010

WHEREAS, the Board of Visitors of Virginia State University is concerned with the health and well-being of its students, faculty and staff and desires that the best possible emergency service be available to them; and the President is concerned with the health and well-being of its students, faculty, staff and visitors and desires that the best possible emergency service be available to them; and

WHEREAS, § 23-9.2:9 of the *Code of Virginia* requires that each public institution of higher education shall develop, adopt, and keep current a written crisis and emergency management plan; that every four years, each institution shall conduct a comprehensive review and revision of its crisis and emergency management plan to ensure the plan remains current; that the revised plan shall be adopted formally by the board of visitors or other governing body; that such review shall be certified in writing to the Department of Emergency Management; and

WHEREAS, such a plan has been developed by University staff in coordination with the Virginia Department of Emergency Management, with input from University departments and the area emergency management agencies;

NOW, THEREFORE, BE IT RESOLVED the Board of Visitors on this 17th day of September, 2010, does hereby officially adopt the University's Emergency Operations Plan, to include plans and procedures for both natural and man-made disasters.



Felix Davis, Jr., Rector
9/17/10

Date



Al Cade, Secretary
9/17/10

Date

VIRGINIA STATE UNIVERSITY
Petersburg, Virginia

Resolution of
The Board of Visitors of
Virginia State University
Audit Committee Charter
April 13, 2007
Reaffirmation September 17, 2010

WHEREAS, the primary purpose of the Audit Committee is to assist the Board of Visitors in discharging its oversight responsibilities; and

WHEREAS, the Audit Committee will review the University's financial accounting and reporting processes, assess the effectiveness of the systems of internal control and risk management, governance, internal and external audit processes, and the University's process for monitoring compliance with laws and regulations and the Code of Ethics; and

WHEREAS, the Audit Committee Charter prescribes the purpose, authority, composition, meeting schedule, responsibilities, independent oversight of internal audit, relationship with external auditors, review of the effectiveness of compliance monitoring by management, reporting and other responsibilities assigned to members of the Audit Committee; and

WHEREAS, the Board of Visitors has reviewed the Audit Committee Charter; and

NOW THEREFORE BE IT RESOLVED THAT the Board of Visitors of Virginia State University reaffirms the Audit Committee Charter.

BE IT FINALLY RESOLVED that the Audit Committee should continue effective efforts designed to assist the Board of Visitors in discharging its oversight responsibilities and to keep the Board of Visitors informed of matters of importance.



Felix Davis, Jr., Rector

9/17/10

Date



Al Cade, Secretary

9/17/10

Date

VIRGINIA STATE UNIVERSITY
Petersburg, Virginia

Resolution of
The Board of Visitors of
Virginia State University
Internal Audit Charter
September 11, 2009
Reaffirmation September 17, 2010

WHEREAS, the Facilities, Finance and Audit Committee, a subcommittee of the Board of Visitors, shall have control and oversight over all facilities of the University and financial affairs, and

WHEREAS, the Committee will review the University's financial accounting and reporting processes, assess the effectiveness of the systems of internal control and risk management, governance, internal and external audit processes, and the University's process for monitoring compliance with laws and regulations and the Code of Ethics; and

WHEREAS, the Committee's Charter prescribes the independent oversight of internal audit and the approval and annual review of the Internal Audit Department Charter, and

WHEREAS, the Institute of Internal Auditors' Standards require the Internal Audit Department Charter to be periodically reviewed and presented to senior management and the Board for approval.

THEREFORE BE IT FINALLY RESOLVED THAT the Facilities, Finance, and Audit Committee of the Board of Visitors of Virginia State University, the Board of Visitors, and the President approve the Internal Audit Department Charter.



Felix Davis, Jr.
Rector



Al Cade
Secretary



Dr. Keith T. Miller
President

9/17/10

Date

VIRGINIA STATE UNIVERSITY
Petersburg, Virginia

Resolution of
The Board of Visitors of
Virginia State University
To Approve
The Annual Internal Audit Plan and Goals and Objectives
September 17, 2010

WHEREAS, the Chief Audit Executive has prepared the fiscal year 2011 Internal Audit Plan and related Goals and Objectives based upon the results of a risk assessment and in concert with the Institute of Internal Auditors' Standards for the International Professional Practice of Internal Auditing, with consideration of input provided by the Board of Visitors, President, senior management of the University, and the Internal Audit staff; and

WHEREAS, the Chief Audit Executive will propose a new audit plan each fiscal year that reflects the current risk environment at the University; and

WHEREAS, the Board of Visitors, with input from the Chair of the Facilities, Finance and Audit Committee and the Chief Audit Executive, may find it necessary to modify the audit plan scope of work and/or allocate Internal Audit Department resources to other areas based upon new discovery or vulnerability; and

WHEREAS, the Board of Visitors has reviewed the proposed fiscal year 2011 Internal Audit Plan and related Goals and Objectives, and

NOW, THEREFORE, BE IT RESOLVED that the Board of Visitors of Virginia State University approve the fiscal year 2011 Internal Audit Plan and related Goals and Objectives.



Felix Davis, Jr.
Rector



Al Cade
Secretary

9/17/10

Date

VIRGINIA STATE UNIVERSITY
Petersburg, Virginia
Resolution of
The Board of Visitors of
Virginia State University
to
Confirm the Acceptance of the
Reginald F. Lewis Endowed Fund

WHEREAS, on June 29, 2010, Virginia State University received a \$1,000,000 grant from the Reginald F. Lewis Foundation, Inc. for the naming of the School of Business and the establishment of an endowment fund; and

WHEREAS, the initial grant of \$1,000,000 will be supplemented by two additional annual installments of \$250,000 conditioned upon VSU's satisfactory compliance with the requirements memorialized in the "reporting" provision of the agreement executed to memorialize this grant; and

WHEREAS, the Board of Visitors is desirous that the School of Business naming opportunity be funded at a minimum level of \$3,000,000; and

WHEREAS, through matching federal funds and additional fundraising, the University will engage in its own efforts to reach the \$3,000,000 naming opportunity level; and


WHEREAS, Mr. Reginald F. Lewis was a 1965 graduate of Virginia State University who achieved outstanding success as a businessman and left a legacy of philanthropy; and

WHEREAS, the fund is for the purpose of providing financial aid to students enrolled at Virginia State University; providing support for student travel related to academic pursuits; providing support for faculty travel related to academic discipline sabbaticals; and to reward a student upon graduation who demonstrates the highest level of academic improvement from sophomore year through senior year; and

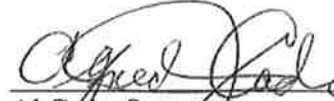
WHEREAS, § 23-170 of the *Code of Virginia* states that "[t]he board shall have power to take, hold, receive and enjoy any gift, grant, devise or bequest to the Visitors of Virginia State University or to or for the benefit of the University. Any such gift, grant, devise or bequest shall be used for the purposes designated by the donor, if any, or, if no purposes are so designated, for the general purposes of the board."

NOW, THEREFORE, BE IT RESOLVED, that the Board of Visitors of Virginia State University confirms receipt and acceptance of the grant on its behalf and directs that the specific grant be noted and filed with the permanent records in the Office of Development; and be it

FURTHER RESOLVED, that this grant will be invested with Virginia State University for the establishment of the Reginald F. Lewis Foundation Endowed Fund.


Felix Davis, Jr., Rector

Date


Al Cade, Secretary

Date

VIRGINIA STATE UNIVERSITY
Petersburg, Virginia
Resolution of
The Board of Visitors of
Virginia State University
to
Confirm the Acceptance of the
James E. and Wilma G. Hunter Endowed Scholarship Fund

WHEREAS, Virginia State University has received a \$10,000.00 gift from James E. and Wilma G. Hunter for the establishment of an endowment fund; and

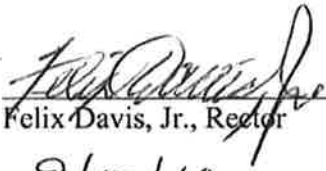
WHEREAS, Dr. James E. Hunter is currently employed at Virginia State University where he serves as Vice Provost for Academic Affairs, and Mrs. Wilma G. Hunter is a retiree from the Chesterfield County Public Schools; and

WHEREAS, the fund is solely for the purpose of attracting and providing financial awards for students enrolled and matriculating at Virginia State University; and

WHEREAS, § 23-170 of the *Code of Virginia* states that “[t]he board shall have power to take, hold, receive and enjoy any gift, grant, devise or bequest to the Visitors of Virginia State University or to or for the benefit of the University. Any such gift, grant, devise or bequest shall be used for the purposes designated by the donor, if any, or, if no purposes are so designated, for the general purposes of the board.”

NOW, THEREFORE, BE IT RESOLVED, that the Board of Visitors of Virginia State University confirms receipt and acceptance of the gift on behalf of the Board of Visitors and that the specific gift be noted and filed with the permanent records in the Office of Development; and be it

FURTHER RESOLVED, that this grant will be invested with Virginia State University for the establishment of the James E. and Wilma G. Endowed Fund.



Felix Davis, Jr., Rector
9/17/10

Date



Al Cade, Secretary
9/17/10

Date

Virginia State University
Policies Manual

Title: Policy and Procedures Governing the Solicitation and Acceptance of Gifts

Policy: 4010

Purpose

The intent of this policy is to provide direction in the solicitation, establishment and overall administration of University funds.

General

The University shall only solicit funds in accordance with the guidelines established by the Virginia State University Board of Visitors, and in accordance with Law. See, for example, Section 4-2.01 of the Appropriation Acts governing the solicitation and acceptance of donations, gifts and grants.

The University shall generally accept all funds provided to the University so long as the terms and conditions are in compliance with the mission of the University and provided the President has approved, in writing, the acceptance of the gift which conforms to this policy. No University employee may accept any gift for or on behalf of the University, including gifts from approved support organizations, without the prior written approval of the President.

Authority, Responsibility, and Duties

The University's Development Office is the clearinghouse for all fund-raising activities throughout the University. It is also the clearinghouse for all fund-raising activities done in the name of the University by any support organization. Many alumni and friends, corporations and foundations, and other private charitable organizations have special relationships with the University; therefore, the University's Development Office must coordinate fund-raising efforts. The Development Office advises the President on the solicitation and acceptance of private funds and provides the President with information on all development programs of the University, including approved support organizations.

The University's Development Office is responsible for maintaining and increasing strong private financial support for the University. Annually, the Development Office shall prepare a plan of action by which private financial support may be systematically and substantially increased. Additionally, the Development Office should communicate the priority needs for solicited funds.

The Development Office serves to advise and assist schools, departments, student groups and University support organizations with their specialized needs. Its purpose is to improve the University's success in securing greater private support for priority needs through use of its services. The Development Office also consults with prospective donors and/or their representatives on lifetime, testamentary gift planning and other deferred giving arrangements. In addition, the Development Office reports through the President, at least quarterly, to the Board of Visitors via the Development Committee, all gifts and bequests from private sources made to the University either directly or through one of the approved support organizations. In doing so, the Development Office is careful to explain

Virginia State University
Policies Manual

Title: Policy and Procedures Governing the Solicitation and Acceptance of Gifts

Policy: 4010

that donors would consult with their own lawyer or tax advisor with respect to any benefit or consequence desired by the donor.

The University's Development Office has the responsibility of recording all gifts to the University, and for the recording and tracking of all pledges. That office also has the responsibility for prospect evaluation and constituent database management. The Development Office has the responsibility for preparation of all solicitation materials, donor correspondence and the annual report of giving.

Procedures

Receipt and Acknowledgement of Gifts- Overview

Private gifts to Virginia State University may be for:

- The general purposes of the University as a whole or for the specific use of any of its programs;
- One of the schools;
- A particular facility, program, area of study, or organization; or
- Other purposes or objectives approved by the President or the Board of Visitors.

The University's primary fund-raising areas are the School of Business, School of Liberal Arts and Education, School of Agriculture, Science and Technology, and School of Graduate Studies and Continuing Education, Johnston Memorial Library, VSU Athletic Booster Club, the National Alumni Association, the VSU Foundation, and campus approved student groups. Solicitation for ancillary University Programs must follow the guidelines established in Administration and Finance Policy Memorandum No. 13.

Donor Restrictions

The donor may direct that a gift may be expended in full during one or more years for current operating expenses, for capital projects, for establishment of a special endowment fund, or for the general endowment funds according to University policies. The use of funds may be specified for purposes such as professorships, fellowships, scholarships, books, merit awards or teaching and research, provided the donor submits his or her intentions in writing to the University. Once established, such restrictions may be modified by mutual agreement of the University and the donor, provided the modification is made in writing and signed by both parties. The University's Board of Visitors has the power, in the absence of written restrictions from the donor, to designate funds as quasi-endowment, and/or to amend any such designations previously established by the Board.

Virginia State University
Policies Manual

Title: Policy and Procedures Governing the Solicitation and Acceptance of Gifts

Policy: 4010

Gift Payee

Gifts for either current use or endowment purposes given directly to the University should be made payable to "Virginia State University" and will be received and expended or invested by the University. Gifts for endowment purposes must be specifically designated as such in writing by the donor. All gifts must be accepted in writing by the President or his designee."

"Approved" University - Support Organizations For Fund-Raising Purposes

Gifts may be accepted for the University by approved support organizations. All contributions raised in the name of the University or designated for University purposes **must** accrue to the benefit of the University. Specific policies for gift acceptance, receipt, and acknowledgement are maintained by individual approved support organizations. The approved support organizations are identified in the enclosed listing of "Certified Fund-raisers for Virginia State University." Annually, the University will publish a listing of organizations authorized to solicit funds in the name of the University. Such a listing will include all organizations complying with the policies established herein.

"Approval" of Support Organizations and Staffing

Private organizations wishing to solicit funds in the name of the University and/or use University resources for such purposes must be approved by the Board of Visitors. Any proposals or plans for fund-raising programs from private sources must be approved by the President before being undertaken. For new fund-raising initiatives, the appropriate Vice President must approve an initiative before fundraising may commence, so the range of development activities at the University is efficiently coordinated. Appointment of staffing needs for development programs must first be cleared in writing by the President and the Board of Visitors.

All support organizations, including student groups, wishing to conduct fund-raising activities in the name of the University and/or use University resources must submit, in writing, requests to do so along with a description of the activities, proposed budget, projected dollar amount to be raised for University purposes, and a schedule for conducting the activity. The attached "Form A" must be used to provide the required information. Each support organization should annually submit, on or before July 1 of each year, a detailed plan of activities (including fund-raising), operating budget, scholarships or awards that may be given and such other information as may be deemed appropriate by the University.

Each support organization must provide copies of Articles of Incorporation, By-Laws, Charters, and a current listing of officers to the Development Office.

Each support organization shall provide the President of the University, as part of his working papers the earlier of July 1 of each year or within 30 days of filing, the following reports, audits and information:

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- a. A copy of any proposed repeal, amendment or addition to its Articles of Incorporation, Bylaws, or other document describing its mission and objectives;
- b. A copy of tax-exempt status letter should be forwarded to the University;
- c. A current listing of the names of all directors, officers or other principals;
- d. A written description of any compensation paid to anyone and the amount thereof (except expense reimbursement);
- e. A written description of all private gifts and contributions received for the University's benefit, and a written description of any restrictions or conditions attached thereto;
- f. A copy of the organization's annual financial statement including a description of all income and expenditures by program;
- g. A schedule of all investments and those under consideration, including real estate (e.g., names and locations of deposits, account numbers, and the like);
- h. A schedule of all private firms responsible for the daily management of investments and fees charged therefore, if any;
- i. Written notice of litigation or threat of litigation brought by or against a support organization;
- j. Prompt notice of any audit or review by tax authorities, or action taken, or threatened to be taken by any authorities that may adversely affect the gift;
- k. Written notice of any proposed expenditure in excess of \$10,000;
- l. A copy of the support organization's annual IRS Forms 990 and 990T (if applicable) and any other tax return it may be required to file, or files, with any taxing authority (must be submitted within 6 months of fiscal year);
- m. An annual schedule of any compensation, prize or award paid to any University employee or a member of such employee's "immediate family", as that term is defined in Section 2.1-639.2 of the Code of Virginia, whether in cash or in-kind; and
- n. A copy of the surety bond covering all support organization personnel handling funds intended for the ultimate benefit of the University;

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Notwithstanding the foregoing, the President shall be provided in advance of adoption any change to the organization's charter or bylaws, and shall be given immediate notice of any litigation or threatened litigation against the organization. Support organizations (including private foundations) may not provide any compensation or payment to any VSU employee, without the written approval of the President. Employees may not solicit or accept any compensation from any support group (or private foundation) for services performed within the scope of his or her duties, except the compensation, expenses or other remuneration paid by the University. Employees are cautioned on their responsibility to avoid illegal conflicts or the appearance thereof.

Investment Policy

As of June 30 of each fiscal year, all funds in excess of dollars needed to operate, *must* be invested in the name of the organization with either the University or its Foundation in order for the University and/or the Foundation to provide quarterly investment statements, including allocated earnings. The two entities approved to invest dollars on behalf of Virginia State University are the University and its Foundation.

Support Organization Representation to Third Parties

Support organizations are not agents of the University. University approval of a support organization merely recognizes the affiliated purpose(s) of the organization and enables the Board to be aware of funds held in trust for the benefit of the University. Support organizations shall neither represent to any third party, nor take any other action which would cause a third party to believe, that the support organization is part of, controlled by, or an agent for the University. Except as the President may authorize in writing, support organizations may not represent, expressly or implicitly, that they are authorized to act for the University or make any commitments or promises on its behalf.

Support organizations' activities shall be conducted in a manner to reasonably ensure that third parties understand that the support organization is not part of, controlled by, or an agent of Virginia State University. Any school, department, University-related foundation, or other support organization, including student groups, seeking to conduct one or more solicitations for the benefit of the University or its students, with a goal of \$25,000 or more, must receive advance approval from the University's Board of Visitors or their designee. University resources, facilities and personnel, may not be utilized without the approval written of the President, irrespective of solicitation amounts.

All requests for Board approval must be submitted in writing to the University's Development Office which shall review said requests and submit them to the University's President along with a recommendation for Board action. Solicitations with a goal of less than \$25,000, must secure advance approval from the University's President. All requests for the approval of the President must be

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submitted in writing to the Development Office, which shall convene a meeting of the appropriate University entities to develop a recommendation for the President.

Acceptance of Gifts

When an authorized gift is accepted, the University assumes both a legal and an ethical obligation to conform with the wishes of the donor. For these reasons, it is essential that donors precisely indicate in writing those restrictions, if any, to be placed on the use of the funds provided. Gifts of real estate must be conditioned on the approval of the Board of Visitors. Gifts of real estate are subject to regulations of the Department of General Services and require the Governor's approval before they can be accepted by the University.

ACKNOWLEDGING AND RECORDING GIFTS

All gifts to Virginia State University, whether sent to the University, the University-related Foundation, or any other support organization, must be acknowledged by the University's President or his designee.

When a monetary gift to the University is received by any University school, department, or program, it must be forwarded the same day to the Development Office for recording, deposit and acknowledgement. All original correspondence should accompany gifts (including that for gifts-in-kind/tangible personal property) and must be filed in the Development Office.

Each department of the University which directly receives a contribution is required to complete a cash transmittal form for submission to the Development Office, within 24 hours of receipt. Depending on the availability of supporting documentation, the cash transmittal should be prepared in sufficient detail to include the following data: donor name and mailing address, amount paid, date of contribution and purpose for which contribution was made, if any.

The Development Office, upon receipt of the cash transmittal, shall determine those contributions that shall be transmitted, based upon intended purpose and appropriate fund location, to the University or to the Virginia State University Foundation. All contributions are then transmitted to the University's Cashier's Office where they will be receipted by the Cashier's Office. All receipts will then be recorded in a University Fund or a Foundation fund in the University's Financial Records System-Banner Finance.

The Controller's Office is responsible for determining that expenditures are charged against the appropriate restricted fund(s) as recorded in the University's accounting system. All responsible persons for a fund should reconcile monthly the cash receipts and disbursements recorded in Banner Finance. The Controller's Office is responsible for ensuring that University and Foundation cash

receipts are reconciled to the appropriate University or Foundation bank accounts. As indicated above, gifts are recorded in the appropriate fund (e.g., endowment funds or general funds) by the University's Cashier's Office, based on cash transmittals. A copy of all cash receipts are provided to the Office of Development. The Development Office reconciles cash receipts to Banner.

UNACCEPTABLE RESTRICTIONS ON GIFTS OR BEQUESTS

General Restrictions

No gift which by its nature or acceptance thereof that is prohibited by federal or applicable State law will be accepted. Restrictions based on race, color, creed, sex, or national origins are generally unacceptable. Gifts which will remain under the control or direction of the donor must be approved, prior to acceptance, by the President.

Restrictions Involving Student Financial Aid

The following restrictions are generally unacceptable in gifts to Virginia State University for financial aid purposes:

- Restrictions permitting designation of an individual recipient by the donor;
- Restrictions to relatives or descendants of the donor as recipients;
- Restrictions requiring or limiting the future employment of the recipient; and
- Restrictions by the donor on interest rates and conditions for repayment of loans. (Rates of interest or repayment requirements should be determined by the University's policy and practice at the time of the loan.)

SOLICITATION AND ACCEPTANCE OF CERTAIN TYPES OF GIFTS

Gifts of Tangible Property

It is mandatory that all gifts of tangible property conform with current Internal Revenue Service (IRS) regulations; provided, however, no employee of VSU may provide tax advice to potential donors or guarantee tax deductibility of any gift. General information may be provided so long as private parties understand that they must look to their own resources for specific tax advice or legal counsel. An offer of a gift to the University of tangible property may be recommended for acceptance on behalf of the University by the President. Environmental studies may be required prior to acceptance.

The recommendation for receipt and acceptance of such tangible gifts with an estimated value of \$500 or more will be submitted to the Development Office for confirmation and formal acceptance by the President. Such recommendations must be submitted in writing (letter or memorandum from an

authorized person) and accompanied by a "Deed of Gift" and a verification of the gift's value. Small gifts of personal property, such as rare books and prints, with an apparent worth of less than \$500 may be unofficially valued by a staff member of the University with expertise related to the gift. Librarians, professors of art, etc., may provide an informal evaluation to record the gift for the University. Cash is the only gift which may be received at face value.

The University may sell a non-cash gift and place the proceeds in a specific fund of the University, as requested by the donor, or as approved by the Board of Visitors. Applicable IRS requirements shall be complied with.

Development Office personnel, deans, or trustees of the University Foundation may recommend to the President a valuation for purposes of appropriate donor recognition, such as gift clubs, plaques, and listings of contributors by gift levels when such can be reasonably ascertained. Virginia State University will not accept responsibility for establishing gift value with a donor.

Restrictions on Gifts In-kind

The following restrictions or considerations in connection with gifts in-kind will affect their acceptance by the University:

- The acceptance of such gifts shall not involve significant additional expense for their present or future use, display, maintenance or administration.
- No financial or other burdensome obligation or expense is or will be directly or indirectly incurred by the University except with Board of Visitor approval.
- Neither the University, nor its officers or employees may furnish valuations or appraisals to donors in connection with gifts in-kind.

Gifts of Intangible Property

Gifts of stocks, bonds and all securities, including partnership interests, royalties, etc., involve complicated technical considerations and may have very special tax consequences to the donor. The University's Development Office is a general resource to assist in these matters and can provide general guidance by answering questions regarding gifts or securities, working with financial and legal advisors of University benefactors and coordinating gift acknowledgements, as well as contacts with the Office of the Treasurer. Specific tax advice or guarantee of tax treatment may not be provided and prospective donors must understand that they must look to their own tax advisor for such purposes. All transactions will be administered by the Office of the Treasurer or Lawyer and the University's Development Office.

ESTABLISHMENT OF NAMED FUNDS FOR CERTAIN PURPOSES

Any gift or bequest to Virginia State University should be made payable to "Virginia State University." The University's Development Office is a resource to provide testamentary language for prospective donors and shall coordinate with the University's legal adviser.

It is the policy of the University to approve the establishment of funds for certain purposes upon the receipt of gifts or commitments which meet the donor prescribed requirements. The use of funds may be specified for purposes such as endowed chairs, scholarships, books, teaching, faculty merit, and research provided the donor submits his or her intentions in writing to the University. Each school or department may suggest special activities, programs, research, lecture, etc., which can be supported by varying amounts of funding. The Board of Visitors has the power, in the absence of written instructions from the donor, to designate funds as quasi-endowment, or for use in other purposes.

A gift or bequest may specify that the funds are either expendable or endowed. In addition, expendable or endowed gifts may be designated as restricted or unrestricted. If restricted, written instruction from the donor is required. Named endowment funds are usually pooled for investment with the University's general endowment and other funds, and the individual funds are credited with their pro rata share of the earnings using the unit value method based on actual earnings of the previous quarter.

The establishment of a named endowment fund usually requires a gift with a specified minimum amount. Minimum amounts for named endowment funds are determined by the Board of Visitors. If a gift or bequest for endowment is less than the minimum at the end of the required time period established by the Board, it may be added to the general endowment fund. If, however, the fund meets the stated minimum dollar requirements to establish a named endowment fund for the specific purpose, the principal and the income earned on that principal will be separately determined for each named endowment fund. Whether the income from the endowment is added to the principal or is expendable should be specified in writing by the donor.

PROFESSORSHIPS

Eminent Scholar Chairs

A named endowed professorship may be established for scholars who are full or associate professors at Virginia State University to supplement the available state support for salaries in a school or field or study. Such funds may be submitted for matching under the Eminent Scholars Program or, if in existence, under an equivalent matching program. Special Eminent Scholars request forms must be prepared by the University and completed and executed by the donor at the time of the initial gift. If lifetime gifts or bequests to any of the Eminent Scholars funds do not reach the minimum assigned

levels within the period of time assigned by the Board of Visitors, the assets in the fund will either be transferred to a separate endowment fund or merged with an existing endowed fund with a purpose close to keeping with the special interest of the donor and according to existing policy prescribed by the Board of Visitors.

Non-Eminent Scholars Chairs

PROFESSORSHIP ENDOWMENTS may also be established without matching funds. A non-Eminent Scholars Chair may be funded with a contribution whose amount will be established by the Board of Visitors.

Other Endowments

FACULTY MERIT AWARDS may also be established to support incentives to faculty who demonstrate excellence in teaching or research. These awards may be established at any level determined by the Board of Visitors.

Lectureships

A named endowment fund to provide a lecture program (i.e., one which may be used for the honorarium and expenses of a special guest lecturer) may be established with a fund which dollar level is determined by the Board of Visitors.

Scholarships

A named endowment scholarship for undergraduates may be established with a fund which dollar level is determined by the Board of Visitors.

Graduate Fellowships

A named endowment fellowship may be established with a fund which dollar level is determined by the Board of Visitors.

Prize/Award Funds

A named financial award for outstanding accomplishments by faculty may be provided through the establishment of a prize fund which dollar level is determined by the Board of Visitors.

Exhibit "A" lists the schedule of naming opportunities currently approved by the Board of Visitors. The schedule will be periodically updated to accommodate the addition of new facilities or to make

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adjustments deemed proportionate to the value or replacement cost of an existing facility. The naming of a building or program follows the building or program for its useful life unless otherwise determined by the Board of Visitors. A facility naming opportunity associated with a gift to Virginia State University will normally receive favorable consideration only when the present value of the gift is an amount equal to or greater than 40% of the cost to construct or substantially renovate the building proposed for naming.

DISSEMINATION

The President shall see that these Procedures are communicated within all departments of the University, as well as to all support organizations.

Definitions

"Gifts"- refer to private gifts, even though such gifts or contributions may be termed "grants" by individuals, associations, corporations, foundations, societies and businesses. These gifts are contributions received from private sources for which goods or services are not received or expected, implied, or forthcoming to the donor, and in which no proprietary interests are retained by the donor. Gifts are also created when the contribution substantially exceeds the consideration expected in return.

"Bequests"- refer to a gift by will.

"Intangible Property"- refers to such property that has no intrinsic marketable value but is merely the representative or evidence of value such as certificates of stock, bonds, promissory notes, and franchises.

"Tangible Property"- refers to such property as may be felt or touched and is necessarily corporeal or has physical substance such as land, machinery, or cash.

"Unrestricted Funds"- refers to those funds received by the University with no donor restrictions on their use, and are, therefore, expendable for any University purpose prescribed by the Board of Visitors.

"Restricted Funds"- refers to assets that are provided to the University subject to legally binding limitations on their use. These limitations are imposed by the donor. If the University accepts such assets, it must abide by these limitations. Accordingly, it is imperative that the restrictions be duly approved by the Board of Visitors. Restricted funds are divided into three major types:

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(a) **Expendable Restricted Funds** - restricted funds which allow the asset to be expended in the normal course of meeting the restriction.

(b) **Unrestricted Endowment (Nonexpendable Funds)** - funds which require that the donated assets be indefinitely retained for investment. The income, including gains and losses, from these investments is for unrestricted purposes.

(c) **Restricted Endowment (Nonexpendable Funds)** - funds which require that the donated assets be retained for indefinite investment. The income from these investments is restricted to specific operating purposes which the donor has specified.

"Unrestricted Quasi-Endowment Funds" - refers to funds which have been designated by the Board of Visitors for long term investment. The income and gains and losses from these investments is for unrestricted purposes. The Board of Visitors can, at any time, approve expenditures of these invested funds for unrestricted use.

"Restricted Quasi-Endowment Funds" - refers to funds which have been designated by the Board of Visitors for long-term investment. The income from these investments is restricted to specific purposes which the donor has specified. The Board of Visitors can, at any time, approve expenditure of the invested funds in accordance with the specific donor restrictions. Funds are discussed further in the section "Fund Accounting and Other Guidelines."

Policy Statements

N/A

References

Administration & Finance Policy Memorandum No. 13
Section 2.1-639.2 of the Code of Virginia
Section 4-2.01 of the Appropriation Acts

Approval By:

Rector

Date:

September 17, 2010

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**VSU: POLICY & PROCEDURE FOR THE SOLICITATION/
ACCEPTANCE OF GIFTS
FORM "A"**

Group Name: _____

Contact Name: _____

Address: _____

Name of Activity: _____

Description: _____

Solicitation Method: _____

Budget:
Revenue _____ Fees _____

Gifts _____ Sponsorships _____

Other _____

Expenditures:

Net Proceeds: \$ _____

Planned Use of Net Proceeds:

Purpose

The intent of this policy is to foster a clear understanding of the Board of Visitors investment objectives and practices and to provide clear guidelines for action for those pooled endowment funds for which the Board has investment responsibility (hereinafter called the "Endowment").

Authority, Responsibility, and Duties

Fiduciary Responsibilities

Visitors who are appointed to the Development Committee shall have oversight responsibility of the Board's endowment funds. This Committee also has the standing responsibility to establish management policies; monitor investment performance; periodically review investment guidelines; and upon thorough evaluative means recommend to the full Board decisions regarding the retention and dismissal of investment counsel. Upon the recommendation of the Development Committee, only the Board of Visitors, or the Executive Committee acting between meetings of the Board, shall have the power to employ or discharge investment counsel.

Members of the Board of Visitors have a fiduciary responsibility to comply with the restrictions imposed by the donors of endowment funds not to expend the principal of such funds and to expend the income only as directed.

Members of the Board of Visitors also have a legal responsibility to manage funds in compliance with the Uniform Prudent Management of Institutional Funds Act, Va. Code §§ 55-268.11 through 55-268.20. A copy of the Act is attached.

Employees of the Board, University, or others engaged by the Board in any business or advisory capacity are expected to uphold these same high standards of responsible and ethical behavior.

Investment Policy

On April 14, 2006, the Board of Visitors approved negotiations with Spider Management Company to manage the University's endowment fund. Those negotiations were completed and memorialized in a **Pooled Endowment and Investment Management Agreement** executed effective July 6, 2006 whereby Virginia State University pooled its endowment assets with the University of Richmond's endowment fund under the management of Spider Management Company.

In accordance with Section 2, Investment of Account Assets, of the aforementioned agreement, the endowed assets "*shall be invested with the other assets of the Fund in accordance with UR's Investment Policy Statement, as it may be amended from time to time by the Manager.*" A copy of the current Investment Policy Statement is attached hereto as an addendum to the agreement.

Disposal of Securities Received by Gift or Bequest

All securities received by gift or bequest will normally be sold as promptly as possible unless prohibited by the terms of the gift or bequest. The decision to hold securities will be made only after consultation with the investment manager(s).

State Match

The Board of Visitors encourages the University's administration to negotiate endowment agreements that include a paragraph stating that, with the expressed intention of donor, the endowment may qualify for matching funds from the federal or state government. Such governmental support may include the Commonwealth of Virginia Graduate and Undergraduate Assistance Program, the U.S. Department of Education, or Title III Endowment Challenge Grant Program.

Endowment Spending Policy

A. Endowment

The Pooled Investments portfolio and the Virginia Assistance Program portfolio shall have annual spending rates no higher than 4.7% of the average market value of the portfolio calculated over the preceding three calendar year-ends.

B. Eminent Scholars

The Eminent Scholars portfolio shall have spending rates no higher than 6.2% of the average market value of the portfolio calculated over the preceding three calendar year-ends. The Board of Visitors requires that earnings generated by endowments restricted by donors for eminent scholars must be used to support named faculty professorships. The Commonwealth of Virginia's programs will match the portion of income earned on the historical principal that is subsequently budgeted for expenditure.

C. The spending rates that the Investment Committee recommends to the Board will be reviewed annually. These payout percentages and the annual overhead expense for internal management costs will be reviewed and adjusted as deemed prudent by the Development Committee as the annual budget of the Board of Visitors is prepared.

Reporting

The quarterly analysis reports will be provided to the Development Committee of the Board of Visitors. The investment manager(s) will meet with Development Committee on an annual basis.

Revisions and Exceptions

This policy can be modified as necessary by the Board of Visitors upon recommendations by the Development Committee and/or the President. It should be formally reviewed by the Development

Committee once every two years. Requests for exceptions to this policy must be submitted in writing to the Chair of the Development Committee and approved by the Board of Visitors.

Custody

All securities will remain in the custody of the University or the investment manager trustee(s).

Definitions

- A. **“Endowment Funds”** are contributions given to the Board with a donor-imposed restriction that the funds are not to be expended but are to be invested for the purpose of producing income. Unless otherwise stated by the donor, the principal of the funds is to be maintained in perpetuity. The Donor may also place restrictions on the purpose or purposes for which the income may be expended.
- B. **“Quasi Endowments”** are funds functioning as endowments that the Board of Visitors has designated are not to be expended but are to be invested for the long term purpose of producing income. Quasi endowments can be either unrestricted or donor restricted for a particular purpose.
- C. **“Term Endowment”** funds are similar to endowment funds except that upon the passage of a stated period of time or the happening of a particular event, all or a part of the principal may be expended.
- D. **“Total Return”** is the sum of capital appreciation (or loss) and current income achieved in the form of interest, dividends, and rents.
- E. **“Real Total Return”** is the total return adjusted for inflation as measured by the Higher Education Price Index (HEPI).
- F. **“Real Growth”** in the endowment is real total return less that of annual spending and management fees.
- G. **“Pooled Investments”** the pooled investment portfolio is the general investment depository for gift contributions to the Endowment.
- H. **“Eminent Scholars”** the Eminent Scholars portfolio consists of funds which by donor restriction support named faculty professorships. The Commonwealth of Virginia’s Eminent Scholar Program provides matching dollars to a portion of the disbursement from these funds. Investment and accounting considerations require Eminent Scholar funds be invested in a portfolio separate from Pooled Investments.
- I. **“Virginia Assistance Program”** is an investment portfolio consisting of scholarship funds that have been contributed after the eligibility date of July 1, 1991. The Commonwealth of Virginia

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provides matching dollars to a portion of the disbursement from these funds. Investment and accounting considerations require that Virginia Assistance scholarship funds be invested in a separate portfolio.

Policy Statements

N/A

References

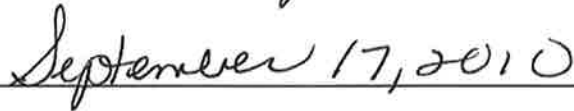
The Uniform Prudent Management of Institutional Funds Act, Va. Code §§ 55-268.11 through 55-268.20, attached hereto and incorporated by reference herein, as amended.

Approval By:



Rector

Date:



University of Richmond Endowment Fund
Investment Policy Statement

**Adopted by the Spider Management Company,
LLC Board of Managers**
January 28, 2010

**Adopted by the University of Richmond Board of
Trustees**
February 11, 2010

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INTRODUCTION

The University of Richmond's endowment testifies to the generosity of the University's friends and alumni and their faith in the University. The Trustees of the University of Richmond are aware of the responsibility which is theirs to prudently manage endowment funds which are given to the University. The Board of Trustees of the University of Richmond has placed oversight responsibility for the University endowment fund with its wholly owned subsidiary, Spider Management Company, LLC.

This Investment Policy Statement establishes policies for the administration and investment of the University of Richmond endowment fund assets by SMC. This policy formally documents the goals, objectives, and guidelines of the endowment fund's investment program. Its purpose is to document the policies and procedures that are intended to provide the greatest probability that the fund's objectives are met in a prudent manner, consistent with the established guidelines.

MISSION

The mission of the University of Richmond's endowment is to provide support for current and future programs of the University. The endowment has two primary missions. First, the purchasing power of the endowment's assets must be maintained in perpetuity and, second, the endowment must achieve investment returns sufficient to sustain the level of spending necessary to support ongoing University operations.

PHILOSOPHY

At the core of this investment policy statement is a set of fundamental investment beliefs which are the underpinnings of all University of Richmond investment policies:

- Endowment funds are by definition perpetual funds. The Investment Committee can afford to take a very long-term view in setting investment policy.
- Taking into account the long-term nature of endowment funds, the University of Richmond should maintain a bias toward equity investments, which have historically produced higher long-term returns.
- Diversification can reduce risk and increase return.

INVESTMENT OBJECTIVES

The primary investment objective of the University of Richmond endowment is to earn an average annual real total return of at least 5% per year over the long term. Attainment of this objective will enable the University to maintain the purchasing power of endowment assets in perpetuity and meet its current spending policy.

A secondary investment objective of the endowment is to outperform over the long term (defined as rolling five-year periods) a blended custom benchmark based on a current

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asset allocation policy of: 25% Russell 3000, 15% T-Bills X 2, 15% Cambridge Associates (60% Buyout & 40% Venture), 20% MSCI-World Ex-US Index, 5% Cash (3 Mo. T-Bill), 5% Merrill Lynch HY Master II, 5% Russell NCREIF Real Estate Index, and 10% CPI + 6%.

A third investment objective of the endowment is to rank in the top quartile of the NACUBO universe of college and university endowment returns over the long term.

SPENDING POLICY

The University of Richmond's spending policy was developed with the objectives of meeting the current operating needs of the University, providing year-to-year budget stability and protecting the future purchasing power of the fund against the impact of inflation.

Under normal circumstances, endowment spending will increase at a rate of 6% per year above the previous year's unit spending rate. If, however, this amount exceeds 6% of a three-year moving average of the market value of the endowment calculated on a one-year delayed basis, spending will be reduced back to 6% of the three-year moving average. If the base endowment spending calculation is less than 4% of the three-year moving average, additional spending will be added to the base calculation to bring total spending up to 4% of the three-moving average of the market value.

ASSET ALLOCATION POLICY

The single most important investment decision is the allocation of endowment funds to various asset classes. The primary objective of the University of Richmond's asset allocation policy is to provide a strategic mix of asset classes which produces the highest expected investment return within a prudent risk framework.

Each asset class should not be considered alone, but by the role it plays in a diversified portfolio. Diversification among asset classes has historically increased returns and reduced overall portfolio risk. How asset classes relate to each other is the key to making asset allocation decisions within the context of overall endowment risk and return.

As stated earlier, a core fundamental investment belief of the University of Richmond is to maintain a bias toward equity investments, which produce higher long-term returns. In addition, the endowment's long time horizon is well suited to exploiting illiquid, less efficient markets that offer higher potential returns.

With these basic tenets in mind:

- equity bias – increases returns
- diversification – reduces risk
- long time horizon,

the University of Richmond has decided to invest in the following asset classes:

DOMESTIC EQUITY: Publicly traded U.S. stocks are a core asset of institutional portfolios with long-term investment horizons and modest liquidity constraints. The objective of the domestic equity portfolio is to generate investment returns with adequate liquidity through consistent exposure to common stock investments. The domestic equity portfolio may contain both a passive core and an active investment strategy. The passive core is meant to provide low-cost exposure to the U.S. equity market and will primarily be achieved through the use of, but not limited to, swaps, ETFs and other derivative products, utilized from time to time to add or reduce the directionality of the portfolio. The portfolio seeks to generate incremental returns (alpha) through its active investment strategy. The active investment strategies will include both long/short and long only managers. The primary benchmarks for the domestic equity portfolio are the Russell 3000 and the S&P 500.

INTERNATIONAL EQUITY: Includes publicly traded common stock of predominantly international markets, both in developed and developing/emerging regions. In general, it is perceived that through increasing industrialization, strong demographic trends and increasing depth and efficiency of capital markets in these countries, that these markets could generate higher returns than the U.S. markets. In addition, over long-term periods of time, international equities have relatively low correlations to the U.S. markets making them not only a return source, but a portfolio diversification tool. The objective of the international equity portfolio is to generate investment returns with adequate liquidity and to provide a diversification benefit to the entire portfolio. The international equity portfolio takes an active investment approach due to the less efficient nature of the markets which should generate higher returns than a passive core and will be implemented through both long/short and long only managers, potentially in all regions of the world. Despite an active approach, from time to time there may be opportunities to add or reduce directionality to international markets through the use of, but not limited to, swaps, ETFs and other derivative products. The primary benchmark for the international equity portfolio is the MSCI-World ex-U.S. index.

GLOBAL EQUITY: Includes publicly traded common stock from a combination of domestic, developed international and developing/emerging international markets. The objective of the global equity portfolio is to generate investment returns with adequate liquidity through a globally diversified portfolio of common stocks that will provide return sources from less correlated regions of the world. The global equity portfolio will largely employ an active investment strategy, though from time to time may utilize swaps, ETFs and other derivative products to add or reduce the overall directionality of the portfolio. Investments in the global equity category typically have a broader investment mandate and cannot be classified specifically into domestic or international alone due to the global approach of the portfolio management function. An investment is generally defined as global if the investment has more than 20% of its gross exposure domiciled outside of either its home country or its primary investing region and investments will include both long/short and long only managers. The primary benchmarks for the global equity portfolio are the Russell 3000, the S&P 500 and the MSCI-World ex-U.S. indexes.

PRIVATE EQUITY/VENTURE CAPITAL: Includes illiquid investments in both private and public companies both domestically and internationally. These investments include venture capital, buyouts, high yield, and subordinated debt. The private equity/venture capital portfolio's objective is to earn higher returns than the public equity markets over the long term. This portfolio invests in highly illiquid positions and should generate higher returns as compensation for that illiquidity. A secondary objective of these investments is to provide diversification. The portfolio's strategy is to invest in a select number of funds managed by the highest quality management teams usually organized as limited partnerships. Managers are sought which have proprietary deal flow and whose experience enables them to bring strategic, operational, or technical expertise to a transaction in addition to financial acumen and capital. The portfolio is diversified across categories and investment stage. The private equity/venture capital portfolio's primary benchmark is the Cambridge Associates Venture Capital and Buyout benchmarks weighted 60% buyouts and 40% venture capital.

MULTI-STRATEGY: Includes managers specializing in asset allocation across multiple investment strategies that have low correlations and/or market exposure to other asset classes. The objective of this asset class is to generate equity-like returns with less volatility and market exposure than global equities. Diversification across strategies and positions will be wide in order to dampen portfolio volatility. The portfolio's liquidity will be moderate, less than that of the traditional public equity portfolios, but more liquid than the private equity/venture capital portfolio. This portfolio will focus on areas and strategies where value added by active management can contribute a substantial portion of the return. The portfolio may utilize swaps, derivatives, ETFs or other instruments in order to manage risk. The primary benchmark for this asset class is 2 X Citi 3 Month Treasury Bills Index.

DIVERSIFIED: Includes investments with active managers specializing in single strategy arbitrage or niche investment strategies that have low correlations and exposure to broad equity and credit markets. Investments will be made opportunistically based on manager talent and market opportunity. It is expected that some investment strategies will be added to exploit opportunities also found within the Multi-Strategy asset class. The portfolio will be diversified across investment strategies and asset classes. The portfolio objective is to generate equity-like returns with moderate volatility and market exposure. The portfolio may utilize swaps, derivatives, ETFs or other instruments in order to manage risk. The primary benchmark for the asset class is 2 X Citi 3 Month Treasury Bills Index.

CREDIT: Includes investments in publicly and privately traded credit and credit related securities. The portfolio can hold a mix of traditional benchmark relative strategies and absolute return strategies. It is expected that many types of securities could be considered credit sensitive and the portfolio will contain, but not be limited to, bonds, equities, derivatives, currencies and private securities. The portfolio will be diversified across credit asset classes and hold a mixture of investment grade and high yield securities of performing and non-performing debt. Liquidity and volatility will vary by strategy. The portfolio will focus on capital appreciation rather than current income and will not be managed to specific duration guidelines. The primary benchmark is the Merrill Lynch High Yield Master II Index.

PORTFOLIO REBALANCING POLICY

The University of Richmond's Investment Policy Statement establishes the long-term asset allocation targets for the endowment and certain minimum and maximum constraints for each individual asset class. The Board of Managers of Spider Management Company will rely on investment staff to determine allocations within the stated ranges and to initiate rebalancing of the fund whenever minimum or maximum constraints are violated.

Rebalancing is a critical element in controlling the long-term asset allocation of the endowment. The University of Richmond's Rebalancing Policy will be implemented in a systematic and disciplined fashion using the following guidelines:

- In the case of an asset class being below its minimum constraint, monies will be invested in that asset class to bring it back toward its target allocation. We will use cash flow to rebalance whenever feasible. When cash is not readily available to facilitate the rebalancing, we will trim the most overweight asset class.
- In the case of an asset class being above its maximum constraint, assets will be sold in that asset class to bring it back toward its target allocation. Cash generated from these sales will be reinvested in those asset classes that are below their target allocations.
- Spider Management Company has the ability to make additions and withdrawals from public market investments with managers we currently have relationships with for the purpose of portfolio rebalancing.
- Spider Management Company has the authority to commit capital to subsequent funds offered by our existing private market managers without getting approval from the Committee.

Purpose

The intent of this policy is to formalize leadership in the fundraising efforts of the University by demonstrating a commitment by the Board of Visitors to be supportive of the efforts of the President to raise funds to advance the mission of the University.

Authority, Responsibility, and Duties

It is the policy of the Board of Visitors of Virginia State University that each Visitor, on an annual basis, will contribute at least \$1,000.00 to the annual fund drive or donor fund of their own choice. In addition, each board member is responsible on an annual basis to either give or solicit from donor contacts at least \$1,000.00 in contributions to the University or its Foundation.

Leadership Giving Levels

Leadership giving levels for the annual fund drive will be subject to periodic review by the Development Committee. Current annual fund giving levels starting at \$1,000.00/year have been established as follows:

- \$1,000 - \$2,499 - President's Club
- \$2,500 - \$4,999 - Leadership Club
- \$5,000 - \$9,999 - University Club
- \$10,000 - \$24,999 - Board Club
- \$25,000 - and above - Founders' Club

Capital Campaigns/Major Gifts Campaigns

The success of capital campaigns and major gift campaigns are directly linked to leadership gifts that are separate and apart from annual gifts. In order to establish the leadership tone for these periodic campaigns each Visitor is expected to either contribute or cause to be donated at least \$5,000.00 in addition to their annual fund and annual donor contact contribution.

Special Events

University sponsored special events, for which there is a publicized cost of attendance, oftentimes present an opportunity to cultivate and solicit donors. The aforementioned social functions should be used by board members for that purpose.

Fundraising has evolved into a comprehensive and sustained effort to secure all the resources possible to support the operations of the University. The purpose of this policy is to reinforce the well established principle that board member leadership is absolutely critical to ensure the success of this process and function.

Definitions

N/A

Policy Statements

N/A

References

N/A

Approval By: _____



Rector

Date: _____

