

RADFORD UNIVERSITY

Board of Visitors

BUSINESS AFFAIRS AND AUDIT COMMITTEE MEETING

1:00 P.M.

FEBRUARY 13, 2020

MARY ANN JENNINGS HOVIS MEMORIAL BOARD ROOM

THIRD FLOOR, MARTIN HALL, RADFORD, VA

DRAFT **MINUTES**

COMMITTEE MEMBERS PRESENT

Mr. Gregory A. Burton, Chair
Mr. Robert A. Archer, Rector (Ex-officio)
Dr. Debra K. McMahan
Ms. Nancy A. Rice

COMMITTEE MEMBERS ABSENT

Mr. Mark S. Lawrence, Vice Chair
Dr. Jay A. Brown
Dr. Susan Whealler Johnston

BOARD MEMBERS PRESENT

Dr. Thomas Brewster
Dr. Rachel D. Fowlkes
Mr. David A. Smith
Ms. Georgia Anne Snyder-Falkinham
Ms. Lisa Throckmorton
Mr. Breon Case, Student Representative (Non-voting Advisory Member)

OTHERS PRESENT

President Brian O. Hemphill
Ms. Sharon Barrett, Assistant Vice President for Finance and Operations for RUC
Mr. Mike Biscotte, Director of Facilities Planning and Construction
Ms. Karen Castele, Secretary to the Board of Visitors and Special Assistant to the President
Mr. Jorge Coartney, Assistant Vice President for Facilities Management
Mr. Craig Cornell, Vice President for Enrollment Management
Mr. Amel Cuskovic, Assistant Vice President for Human Resources
Ms. Kimberly Dulaney, Executive Director for Strategic Sourcing
Ms. Stephanie Jennelle, Associate Vice President for Finance and University Controller
Mr. Danny M. Kemp, Vice President for Information Technology and Chief Information Officer
Ms. Carla Linkous, Assistant Controller of Accounting Operations and Disbursements
Dr. Erik Lovik, Director of Institutional Research
Ms. Wendy Lowery, Vice President for University Advancement
Ms. Margaret McManus, University Auditor

Mr. James Perkins, Director of University Services
Ms. Laura Quesenberry, Interim Budget Director and Director of Finance
Mr. Chad A. Reed, Vice President for Finance and Administration and Chief Financial Officer
Dr. Joe Scartelli, Interim Provost and Vice President for Academic Affairs
Ms. Ashley Schumaker, Chief of Staff and Vice President for University Relations
Dr. Susan Trageser, Vice President for Student Affairs
Chief David Underwood, Radford University Police Department
Mr. Allen Wilson, Senior Assistant Attorney General, Commonwealth of Virginia
Other Radford University faculty and staff

CALL TO ORDER

Mr. Gregory A. Burton, Chair, formally called the Business Affairs and Audit Committee meeting to order at 12:58 p.m. in the Mary Ann Jennings Hovis Memorial Board Room in Martin Hall. Mr. Burton welcomed everyone to the February meeting. Mr. Burton conducted a roll call and established a quorum was present.

APPROVAL OF AGENDA

Mr. Burton asked for a motion to approve the February 13, 2020 meeting agenda, as published. Dr. Debra K. McMahon so moved, Ms. Nancy A. Rice seconded, and the motion carried unanimously.

APPROVAL OF MINUTES

Mr. Burton asked for a motion to approve the minutes of the December 5, 2019 meeting of the Business Affairs and Audit Committee, as published. Mr. Robert Archer so moved, Ms. Rice seconded, and the motion carried unanimously.

REPORTS AND RECOMMENDATIONS

Auditor of Public Accounts Report

Mr. Zachary Borgerding, with the Auditor of Public Accounts, presented information regarding the ongoing audit of the University's FY 2019 financial statements. He discussed the responsibilities of the auditors and management, as well as the planned scope and timeline of this year's audit. Mr. Borgerding stated that the Radford University Intercollegiate Athletics Programs Report for the year ended June 30, 2019 had been completed and a copy the report can be reviewed at [Radford University Intercollegiate Athletics Programs for the year ended June 30, 2019](#).

University Auditor's Report

University Auditor Margaret McManus presented an oral report on the University Discretionary Fund for the quarter ended December 31, 2019. One hundred percent of the University Discretionary Fund expenditures were reviewed, and all were found in compliance with the Board of Visitors' guidelines. Ms. McManus also presented a report on the Information Technology audit of Contingency Planning Program – Backup and Recovery and a follow-up audit status report. A copy of the report is attached hereto as **Attachment A** and is made a part hereof.

Capital Projects Update

Vice President for Finance and Administration and Chief Financial Officer Chad A. Reed provided an update on capital projects currently in progress. The Reed and Curie Halls renovation has been completed, and a ribbon cutting ceremony was held on February 12, 2020. Mr. Reed also provided an update on the Center for Adaptive Innovation and Creativity (CAIC) to include an overview of the project budget approval and anticipated next steps. A copy of the report is attached hereto as **Attachment B** and is made a part hereof.

Governor's Executive Budget Summary and 2020-22 Budget Development Update

Vice President for Finance and Administration and Chief Financial Officer Chad A. Reed presented an overview of the incremental funding included for Radford University in the Governor's 2020-2022 Executive Budget Proposal. He reported the Governor's proposed budget included undergraduate student financial aid, employee benefit costs, CAIC, and Tyler Hall and Norwood Hall renovations. The outcome of the proposed 2020-22 budget will not be known until the completion of the 2020 General Assembly session, which is scheduled to adjourn March 7, 2020. A copy of the report is attached hereto as *Attachment C* and is made a part hereof.

ACTION ITEMS

Approval of Certification of Compliance with the Radford University Debt Management Policy

Associate Vice President for Finance and University Controller Stephanie Jennelle explained that the Secretary of Finance requires the certification annually for the Commonwealth of Virginia, as part of the Institutional Performance reporting. She provided documentation that the required ratio calculation demonstrates that the University is in compliance with its Debt Management Policy. Mr. Burton asked for a motion to recommend the Certification of Compliance with the Radford University Debt Management Policy, as presented, to the full Board for approval. Ms. Rice so moved and Dr. McMahon seconded the motion and the motion carried unanimously. A copy of the proposed resolution is attached hereto as *Attachment D* and is made a part hereof.

Approval of the Radford University Guidelines for Projects under the Public-Private Education Facilities and Infrastructure Act of 2002 (PPEA)

Vice President for Finance and Administration and Chief Financial Officer Chad A. Reed reviewed the proposed PPEA Guidelines. Mr. Reed explained the proposed guidelines align with the Commonwealth's legislation that enables the University to enter into public-private partnerships for projects that meet certain criteria. Following discussion, Mr. Burton asked for a motion to recommend the Radford University Guidelines for Projects under the Public-Private Education Facilities and Infrastructure Act of 2002 (PPEA), as presented, to the full Board for approval. Dr. McMahon so moved and Ms. Rice seconded the motion and the motion carried unanimously. A copy of the proposed resolution is attached hereto as *Attachment E* and is made a part hereof.

ADJOURNMENT

With no further business to come before the committee, Mr. Burton asked for a motion to adjourn the meeting. Mr. Archer made the motion, Ms. Rice seconded, and the motion carries unanimously. The meeting adjourned at 1:40 p.m.

Respectfully submitted,

Pamela Fitchett
Administrative Assistant to the
Vice President for Finance and Administration
and Chief Financial Officer

RADFORD UNIVERSITY – OFFICE OF AUDIT & ADVISORY SERVICES
Information Technology Audit – Contingency Planning Program – Backup and Recovery
November 18, 2019

BACKGROUND

Information Technology (IT) Contingency Planning outlines the steps necessary to plan for and execute recovery and restoration of IT systems, networks, and data if an event occurs that renders the IT systems, networks, and/or data unavailable. The Backup and Recovery component of Radford University's Contingency Planning Program identifies the requirements to protect the availability and integrity of University data documented in backup and restoration plans. These requirements apply to every IT system identified as sensitive relative to availability. The Division of Information Technology (DoIT) manages the IT Contingency Planning Program and the backup and restoration of university data for essential IT business functions identified in the University's Business Impact Analysis.

SCOPE AND OBJECTIVES

The scope of the audit was limited to twenty-one systems hosted at Radford University that were classified as sensitive for availability and that were ranked in the highest three tiers for business criticality by IT management.

The objective of this audit was to determine whether the IT backup and recovery controls and processes appear effective for IT systems supporting essential business functions of the University. The audit procedures were based on requirements outlined in the Radford University IT Security Standard 5003s-01 (Standard). The audit tested key controls from the Standard as well as other key controls identified by management. The audit also considered whether established controls and processes aligned with IT security industry best practices.

This review was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

CONCLUSION

At the time of the audit and relative to the controls and processes reviewed, they appeared adequate to provide reasonable assurance that the objective noted above is being met. However, improvements are needed to ensure compliance with the Standard and to align with IT security industry best practices.

BUSINESS ISSUES

The following issues were identified in this audit. Pages 2-4 contain information on planned actions and action completion dates and, accordingly, those pages are an integral part of this report.

1. Improvements are needed in the University's current strategy for backups.
2. Improvements are needed in the backup and recovery strategies for some business essential systems, specifically for the physical server environment.
3. Improvements are needed related to infrastructure and network services operations.
4. The language in certain agreements needs improvement.

RADFORD UNIVERSITY – OFFICE OF AUDIT & ADVISORY SERVICES
Information Technology Audit – Contingency Planning Program – Backup and Recovery
November 18, 2019

BUSINESS ISSUE	PLANNED ACTION	COMPLETION DATE
<p>1. For every IT system that is identified as sensitive relative to availability, the Standard requires implementation of backup and recovery plans. Improvements are needed in the University’s current strategy. Specifically,</p> <p>1. The University has not documented the strategy for testing that IT system and data backups are functioning as expected and that the data is present in a usable form. Documentation of the strategy is required by the Standard.</p> <p>2. This issue was communicated to management in a separate document marked Freedom of Information Act exempt under § 2.2-3705.2 of the Code of Virginia due to its sensitivity and description of security mechanisms.</p>	<p>1.1 DoIT will document the strategy for testing backups.</p> <p>1.2 Management provided a planned action under the same public disclosure exemption as noted in the business issue.</p>	<p>July 1, 2020</p> <p>July 1, 2021</p>
<p>2. The University has identified systems that are necessary to recover essential business functions. Accordingly, the Standard requires that a Recovery Time Objective (RTO) and a Recovery Point Objective (RPO) must be assigned to each of these systems. Improvements are needed in the IT backup strategies for some of these business essential systems, specifically, for the physical server environment.</p> <p>1. Two servers have weaknesses in their current backup strategy. The details of this issue were communicated to management in a separate document marked Freedom of Information Act exempt under § 2.2-3705.2 of the <u>Code of Virginia</u> due to its sensitivity and description of security mechanisms</p> <p>2. This issue was communicated to management in a separate document marked Freedom of Information Act exempt under § 2.2-3705.2 of the <u>Code of Virginia</u> due to its sensitivity and description of security mechanisms.</p>	<p>2.1.1 Management provided a planned action under the same public disclosure exemption as noted in the business issue.</p> <p>2.1.2 Management provided a planned action under the same public disclosure exemption as noted in the business issue.</p> <p>2.2 Management provided a planned action under the same public disclosure exemption as noted in the business issue.</p>	<p>February 1, 2020</p> <p>February 1, 2020</p> <p>July 1, 2020</p>

RADFORD UNIVERSITY – OFFICE OF AUDIT & ADVISORY SERVICES
Information Technology Audit – Contingency Planning Program – Backup and Recovery
November 18, 2019

BUSINESS ISSUE	PLANNED ACTION	COMPLETION DATE
<p>3. This issue was communicated to management in a separate document marked Freedom of Information Act exempt under § 2.2-3705.2 of the <u>Code of Virginia</u> due to its sensitivity and description of security mechanisms.</p>	<p>2.3 Management provided a planned action under the same public disclosure exemption as noted in the business issue.</p>	<p>July 1, 2020</p>
<p>3. Improvements are needed related to infrastructure and network services operations:</p> <p>1. This issue was communicated to management in a separate document marked Freedom of Information Act exempt under § 2.2-3705.2 of the Code of Virginia due to its sensitivity and description of security mechanisms.</p> <p>2. This issue was communicated to management in a separate document marked Freedom of Information Act exempt under § 2.2-3705.2 of the Code of Virginia due to its sensitivity and description of security mechanisms.</p>	<p>3.1 Management provided a planned action under the same public disclosure exemption as noted in the business issue.</p> <p>3.2 Management provided a planned action under the same public disclosure exemption as noted in the business issue.</p>	<p>August 1, 2020</p> <p>May 15, 2020</p>
<p>4. Improvements are needed in certain agreements.</p> <p>1. The University has a contract with a vendor to provide two separate dedicated fiber connections to the University’s alternate data storage site. However, the contract lacks measurable guarantees for network uptime. In the event of a service interruption, not having a minimum guaranteed uptime could hinder the University’s ability to meet backup and recovery availability requirements for business essential systems.</p> <p>2. The University has two memorandums of understanding (MOUs) with an entity for the alternate data storage site. One MOU addresses providing space, access, power, and environmental controls, and the other addresses providing network connection services for the University-owned server rack within the entity’s data center. Improvements are needed in these MOUs. Specifically,</p> <p>a. Neither MOU guarantees an expected level of infrastructure uptime, which could hinder the University’s ability to meet its availability requirements.</p>	<p>4.1 DoIT will review the contract, discuss updated terms with the vendor, and, for changes that are mutually agreeable, modify the contract accordingly.</p> <p>4.2.1 DoIT will identify issues, based upon risk, and discuss relevant updates to MOU terms with the entity.</p> <p>4.2.2 Where such updates are mutually agreeable by both parties, the MOUs will be modified accordingly. Where MOU updates are not feasible, DoIT will document alternate strategies or controls. Contact lists for each MOU will be updated as appropriate.</p>	<p>July 1, 2020</p> <p>February 1, 2020</p> <p>June 1, 2020</p>

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Information Technology Audit – Contingency Planning Program – Backup and Recovery
November 18, 2019

BUSINESS ISSUE	PLANNED ACTION	COMPLETION DATE
<p>b. The MOUs do not require a minimum lead time for the entity to notify DoIT staff before scheduled maintenance is performed. This could increase the risk of a service interruption resulting from scheduled maintenance.</p> <p>c. In each MOU, the entity’s contact list appears to have last been updated over three years ago. Similarly, in each MOU, the list of staff contacts provided by DoIT is outdated. Having outdated contact lists could result in delays during service interruption events.</p> <p>d. The terms of each MOU allow for either party to terminate the MOU within 180 days after written notice to the other party. If the entity was to terminate the MOU, this would create an inadequate window of time for DoIT to find an alternate solution for off-site data storage.</p>		

**RADFORD UNIVERSITY
OFFICE OF AUDIT AND ADVISORY SERVICES
FOLLOW-UP AUDIT STATUS REPORT
BUSINESS AFFAIRS AND AUDIT COMMITTEE
FEBRUARY 2020**

Audit: IT – Building Automation Systems (BAS)				
	Business Issue	Planned Action	Action Date	Status
4.0	The IT Security Standard requires that the System Security Plan (SSP) for sensitive systems be updated at least every three years, and submitted to the Information Security Officer (ISO) for approval. The SSP for BAS was last updated in May 2013, which is outside of the required timeframe.	In 2018, the University’s Business Impact Analysis (BIA), Risk Assessment (RA), and Disaster Recovery Plans (DRP) are scheduled for review as part of the 3-year review cycle. During this engagement, DoIT will evaluate the types of documents required for systems, including the SSP. BAS will be included in the scope of the review and for documented updates.	June 1, 2019 Revised to January 31, 2020	Follow-up in process
6.1	<p>Controls over password management practices for BAS servers and applications need improvement to ensure a more secure environment and to comply with the Standard as follows:</p> <p>This issue was communicated to management in a separate document marked Freedom of Information Act exempt under § 2.2-3705.2(3) of the Code of Virginia due to it containing descriptions of security mechanisms.</p>	Management provided a planned action under the same public disclosure exemption as noted in the business issue.	August 1, 2019 Revised to January 31, 2020	Follow-up in process
8.3	<p>Improvements are needed in the systems documentation for BAS. We were unable to obtain the following documentation required by the Standard:</p> <p>Annual self-assessment to determine the continued validity of risk assessment controls</p>	DoIT will create a risk self-assessment template for system owners to complete.	June 1, 2019 Revised to January 31, 2020	Follow-up in process

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Audit: IT – Contingency Planning Program – Backup and Recovery				
	Business Issue	Planned Action	Action Date	Status
2.1	<p>The University has identified systems that are necessary to recover essential business functions. Accordingly, the Standard requires that a Recovery Time Objective (RTO) and a Recovery Point Objective (RPO) must be assigned to each of these systems. Improvements are needed in the IT backup strategies for some of these business essential systems, specifically, for the physical server environment.</p> <p>Two servers have weaknesses in their current backup strategy. The details of this issue were communicated to management in a separate document marked Freedom of Information Act exempt under § 2.2-3705.2 of the <u>Code of Virginia</u> due to its sensitivity and description of security mechanisms.</p>	<ol style="list-style-type: none"> 1. Management provided a planned action under the same public disclosure exemption as noted in the business issue. 	February 1, 2020	Follow-up in process
		<ol style="list-style-type: none"> 2. Management provided a planned action under the same public disclosure exemption as noted in the business issue. 	February 1, 2020	Follow-up in process
4.2	<p>Improvements are needed in certain agreements. The University has two memorandums of understanding (MOUs) with an entity for the alternate data storage site. One MOU addresses providing space, access, power, and environmental controls, and the other addresses providing network connection services for the University-owned server rack within the entity’s data center. Improvements are needed in these MOUs. Specifically,</p> <ol style="list-style-type: none"> a. Neither MOU guarantees an expected level of infrastructure uptime, which could hinder the University’s ability to meet its availability requirements. b. The MOUs do not require a minimum lead time for the entity to notify DoIT staff before scheduled maintenance is performed. This could increase the risk of a service interruption resulting from scheduled maintenance. 	DoIT will identify issues, based upon risk, and discuss relevant updates to MOU terms with the entity.	February 1, 2020	Follow-up in process

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Audit: IT – Contingency Planning Program – Backup and Recovery				
	Business Issue (<i>continued</i>)	Planned Action	Action Date	Status
	<p>c. In each MOU, the entity’s contact list appears to have last been updated over three years ago. Similarly, in each MOU, the list of staff contacts provided by DoIT is outdated. Having outdated contact lists could result in delays during service interruption events.</p> <p>d. The terms of each MOU allow for either party to terminate the MOU within 180 days after written notice to the other party. If the entity was to terminate the MOU, this would create an inadequate window of time for DoIT to find an alternate solution for off-site data storage.</p>			

**RADFORD UNIVERSITY
OFFICE OF AUDIT AND ADVISORY SERVICES
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BUSINESS AFFAIRS AND AUDIT COMMITTEE
FEBRUARY 2020**

Audit: E-Verify				
Business Issue	Planned Action	Action Date	Status	
<p>1.0 Campus departments are completing Form I-9 for employees, although they have not been delegated the authority to do so by Human Resources.</p> <p>Specifically, we noted that although Financial Aid enters cases into E-Verify for financial aid-funded employees, the completion of Form I-9 is done by the employee's supervisor in the department in which the employee will be working.</p> <p>Having unauthorized and untrained personnel verify employment eligibility increases the University's risk of violating Federal laws related to employment verification.</p>	<p>Human Resources will ensure that personnel who verify employment eligibility are authorized and trained to do so by performing the following:</p> <ul style="list-style-type: none"> • Formally delegate authority to each department in writing. • Provide mandatory training to personnel within each department. • Provide desktop procedures to each department. 	<p>January 31, 2020</p>	<p>Follow-up in process</p>	
<p>2.1 Improvements are needed in the process of entering new hires into E-Verify. Specifically, during our testing, we noted that 18 out of 683 total new hires (3%) were not entered into E-Verify.</p> <p>2.2</p> <ul style="list-style-type: none"> • For 7 of these, this appeared to be due to not having a Form I-9 on file or not having a complete Form I-9 on file. We noted that for 4 of these, a Form I-9 could not be located; for 3 of these, a Form I-9 was located, but Section 2 (Employer Review and Verification) was blank. • For the remainder (11) of these, we were unable to determine why no E-Verify entry was done. <p>To comply with Federal and State mandates, the University must fully complete Form I-9 for all new hires, retain the complete Form I-9 on file, and enter all new hires into E-Verify. Failure to do so could result in fines for the University.</p>	<p>1. Human Resources will ensure that formal training is provided to all areas with delegated authority to enter cases into E-Verify. Documentation of this training will be maintained in Human Resources.</p> <p>2. To address the specific employees noted, Human Resources will ensure the following is completed, as applicable:</p> <ul style="list-style-type: none"> • For current employees, a Form I-9 will be completed and the employees will be entered into E-Verify. Documentation regarding the correction will be attached to each Form I-9. • For separated employees, documentation of the University's awareness of the error will be maintained in each employee's personnel file. 	<p>January 31, 2020</p> <p>January 31, 2020</p>	<p>Follow-up in process</p> <p>Complete</p>	

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Audit: E-Verify				
Business Issue	Planned Action	Action Date	Status	
<p>3.1 3.2</p> <p>Improvements are needed to ensure the timely entry of cases into E-Verify. As required by the E-Verify MOU, the University must create an E-Verify case for new employees within three employer business days after each employee has started working for pay. Cases created after that timeframe are considered late and require an explanation.</p> <p>Out of all 781 E-Verify cases entered during our review period, we noted 100 cases (13%) that were entered late with explanations that E-Verify does not deem as acceptable. Most significantly,</p> <ul style="list-style-type: none"> • The explanation for 59 (59%) of those cases attributed the lateness to Human Resources not entering the cases timely. The majority of those noted "work overload" by Human Resources. Additionally, we noted that all of these 59 cases were for hire dates in August - September 2018, the beginning of a semester, which we identified as a peak hiring period for the University. • The explanation for 32 (32%) of those cases attributed the lateness to the new hire or the new hire's department not submitting required documents to Human Resources timely. <p>Timely entry of cases into E-Verify is essential to ensure compliance with E-Verify rules and regulations. Noncompliance could result in penalties for the University or further investigation by USCIS, Immigration and Customs Enforcement, the Department of Justice, or other agencies.</p>	<p>1. Human Resources will request additional resources at peak hiring periods to ensure compliance with regulations.</p>	<p>January 31, 2020</p>	<p>Follow-up in process</p>	
	<p>2. Human Resources will create a process to identify departments missing deadlines. This information will be forwarded to the appropriate Division Head to determine action to be taken, if necessary.</p>	<p>January 31, 2020</p>	<p>Follow-up in process</p>	

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Audit: E-Verify				
Business Issue		Planned Action	Action Date	Status
4.1 4.2	<p>Consistency and improved documentation are needed in the employment verification and E-Verify process for student employees funded by the Federal Work-Study (FWS) program.</p> <p>In our review of 40 E-Verify cases entered, four (10%) did not have a hire date that agreed to the Form I-9 on file. All of these were for student employees funded by the FWS program. If the first day of employment differs from what is documented on the Form I-9, the Form I-9 should be corrected, or documentation supporting the actual date should be attached to the Form I-9.</p>	<ol style="list-style-type: none"> Human Resources will ensure personnel verifying employment eligibility, including for student employees funded by the FWS program, are authorized and trained to do so. Authority will be formally delegated to the department in writing, mandatory training will be provided, and desktop procedures will be provided to the department. To address the specific E-Verify cases noted, Human Resources will ensure that they are corrected or documentation supporting the actual first date of employment is attached to the Form I-9. 	January 31, 2020	Follow-up in process
6.1 6.2	<p>Improvements are needed in the granting and monitoring of access to the E-Verify system. Specifically,</p> <ol style="list-style-type: none"> There is not a centralized process to grant access to the E-Verify system. Currently there are five program administrators that can grant access. Allowing multiple program administrators to grant system access without a centralized review process could result in (a) inconsistency in the criteria and documentation required for access, and (b) someone without a business need having access to the system. In our review of 11 employees with access to E-Verify, one current employee was determined to have no business need for access. 	<ol style="list-style-type: none"> Human Resources will limit the number of program administrators to two: one primary and one secondary. Both will be within Human Resources. Human Resources will also develop a form required to request/grant access to the E-Verify system. 	January 31, 2020	Follow-up in process

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Audit: E-Verify				
	Business Issue <i>(continued)</i>	Planned Action	Action Date	Status
	<p>2. There is not a centralized process to grant access to the E-Verify system. Currently there are five program administrators that can grant access. Allowing multiple program administrators to grant system access without a centralized review process could result in (a) inconsistency in the criteria and documentation required for access, and (b) someone without a business need having access to the system. In our review of 11 employees with access to E-Verify, one current employee was determined to have no business need for access.</p>	<p>2. The program administrators will conduct an annual review of users to monitor access to E-Verify. Documentation of this annual review will be maintained in Human Resources.</p>	January 31, 2020	Complete
7.0	<p>The display of two employment notices, the Notice of E-Verify Participation and the Notice of Right to Work, does not appear to meet the MOU's requirements. The notices must be displayed in a prominent place that is clearly visible to prospective employees and all employees who are to be verified through E-Verify.</p> <p>Although these notices are posted in the lobby of Human Resources and in the College of Graduate Studies & Research, not all employees must go to one of these places. Therefore, these notices are not visible to all employees, resulting in noncompliance with the MOU.</p>	<p>Human Resources will determine additional locations where the employment notices should be posted to meet the requirements of the MOU and ensure that they are posted in those locations.</p>	January 31, 2020	Follow-up in process

Capital Project Update



Reed-Curie Renovation - Complete



Reed-Curie Renovation - Complete



Center for Adaptive Innovation and Creativity (CAIC)

- Detailed planning complete under current legislation
- Full project funding included in Governor's 2020-2022 Proposed Budget at \$101 million
- Full project budget approval anticipated July 1, 2020
- Next steps:
 - Commence working drawings design
 - Swing space relocations this fall to allow demolition in January 2021
 - Complete construction and move-in to allow classes to start in January 2024

Center for Adaptive Innovation and Creativity

Main Street View



Courtyard Views



Tyler Hall and Norwood Hall Renovations

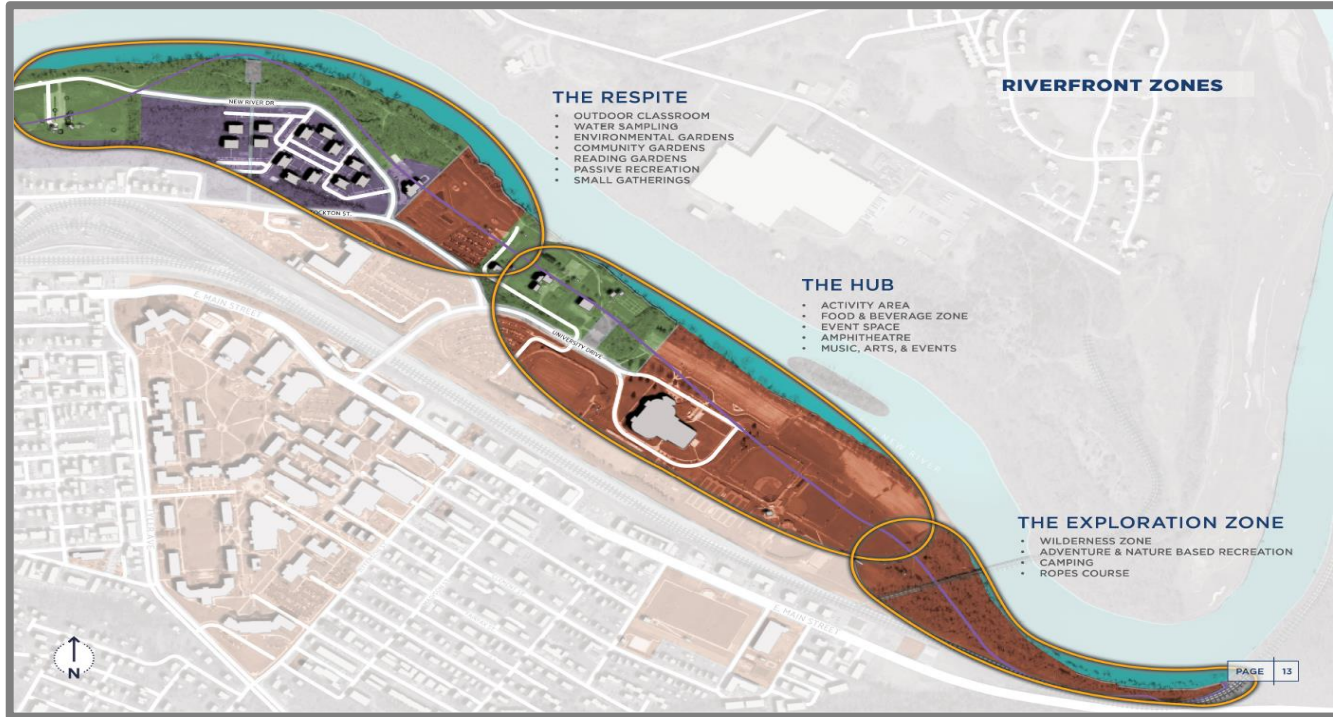


Tyler Hall



Norwood Hall

River Campus



Hotel Conceptual Site Plan and Perspective



RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs and Audit Committee
February 13, 2020

Information Item
Capital Projects Update

Item: Facilities Planning and Construction update on capital projects.

Background: Currently, the University has two active capital projects in progress, and three upcoming capital projects. Following is an update and project summary:

1. Reed-Curie Renovation

Project Budget ----- \$33,045,000

Architect/Engineer Firm----- Cannon Design

Construction Manager----- Branch and Associates

The Reed-Curie renovation project was approved in the spring 2016 state bond package. The project will completely renovate the existing Reed Hall and Curie Hall science buildings to complement the recent addition of the Center for the Sciences, ultimately providing an overall state-of-the-art facility for nearly all of the Artis College of Science and Technology departments.

Occupants in the renovated building will include the Departments of Physics, Geology, Geospatial Sciences, and the Office of the Dean. The Cyber Security Center will also be housed in the renovated building, along with support spaces for the Chemistry and Biology Departments. The Greenhouse will also be renovated and remain located adjacent to the renovated Reed Hall.

The state initially approved funding for detailed planning for the project in the fall of 2016, and then approved final funding for the remainder of design and the construction on June 30, 2017. The state issued an approved demolition Building Permit on January 8, 2018 and the approved full project Building Permit on May 3, 2018.

During the summer of 2017, RU completed the relocation of staff and equipment to various swing spaces on campus to render the building unoccupied. A Guaranteed Maximum Price for an Early Release Demolition Package was approved with a Notice-to-Proceed executed on January 8, 2018, and a subsequent Guaranteed Maximum Price for the full Project Renovation Package was approved with a Notice-to-Proceed executed on May 3, 2018.

Project construction completion including nearly all punch list items and space relocations

occurred in December 2019 and January 2020. Spring 2020 classes are being held in the renovated buildings. Final punch list items are being completed, including occupancy and upfit of the greenhouse space. The overall project is anticipated to be under budget upon final completion.

2. Center for Adaptive Innovation and Creativity

Project Budget ----- 4,000,000
(Detailed Planning only)

Architect/Engineer Firm----- Hord Coplan and Macht

Construction Manager----- Skanska

The Center for Adaptive Innovation and Creativity project was approved for Detailed Planning in July 2018, as described in the University’s six-year capital plan submission to the state in December of 2017.

The Center will address an array of significant existing programmatic and building deficiencies across a number of academic colleges. The approximately 178,000-square-foot multi-story building will include state-of-the-art instruction, laboratory, maker, studio, computer, and collaborative spaces that integrate the arts and health sciences, along with office and other academic support functions. Specialty spaces will include an instructional auditorium and support spaces, health science clinical lab spaces, painting and drawing studio spaces, and music and dance studio spaces. The project will be located in a prominent area of campus directly adjacent to East Main Street, and will respond aesthetically to the existing buildings along this important campus corridor.

The project scope will generally provide for demolition of the existing Porterfield East and West Halls and McGuffey Hall and construction of the new building and building systems and components including HVAC, plumbing, electrical, fire alarm and detection, fire suppression, lightning protection, and elevators. The project will replace existing facilities and building systems nearly 50 years old that are inadequate for today’s learning environment and technologies. Significant utility impacts will be accommodated, along with erosion/sediment control and stormwater management requirements. The impact of required swing spaces are being investigated during the preliminary design phases of the project.

The solicitation for design services was advertised on May 1, 2018, and the firm of Hord, Coplan and Macht was selected and the design began in July. The initial Programming effort has been completed, and early building schemes were developed and approved by the University. Geotechnical investigations and site/utility surveying are complete. The Commonwealth’s Department of Historic Resources has approved the proposed demolition, and the Environmental Impact Report has been approved by Department of Environmental Quality (DEQ). The demolition package has been approved by AARB, along with final

approval of the new building design package by AARB as well. The Schematic Design Package was submitted to Division of Engineering and Buildings (DEB) in November, with subsequent approval in December. The Preliminary Design Package and Estimate was submitted to DEB in May 2019, with subsequent approval in July.

The University's request to utilize the Construction Management-at-Risk delivery method was approved by DEB, and the solicitation for CM-at-Risk services was advertised on July 22, 2018. Qualifications packages were received on August 21, with RFP proposals and interviews in mid-September. The contract for pre-construction services was awarded to Skanska on October 8, and their team provided pre-construction services for the project.

The project was not funded in the FY2020 budget; therefore, the project has not proceeded past Detailed Planning at this time. The Capital Budget Request for the project was submitted in June 2019, and was included in the Governor's proposed 2020-22 biennial budget, currently being reviewed by state legislature. With funding anticipated in July 2020, the project demolition would start in January 2021, with project completion and ready for classes in January 2024. The project estimate is currently \$97,800,000.

3. Tyler/Norwood Renovation

The Master Plan 2020-2030 identifies Tyler Hall and Norwood Hall as the next on-campus residence halls to be renovated. The renovation scope will provide for the replacement of plumbing piping, fixtures, HVAC systems, fire alarm systems, electrical upgrades, accessibility improvements, and asbestos abatement. These renovations are similar to the renovation scopes completed for the Moffett Quad residence halls in 2016. In addition to the above project scopes, the buildings will incorporate living-learning community components, possibly for the Honors College. These transforming features will give vibrant new life to these buildings built in the 1930's.

A request for proposal (RFP) has been solicited for the architect and engineering (AE) design firm and the Building Committee has been selected. Proposals are due in February 2020 and a selection of the AE firm will be made soon after. The target date for the start of construction is May 2021, and the total project budget is \$17,000,000.

4. Hotel

The Radford University Foundation and the City of Radford have identified the property location at the corner of Tyler Avenue and Lawrence/Calhoun Streets for a hotel and conference center. The Foundation and the City are working with Jones Lang LaSalle, a commercial real estate firm, for this development opportunity. The hotel is planned to have approximately 125 rooms and a rooftop restaurant, along with a conference center and adjacent parking. The project is planned to be completed in 2022/2023.

5. River Campus

The Master Plan identified development of the River Campus on University and City of Radford properties adjacent to the New River. Stakeholder meetings have taken place, including academic and student affairs, and an initial visioning document has been compiled. The visioning document will serve to identify initial projects for execution, and planning and prioritization of further River Campus development projects.

The overall River Campus development includes zones for higher density public activities such as an amphitheater, event space, food and beverage areas, and associated support spaces; for quieter academic and passive recreation spaces; and for highly active recreation and student engagement areas.

Initial projects will likely include greenway extension and trails, outdoor seating and gazebos, riverside boardwalks, and event areas. Further development projects include more significant public projects such as the amphitheater and food services, along with more recreation-based projects such as access to the river for people and boats, climbing walls and bouldering, and zip lines and ropes courses.

The development of the River Campus will need to be carefully executed with the cooperation of the City, and will also need to be coordinated with all regulatory and permit requirements.

Governor's 2020-2022 Biennial Budget Proposal

RADFORD
UNIVERSITY

Proposal Summary

On December 17, 2019, Governor Northam presented his proposed 2020-22 biennial budget to the General Assembly Joint Money Committees.

- The Governor stressed the importance of strengthening fiscal integrity, funding mandates, growing Virginia's economy, and improving citizen quality of life.
- The General Assembly convened on January 8, 2020, and has begun the process of considering the Governor's budget proposals.

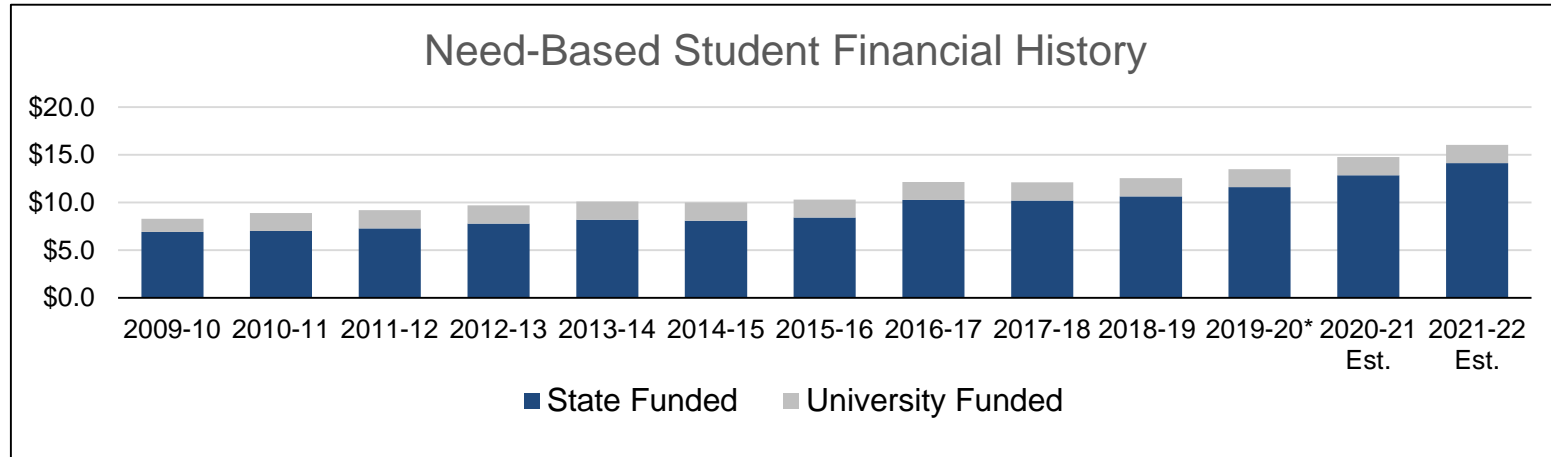
Proposal Items Included:

1. Undergraduate Student Financial Aid
2. Employee Benefit Costs
3. CAIC - *Capital*
4. Tyler and Norwood - *Capital*

Student Financial Aid

The introduced budget includes \$45.4 million of additional undergraduate need-based financial aid for public institutions of higher education for the biennium.

- Radford University's share of additional support is \$1,269,200 in 2020-21 and an additional \$1,269,200 in 2021-22.



Employee Benefit Costs

Fringe benefit rates are proposed to change over the biennium by .88%.

<u>Fringe</u>	<u>2018-20</u>	<u>2020-22</u>	<u>Change</u>
VRS	24.27%	25.18%	0.91%
RHIC	1.17%	1.12%	-0.05%
Group L	1.31%	1.34%	0.03%
LTD	0.62%	0.61%	-0.01%
		<u>Total</u>	<u>0.88%</u>

Rates Represent Employer Portion Only

Health Insurance premiums are proposed to increase over the biennium by 9.1%.

- The employee's premium will remain unchanged as the Commonwealth will absorb that portion of the increase.
- The University is projecting premium increases of 2.4% in FY 2021 and 6.7% in FY 2022.

<u>Health</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>
Single	\$ 8,238	\$ 8,436	\$ 9,001
Dual	\$14,756	\$15,110	\$16,123
Family	\$21,632	\$22,151	\$23,635
Annual Change		<u>2.40%</u>	<u>6.70%</u>

Capital Outlay

Center for Adaptive Innovation and Creativity (CAIC) - proposed \$101.8 million



Tyler Hall and Norwood Hall - proposed \$17 million



Governor's Budget Proposal - Summary

	2020-21			2021-22		
	General Fund	Nongeneral Fund	Total	General Fund	Nongeneral Fund	Total
Operating Budget						
University Division						
Educational and General (E&G)						
Base Funding Adjustments						
Health Insurance	\$173,169	\$167,300	\$340,469	\$780,643	\$754,185	\$1,534,828
Retirement	191,185	182,745	373,930	199,496	190,692	390,188
Other Post Employment	(1,422)	(958)	(2,380)	(1,481)	(1,001)	(2,482)
Workers Compensation	590	1,060	1,650	2,031	3,646	5,677
Line of Duty Act Premium	47	29	76	47	29	76
Cardinal Fin'I System Charges	(8,013)	(14,193)	(22,206)	(9,197)	(17,256)	(26,453)
IT Infrastructure Services (VITA)	2,367	3,012	5,379	2,476	3,151	5,627
Personnel Management Info System	(4,457)	(3,267)	(7,724)	(4,708)	(3,493)	(8,201)
Performance Budgeting System	(214)	282	68	(128)	506	378
Cardinal HCM System			-	235,940	211,813	447,753
General Liability Premium	8,975	5,738	14,713	8,975	5,738	14,713
Subtotal E&G Base Adjustments	\$362,227	\$341,748	\$703,975	\$1,214,094	\$1,148,010	\$2,362,104
Student Financial Aid (SFA)						
Undergraduate SFA	1,269,200		1,269,200	2,538,400		2,538,400
Subtotal SFA	\$1,269,200	\$0	\$1,269,200	\$2,538,400	\$0	\$2,538,400
Auxiliary Enterprises						
Technical Adjustment - Appropriation Increase		5,587,975	5,587,975		5,587,975	5,587,975
Subtotal Auxiliary	\$0	\$5,587,975	\$5,587,975	\$0	\$5,587,975	\$5,587,975
Subtotal University Division	\$1,631,427	\$5,929,723	\$7,561,150	\$3,752,494	\$6,735,985	\$10,488,479
Capital Budget						
Tyler/Norwood Renovation		17,000,000	17,000,000		17,000,000	17,000,000
Center for Adaptive Innovation & Creativity	101,800,000		101,800,000	101,800,000		101,800,000
Total Capital Support	\$101,800,000	\$17,000,000	\$118,800,000	\$101,800,000	\$17,000,000	\$118,800,000
Total Operating & Capital Support	\$103,431,427	\$22,929,723	\$126,361,150	\$105,552,494	\$23,735,985	\$129,288,479

Legislative Timeline

The final outcome of the 2020-22 Executive Budget will not be known until the completion of the General Assembly session in March 2020.

Upcoming Dates:

Tuesday, February 11 - Crossover (all legislation must be passed by midnight)

Sunday, February 16 - Deadline for House and Senate to complete work on budget

Wednesday, February 26 - Deadline for House and Senate to complete work on each other's Budget Bills (budget conferees appointed by midnight)

Monday, March 2 - Deadline for legislation to be reported out of committee

Saturday, March 7 - 2020 General Assembly adjourns

**Radford University Board of Visitors
Business Affairs and Audit Committee
February 13, 2020**

**Information Item
Governor's 2020-2022 Biennial Budget Proposal & Budget Update**

Item:

Overview of the Governor's Executive Budget Proposal for the 2020-22 biennium.

Background:

On Tuesday, December 17, 2019, Governor Northam presented his Executive Budget Proposal for the upcoming 2020-22 biennium to the General Assembly Joint Money Committee. The Governor's proposal was largely focused on strengthening the overall fiscal position of the Commonwealth by increasing reserve balances, improving fiscal liquidity, and maintaining structural balance. The Governor's budget serves to fund mandates, grow Virginia's economy, and improve citizen quality of life.

The following is an overview of the funding changes proposed for Radford University's operating budget. Attachment A is the financial summary of these recommendations while Attachment B is the State Council of Higher Education for Virginia's (SCHEV) summary analysis for all institutions of higher education.

Operating Items:

- **Undergraduate Student Financial Assistance:** The Governor's proposed budget includes \$2,538,400 in increased general fund support for need-based, in-state undergraduate student financial aid over the biennium. This includes \$1,269,200 in 2020-21 and an additional \$1,269,200 in 2021-22. The contributions seek to make undergraduate higher education more affordable for all Virginians.

- **Central Appropriations and Central Systems Adjustments (Fringe Benefit Rates, Workers Compensation, Insurance Premiums, etc.):** Language in the Executive Budget Proposal, as per item 477 and 478, indicates changes in central distribution funding with an estimated impact of \$703,975 in 2020-21 and \$1,658,129 in 2021-22. The largest contributor to the increase is changes in health insurance premiums estimated at 2.4 percent in 2020-21 and 6.7 percent in 2021-22. Retirement charges are expected to increase which accounts for \$373,930 in 2020-21, as well as, the Cardinal Human Capital Management (HCM) Systems which is estimated at \$447,753 in 2021-22. The Cardinal HCM charges should be mitigated given the University's decision to manage payroll operations internally. Other nominal increases are expected to cover changes in workers compensation, system charges, and the distribution of other centrally funded items.

- **Technical Adjustment – Auxiliary Enterprises:** The proposed adjustment provides additional nongeneral fund appropriation authority of \$5,587,975 in 2020-21 to Auxiliary Enterprises as necessitated by current operating levels.

Capital Items:

- **Construct the Center for Adaptive Innovation and Creativity (CAIC):** The Governor’s proposed budget includes full funding for the Center for Adaptive Innovation and Creativity consisting of \$4 million of previously approved design costs and \$97.8 million for construction. This new facility will replace two 50-year old structures, Porterfield and McGuffey Halls, with a 178,000 square-foot state-of-the-art facility offering instruction, laboratory, maker, studio, computer, and collaborative spaces that integrate the arts and the sciences and facilitate dynamic ways of teaching and research.
- **Renovation of Tyler and Norwood Halls:** The Governor’s proposed budget also includes approval to use \$17 million of institutional resources to renovate Norwood and Tyler residence halls beginning 2020-21. This project will renovate a combined 102,100 square feet of residence space with renovated rooms, new finishes, improved systems, and include the addition of air conditioning to all rooms. The renovated rooms will be done in a manner to make them more appealing to students – less sharing of bathroom space, provisions for some apartment style accommodations, and improved student study and gathering areas.

The final outcome of the 2020-22 Executive Budget will not be known until the completion of the General Assembly session during the spring of 2020. The General Assembly convened on January 8, 2020, and has begun the process of considering the Governor’s budget proposals. Updates will be provided throughout the session as additional information is known.

Action:

None. Information item only.

2020-22 Biennium Budget
Governor's Executive Budget Proposal
Radford University Summary

December 17, 2019

	2020-21			2021-22		
	General Fund	Nongeneral Fund	Total	General Fund	Nongeneral Fund	Total
Operating Budget						
University Division						
Educational and General (E&G)						
Base Funding Adjustments						
Health Insurance	\$173,169	\$167,300	\$340,469	\$780,643	\$754,185	\$1,534,828
Retirement	191,185	182,745	373,930	199,496	190,692	390,188
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Performance Budgeting System	(214)	282	68	(128)	506	378
Cardinal HCM System			-	235,940	211,813	447,753
General Liability Premium	8,975	5,738	14,713	8,975	5,738	14,713
Subtotal E&G Base Adjustments	\$362,227	\$341,748	\$703,975	\$1,214,094	\$1,148,010	\$2,362,104
Student Financial Aid (SFA)						
Undergraduate SFA	1,269,200		1,269,200	2,538,400		2,538,400
Subtotal SFA	\$1,269,200	\$0	\$1,269,200	\$2,538,400	\$0	\$2,538,400
Auxiliary Enterprises						
Technical Adjustment - Appropriation Increase		5,587,975	5,587,975		5,587,975	5,587,975
Subtotal Auxiliary	\$0	\$5,587,975	\$5,587,975	\$0	\$5,587,975	\$5,587,975
Subtotal University Division	\$1,631,427	\$5,929,723	\$7,561,150	\$3,752,494	\$6,735,985	\$10,488,479
Capital Budget						
Tyler/Norwood Renovation		17,000,000	17,000,000		17,000,000	17,000,000
Center for Adaptive Innovation & Creativity	101,800,000		101,800,000	101,800,000		101,800,000
Total Capital Support	\$101,800,000	\$17,000,000	\$118,800,000	\$101,800,000	\$17,000,000	\$118,800,000
Total Operating & Capital Support	\$103,431,427	\$22,929,723	\$126,361,150	\$105,552,494	\$23,735,985	\$129,288,479

**Preliminary Summary of
Major Items in the Governor's Introduced Budget Amendments
for Higher Education in the 2020-22 Biennium
(General Fund)**

Item	2020-22 Budget for Operations
(A) Base Operation and Student Financial Aid	
Increase undergraduate financial aid	\$45.4 million in additional need based financial aid.
Funding for G3 Program	<p>\$72.5 million per year.</p> <p>Eligibility:</p> <ul style="list-style-type: none"> • Family income at or under 400% FPL. • Enrollment (6 or more credits per semester) in program approved by Chief Workforce Advisor. • Completion of FAFSA. • Agreement to complete work experience, community service, or public service at a rate of 2 hours per enrolled credit hour by the end of the academic term. • Students must demonstrate progress towards degree completion in 3 years, and will lose eligibility if they complete over 150 percent of the credits needed for a degree. <p>Funding:</p> <ul style="list-style-type: none"> • Last-dollar cost of tuition, mandatory fees, and textbooks for eligible students. • Student Support Incentive Grant (SSIG) for full-time, full Pell students: <ul style="list-style-type: none"> • \$1,000 per semester. • \$500 for summer term. • Performance payment to colleges: <ul style="list-style-type: none"> • \$500 maximum per student receiving SSIG who completes 30 credit hours. • \$400 maximum (additional) per student receiving SSIG who earns associate degree.
Higher Education Incentive Funds	Maintains the interest earnings and credit card rebate amount based on 2018 calculations from DOA (same funding as presently provided in FY2020).
HEETF	Allocation is the same as FY2020.
Central Fund adjustments	<ul style="list-style-type: none"> ▪ Adjusts funding for increases in health insurance premium costs (Item 477, Paragraph G.1.). ▪ Adjust funding for the costs of UVA health insurance plan (Item 477, Paragraph T, \$960,000 GF). ▪ Adjusts funding for decreases in VITA costs (Item 478, Paragraph C).

	<ul style="list-style-type: none"> ▪ Adjusts funding for increases in Line of Duty Act premiums (Item 477, Paragraph Q.3.). ▪ Adjusts funding for state employee retirement costs based on the full contribution rates certified by the Virginia Retirement System Board based on the June 30, 2019, Virginia Retirement System valuation for 2021 and 2022 (Item 477, Paragraph H.4.). ▪ Adjusts funding for the workers' compensation premiums based on the latest actuarial report (Item 477, Paragraph R). ▪ Adjust funding for changes in Performance Budgeting System charges (Item 478, Paragraph H). ▪ Adjusts funding for state workers compensation premiums (Item 477, Paragraph R). ▪ Adjusts funding for changes in Cardinal Financial System charges (Item 478, Paragraph F). ▪ Adjust funding for the Personnel Management Information System (PMIS) internal service fund (Item 478, Paragraph I). ▪ Adjust funding to agencies for information technology auditors and security officers (Item 478, Paragraph E).
Minimum Wage	Potential minimum wage contingencies.
Tech Talent	\$30.4 million to provide additional funding for Tech Talent Investment Program.
<i>(B) Institution-Specific Operating Budget</i>	
GMU	\$22.0 million to provide funding to account for enrollment growth and student success.
Longwood	<ul style="list-style-type: none"> ▪ \$0.3 million to support development of early childhood teachers.
NSU	<ul style="list-style-type: none"> ▪ \$9.8 million for Student Support Initiatives. ▪ \$5.5 million in IT support.
ODU	<ul style="list-style-type: none"> ▪ \$22.0 million to provide funding to account for enrollment growth and student success. ▪ \$0.5 million to provide funding to support Virginia Symphony Orchestra minority fellowship program
UVA	<ul style="list-style-type: none"> ▪ \$2.0 million to support the Foundation for the Humanities. ▪ \$2.0 million to support the Focused Ultrasound research program.
VCU	\$15.0 million to provide additional funding for the Massey Cancer Center.
VSU	<ul style="list-style-type: none"> ▪ \$10.8 million for Student Support Initiatives. ▪ \$1.8 million in IT support. ▪ \$3.0 million to fully fund state match for land grant institution federal funds (Extension).
VIMS	<ul style="list-style-type: none"> ▪ \$0.5 million for fisheries survey.

SCHEV Budget	<ul style="list-style-type: none"> ▪ \$8 million additional funding per year for New Economy Workforce Credential Grant program. ▪ \$6.0 million additional funding for TAG Grant (increase award from \$3,400 to \$4,000) ▪ \$1.5 million to increase funding for Virginia Military Survivors and Dependent Education Program.
(C)Language	
Language Adjustments	<ul style="list-style-type: none"> ▪ Updates membership of the 4-VA initiative. ▪ Exempts UVA- Wise from recovering indirect costs from auxiliary operations to E&G. ▪ Freeze on Level II performance measure standard. ▪ Removes requirement for VCCS to pay for site work costs of new capital projects, but not for new campuses.
Item	2020-22 Budget for Capital Outlay

State Supported Capital Projects

Agency Code	Agency	Project	Phase
204	The College of William and Mary	Repair Sanitary Sewer Lines	Full Funding
204	The College of William and Mary	Replace: Swem Library Windows	Full Funding
204	The College of William and Mary	Construct Fine and Performing Arts Facility	Supplement
207	University of Virginia	Renew Physics Building	Full Funding
208	Virginia Polytechnic Institute and State University	Renovate Holden Hall	Equipment
208	Virginia Polytechnic Institute and State University	Fralin Biomedical Research Institute	Equipment
208	Virginia Polytechnic Institute and State University	Address Life, Health, Safety, Accessibility and Code Compliance	Full Funding
211	Virginia Military Institute	Renovate and Expand Engineering and Laboratory Facilities	Full Funding
211	Virginia Military Institute	Improvements to Post Wide Safety and Security Phase 1	Full Funding
212	Virginia State University	Construct Admissions Building	Full Funding
212	Virginia State University	Waterproof Campus Buildings	Full Funding
212	Virginia State University	Improve and Replace Technology Infrastructure	Full Funding
212	Virginia State University	Improve Infrastructure for Campus Safety, Security, Energy Reduction and System Reliability	Full Funding
212	Virginia State University	Demolish / Replace Daniel Gym and Demolish Harris Hall	Full Funding
213	Norfolk State University	Replace Physical Plant Building	Full Funding
213	Norfolk State University	Construct New Science Building	Full Funding
214	Longwood University	Renovate / Expand Environmental Health & Safety and Facilities Annex Building	Full Funding
215	University of Mary Washington	Construct Fine and Performing Arts Center	Detailed Planning
215	University of Mary Washington	Renovate Seacobeck Hall (supplement)	Supplement
216	James Madison University	Renovate and Expand Carrier Library	Detailed Planning (NGF)
216	James Madison University	Renovate Jackson Hall - FF&E	Equipment
217	Radford University	Renovate/Construct Center for Adaptive Innovation and Creativity	Full Funding
221	Old Dominion University	Construct a New Biology Building	Detailed Planning (NGF)
221	Old Dominion University	Campus Wide Stormwater Improvements	Full Funding
221	Old Dominion University	Construct a New Health Sciences Building, Phase I	Full Funding

State Supported Capital Projects

229	VT Virginia Cooperative Extension and Agricultural Experiment Station	Construct Livestock and Poultry Research Facilities - Phase I	Equipment
229	VT Virginia Cooperative Extension and Agricultural Experiment Station	Improve System-wide Agriculture Research and Extension Centers	Full Funding
234	VSU Cooperative Extension and Agricultural Research Services	Renovate Summerseat for Urban Agriculture Center	Detailed Planning
236	Virginia Commonwealth University	Construct Interdisciplinary Classroom and Laboratory Building	Pre-Planning (NGF)
241	Richard Bland College	Center for Innovation & Education Development	Full Funding
242	Christopher Newport University	Integrated Science Center, Phase III	Detailed Planning (NGF)
242	Christopher Newport University	Construct and Renovate Fine Arts and Rehearsal Space	Equipment
242	Christopher Newport University	Improvements - Infrastructure Repairs	Full Funding
246	University of Virginia's College at Wise	Renovate Wyllie Library	Full Funding
247	George Mason University	Construct and renovate Advanced Computational Infrastructure and Hybrid Learning Labs (Amazon)	Detailed Planning (NGF)
247	George Mason University	Renovate Space to Accommodate Virtual Online Campus	Detailed Planning (NGF)
247	George Mason University	Improve IT Network Infrastructure	Equipment
247	George Mason University	Expand Central Plant Capacity	Full Funding
247	George Mason University	Improve Technology Infrastructure, Phase II	Full Funding
247	George Mason University	Construct IDIA Institute for Digital Innovation and Garage (Amazon)	Full Funding
260	Virginia Community College System	Construct Advanced CTE and Workforce Center, Norfolk prototype, Tidewater CC	Detailed Planning
260	Virginia Community College System	Re-roof and Replace HVAC - Multiple Buildings, Statewide	Full Funding
260	Virginia Community College System	Renovate Amherst & Campbell Halls, Central Virginia CC	Full Funding
260	Virginia Community College System	Renovate Godwin (CG) Academic Building, Annandale Campus, Northern Virginia CC	Full Funding
260	Virginia Community College System	Replace Diggs-Harrison-Moore Halls, Hampton Campus, Thomas Nelson CC	Full Funding
260	Virginia Community College System	Replace French Slaughter Building, Locust Grove Campus, Germanna CC	Full Funding
260	Virginia Community College System	Construct Advanced Technology Training Center, Piedmont Virginia CC (includes solar)	Full Funding
260	Virginia Community College System	LFCC - Construct Academic Building - Fauquier Campus - Supplemental Funding	Supplement (caboose)
268	Virginia Institute of Marine Science	Construct New Fisheries Science Building	Detailed Planning
268	Virginia Institute of Marine Science	Research equipment for marine vessel	Equipment
268	Virginia Institute of Marine Science	Construct Marine Operations Administration Complex	Full Funding
949	Central Capital Outlay	Supplement for Higher Education Technology Fields for the Tech Talent Investment Program (Amazon)	Full Funding

Other Capital Projects

Agency Code	Agency	Project	Total 9C Debt Recommended	Total 9D Debt Recommended	Other NGF Recommended (Excl 9C/9D)
204	The College of William and Mary	Renovate: Kaplan Arena & Construct: Sports Performance Center	-	55,000,000	-
204	The College of William and Mary	Construct: Parking Facilities	-	11,300,000	-
204	The College of William and Mary	Renovate Dormitories	11,850,000	-	-
207	The University of Virginia	Renew Alderman Library (Caboose)	-	13,695,000	-
208	Virginia Polytechnic Institute and State University	Construct Innovation Campus	-	107,000,000	-
208	Virginia Polytechnic Institute and State University	Construct New Upper Quad Residence Hall	33,000,000	-	-
208	Virginia Polytechnic Institute and State University	Acquire Falls Church Property	-	11,080,000	-
208	Virginia Polytechnic Institute and State University	Construct Global Business and Analytics Complex Residence Halls	84,000,000	-	-
208	Virginia Polytechnic Institute and State University	Construct Corps Leadership and Military Science Building	-	31,350,000	20,650,000
208	Virginia Polytechnic Institute and State University	Construct Creativity and Innovation District Living Learning Community	89,620,000	-	15,880,000
208	Virginia Polytechnic Institute and State University	Construct Data and Decision Science Building	-	10,000,000	-
211	Virginia Military Institute	Renovate 408 Parade	-	2,000,000	-
215	University of Mary Washington	Athletic Field Replacements and Improvements	-	-	5,512,000
216	James Madison University	Convocation Center Renovation/Expansion	-	20,000,000	-
216	James Madison University	Renovate Spotswood Hall	49,000,000	-	-
216	James Madison University	Warren Hall Expansion	-	49,997,854	-
217	Radford University	Renovate Norwood and Tyler Residence Halls	12,000,000	-	5,000,000
242	Christopher Newport University	Improvements: Auxiliary Infrastructure Repairs	-	2,789,000	-

Maintenance Reserve Allocation

Agency Code	Agency	FY2021	FY2022
204	The College of William and Mary	\$3,707,638	\$3,707,638
207	University of Virginia	\$13,060,405	\$13,060,405
208	Virginia Polytechnic Institute and State University	\$13,725,568	\$13,725,568
211	Virginia Military Institute	\$1,733,844	\$1,733,844
212	Virginia State University	\$3,811,227	\$3,811,227
213	Norfolk State University	\$4,164,086	\$4,164,086
214	Longwood University	\$1,899,815	\$1,899,815
215	University of Mary Washington	\$1,671,520	\$1,671,520
216	James Madison University	\$5,012,314	\$5,012,314
217	Radford University	\$2,238,123	\$2,238,123
221	Old Dominion University	\$3,670,222	\$3,670,222
236	Virginia Commonwealth University	\$7,152,137	\$7,152,137
241	Richard Bland College	\$521,507	\$521,507
242	Christopher Newport University	\$1,027,186	\$1,027,186
246	University of Virginia's College at Wise	\$781,393	\$781,393
247	George Mason University	\$5,902,972	\$5,902,972
260	Virginia Community College System	\$13,305,162	\$13,305,162
268	Virginia Institute of Marine Science	\$811,261	\$811,261
274	Eastern Virginia Medical School	\$322,485	\$322,485

Debt Management Compliance



Debt Management Policy

- Outlines the University's philosophy on debt and ensures that existing and proposed debt issues are strategically managed consistent with financial resources in order to maintain a strong financial profile.
- The University utilizes a long-term strategic plan to establish institutional priorities and objectives, and incorporates the issuance of debt into its strategic plan to fund critical capital initiatives.
- Analyzing debt affordability is used to assist the University in determining the level of debt to be used as a financial resource for its capital program.

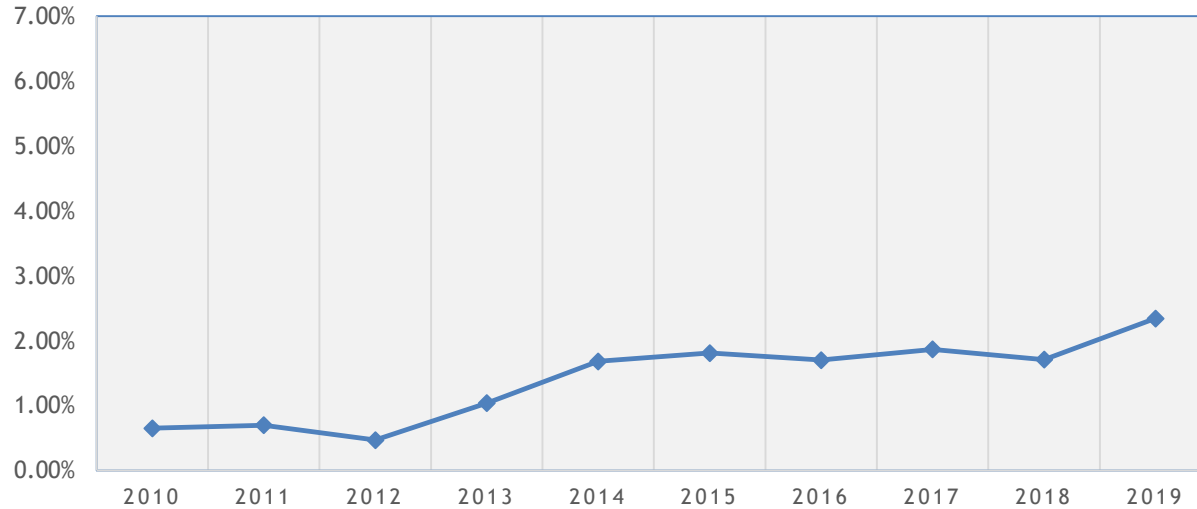
Debt Burden Ratio

- Ratio measures the University's debt service burden as a percentage of total operating expenses and identifies the maximum amount of debt that the University may have outstanding at any given time.
- The University debt burden ratio should not exceed seven (7) percent with the exception of instances where the debt obligations of revenue-producing capital projects are secured by income associated with the project. The target for this ratio is intended to maintain the University's long-term flexibility to finance existing requirements and new initiatives.

$$\begin{array}{r} \text{Annual Debt Service:} \\ \text{Total Operating Expenses:} \end{array} \frac{\$5,806,579}{\$247,581,113} = 2.35\%$$

Debt Burden Ratio Trend

10-Year Trend Analysis



**Radford University Board of Visitors
Business Affairs and Audit Committee
February 13, 2020**

**Action Item
Compliance with Debt Management Policy**

Item:

Adoption of a Resolution certifying that Radford University is in compliance with its Debt Management Policy. In addition, this certification is required annually by the Secretary of Finance for the Commonwealth of Virginia as part of Institutional Performance reporting.

Background:

The 2005 Session of the General Assembly adopted, and the Governor signed, legislation that provides Radford University and all other public colleges and universities in the Commonwealth the opportunity to attain certain authority and autonomy to manage its academic and administrative affairs more efficiently and effectively through implementation of the Restructured Higher Education Financial and Administrative Operations Act. At its meeting on June 30, 2005, the Radford University Board of Visitors approved a Resolution of Commitment allowing the University to exercise restructured financial and operational authority as identified in the Restructuring Act.

The 2015 Virginia Acts of Assembly, Chapter 665 includes a requirement in the General Provisions related to Higher Education Restructuring. §4-9.01 requires, in part, that: *“Consistent with §23-9.6:1.01 [recodified as §23.1-206], Code of Virginia, the following education-related and financial and administrative management measures shall be the basis on which the State Council of Higher Education shall annually assess and certify institutional performance. Such certification shall be completed and forwarded in writing to the Governor and the General Assembly no later than October 1 of each even-numbered year. Institutional performance on measures set forth in paragraph D of this section shall be evaluated year-to-date by the Secretaries of Finance, Administration, and Technology as appropriate, and communicated to the State Council of Higher Education before October 1 of each even-numbered year. Financial benefits provided to each institution in accordance with § 2.2-5005 will be evaluated in light of that institution’s performance.”*

The Secretary of Finance collects information to fulfill the reporting requirements as they relate to paragraph D-Financial and Administrative Standards, specifically §4-9.01 d.2. which states: *“Institution complies with a debt management policy approved by its governing board that defines the maximum percent of institutional resources that can be used to pay debt service in a fiscal year, and the maximum amount of debt that can be prudently issued within a specified period.”* To assess this measure, the Secretary of Finance is seeking a statement from the Board of Visitors certifying Radford University’s compliance with said policy and the effective date of that policy.

Schedule A below provides the required ratio calculation and demonstrates the University is in compliance with its Debt Management Policy. Currently, as disclosed in the 2019 unaudited annual financial statements, the University’s debt obligations including affiliated foundation total \$102,048,642 which is mainly attributable to the Student Recreation and Wellness Center, Renovations of four Residence Hall projects, and the affiliated foundation property acquisition.

Schedule A				
RADFORD UNIVERSITY DEBT MANAGEMENT POLICY RATIO				
The calculation reflects June 30, 2019 unaudited Financial Statements for Total Operating Expenses (as defined in the University’s Debt Management Policy); however, Annual Debt Service reflects expected payments as of June 30, 2020.				
Board Approved Ratios	Range	Formula	Unaudited Financial Statements as of 6/30/2019	
<u>Debt Burden Ratio</u> Max Annual Debt Service as % of Operating Expenses	< 7%	$\frac{\text{Annual Debt Service}^*}{\text{Total Operating Expenses}^*}$	\$5,806,579	2.35%
			\$247,581,113	

* Ratio includes Radford University Foundation

The Debt Management Policy also identifies that an annual report shall be prepared for review by the Board of Visitors. The notes to the annual financial statements provide the required elements to comply with the Debt Management Policy. Below are the Financial Statement Notes related to outstanding obligations that were prepared for the year ending June 30, 2019 (unaudited):

NOTE 6: Long-Term Debt

Notes Payable—Pooled Bonds

The University issued 9(d) bonds by participating in the Public Higher Education Financing Program (Pooled Bond Program) created by the Virginia General Assembly in 1996. Through the Pooled Bond Program, the Virginia College Building Authority (VCBA) issues 9(d) bonds and uses the proceeds to purchase debt obligations (notes) of the University and various other institutions of higher education. The University’s general revenue secures these notes. The composition of notes payable at June 30, 2019, is summarized as follows:

Notes Payable - Pooled Bonds:	<u>Interest Rates at Issuance</u>	<u>Maturity at Issuance</u>
Student Fitness Center		
Series 2009B, \$3.720 million par amount	2.00% - 5.00%	September 1, 2029
Series 2016A, \$2.285 million par amount – partial refunding of Series 2009B	3.00% - 5.00%	September 1, 2029
Series 2011A, \$4.235 million par amount	3.00% - 5.00%	September 1, 2031
Series 2012B, \$11.155 million par amount	3.00% - 5.00%	September 1, 2032
Series 2013A, \$4.865 million par amount	2.00% - 5.00%	September 1, 2033

Bonds Payable—9c

The University has issued bonds pursuant to section 9(c) of Article X of the Constitution of Virginia. Section 9(c) bonds are general obligation bonds issued by the Commonwealth of Virginia on behalf of the University. They are secured by the net revenues of the completed project and the full faith, credit and taxing power of the Commonwealth of Virginia.

The composition of bonds payable at June 30, 2019, is summarized as follows:

Bonds Payable - 9c:	<u>Interest Rates at Issuance</u>	<u>Maturity at Issuance</u>
Renovation of Washington Hall (residence hall)		
Series 2013A, \$5.040 million par amount	2.00% - 5.00%	June 1, 2033
Renovation of Pocahontas, Bolling, Draper (residence halls)		
Series 2014A, \$11.080 million par amount	2.00% - 5.00%	June 1, 2034
Series 2015A, \$8.820 million par amount	2.00% - 5.00%	June 1, 2035
Series 2016A, \$7.160 million par amount	3.00% - 5.00%	June 1, 2036

Installment Purchase Obligations

The University completed obligations under an installment purchase agreement initiated in January 2009 during FY19. The capitalized value of the asset purchased under this installment purchase agreement is \$114,460 and the repayment term is 10 years at an interest rate of 2.087 percent. The last payment was made in FY19 so the balance is now \$0.

A summary of changes in long-term debt for the year ending June 30, 2019, is presented as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Governmental activities:						
Notes payable – pooled bonds	\$21,145,688	\$ -	\$1,141,274	\$20,004,414	\$1,030,000	\$18,974,414
Bonds payable - 9c	31,235,617	-	1,364,684	29,870,933	1,260,000	28,610,933
Installment purchase obligations	12,566	-	12,566	-	-	-
*Total long-term debt	\$52,393,871	\$ -	\$2,518,524	\$49,875,347	\$2,290,000	\$47,585,347

*No amounts considered direct borrowings or direct placements.

Future principal and interest payments on long-term debt are as follows:

Fiscal Year Ending	Governmental Activities			
	Notes Payable Pooled Bonds		Bonds Payable - 9c	
	Principal	Interest	Principal	Interest
30-Jun-20	1,030,000	698,006	1,260,000	1,059,500
30-Jun-21	1,085,000	650,181	1,320,000	996,500
30-Jun-22	1,135,000	596,731	1,395,000	930,500
30-Jun-23	1,190,000	539,681	1,465,000	860,750
30-Jun-24	1,250,000	482,006	1,530,000	787,500
2025-2029	6,965,000	1,679,434	8,695,000	2,917,025
2030-2034	5,705,000	405,325	10,000,000	1,246,988
2035-2036	-	-	1,625,000	63,900
Unamortized Premium	1,644,415	-	2,580,932	-
Total	\$20,004,415	\$5,051,364	\$29,870,932	\$8,862,663

Long-Term Debt Defeasance

During fiscal year 2017, the Commonwealth of Virginia, on behalf of the University, issued pooled bonds Series 2016A for \$2,285,000 with interest rates of 3.0 to 5.0% to advance refund \$2,305,000 of Series 2009B pooled bonds. The bonds, issued at a premium of \$470,852, are used to provide funds for debt service savings for the Commonwealth. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds.

The advanced refunding resulted in a deferred accounting loss of \$296,927 for the University, which is being amortized to interest expense over the life of the new debt. At June 30, 2019, \$229,273 of the unamortized deferred loss is reported on the Statement of Net Position as a deferred outflow of resources. The defeasance will reduce the University's total debt service obligation by \$184,341 over 13 years. The debt service savings discounted at a rate of 1.849% results in an economic gain of \$167,810.

For financial reporting purposes, these notes payables are considered an in-substance defeasance and have therefore been removed from the long-term debt payable line item of the Statement of Net Position. The assets in escrow have similarly been excluded. On June 30, 2019, \$2,305,000 from Series 2009B 9(d) VCBA pooled bonds was considered defeased and outstanding.

NOTE 19E: Component Unit Financial Information

The following is a summary of the outstanding notes payable at June 30, 2019:

Note payable in monthly installments calculated on a 10-year amortization with a balloon payment of remaining amount in May 2020, interest payable at LIBOR plus 1.48 percent (3.91% and 3.585% at June 30, 2019 and 2018, respectively). Unsecured.	\$333,792
Note payable in monthly installments of \$2,601 through November 2020, interest payable at 1.54%. Secured by deposit accounts maintained by and investment property held with the institution.	43,520
Notes payable in monthly installments calculated on a 25-year amortization with a balloon payment of remaining amount in May 2021, with Interest payable at LIBOR plus 0.82 (3.22% and 2.91% at June 30, 2019 and 18, respectively). Secured by real estate and deposit accounts maintained by and investment property held with the institution. Additionally, secured by an assignment of leases and rents.	397,911
Notes payable in monthly installments calculated on a 25-year amortization with a balloon payment of	446,379

remaining amount in May 2023, with Interest payable at LIBOR plus 0.82 (3.22% and 2.91% at June 30, 2019 and 2018 respectively). Secured by real estate and deposit accounts maintained by and investment property held with the institution. Additionally, secured by an assignment of leases and rents.

Notes payable in monthly Interest only payments through April 2020, then monthly Installments calculated on a 23-year amortization with a balloon payment of the remaining amount In April 2025. Interest payable at LIBOR plus 0.82 (3.26% and 2.91% at June 30, 2019 and 2018, respectively). Secured by real estate and deposit accounts maintained by and investment property held with the institution. Additionally, secured by an assignment of leases and rents.

22,500,000

Notes payable in monthly Interest only payments through April 2020, then monthly installments calculated on a 23-year amortization with a balloon payment of remaining amount In April 2025. Interest payable at 4.20%. Secured by real estate and deposit accounts maintained by and investment property held with the institution. Additionally, secured by an assignment of leases and rents.

10,000,000

Notes payable in monthly installments on a 15-year amortization with a balloon payment of remaining amount in June 2024, Interest payable at 3.72%. Secured by real estate and deposit accounts maintained by and investment property held with the institution. Additionally, secured by an assignment of leases and rents. Secured by real estate and assignment of leases and rent.

210,000

Total long-term debt	\$33,931,602
----------------------	--------------

Future principal payments on notes payable for years ending June 30 are as follows:

2020	\$569,660
2021	1,449,703
2022	1,087,670
2023	1,500,434
2024 and thereafter	29,324,135
Total long-term debt	\$33,931,602

Notes payables are subject to certain affirmative and negative covenants. Management believes the Foundation has complied with all covenants as of June 30, 2019.

Action:

Board of Visitors adoption of a Resolution of Compliance with the Radford University Debt Management Policy.

**Radford University Board of Visitors
Resolution
Compliance with Debt Management Policy**

WHEREAS, the 2005 Session of the General Assembly adopted, and the Governor signed, legislation that provides Radford University and all other public colleges and universities in the Commonwealth the opportunity to attain certain authority and autonomy to manage its academic and administrative affairs more efficiently and effectively through implementation of the Restructured Higher Education Financial and Administrative Operations Act, and

WHEREAS, on June 30, 2005, the Radford University Board of Visitors approved a Resolution of Commitment allowing the University to exercise restructured financial and operational authority as identified in the Restructuring Act, and

WHEREAS, the Governor has established financial and management measures on which annual assessment and certification of institutional performance will be evaluated, and

WHEREAS, the financial and management measures require the Radford University Board of Visitors to approve a Debt Management Policy, and

WHEREAS, the Radford University Board of Visitors approved such Debt Management Policy at its March 30, 2007, meeting; revisions to this policy were approved by the Board of Visitors at its August 23, 2007, November 12, 2010, and February 8, 2012 meetings, and

WHEREAS, Schedule A demonstrates that the University meets the requirements outlined in the Debt Management Policy; and

WHEREAS, the Board of Visitors must annually certify Radford University's compliance with the approved Debt Management Policy to the Secretary of Finance for the Commonwealth of Virginia;

NOW, THEREFORE, BE IT RESOLVED, this resolution approved by the Radford University Board of Visitors certifies that the University is in compliance with its Debt Management Policy.

Public-Private Education Facilities (PPEA) Guidelines

RADFORD
UNIVERSITY

What is a Public-Private Partnership?

- Collaboration between a public agency and a private partner to deliver a public service or facility where the skills and assets of each sector are shared
- Benefits:
 - Innovative projects
 - Faster completion of projects
 - Cost savings
 - Risk sharing

Public-Private Education Facilities and Infrastructure Act of 2002

- Legislative framework enabling agencies and institutions of the Commonwealth to enter into agreements authorizing private entities to develop and/or operate qualifying projects as defined in the Act
- Intended to encourage innovative partnerships
- Examples of qualifying projects (can include, but not limited to);
 - Recreational facility
 - Education facility
 - A building or facility that meets a public purpose and is developed or operated by or for any public entity
 - Technology infrastructure and services
 - Any improvements necessary or desirable to any unimproved locally or state-owned real estate

Radford University Guidelines under PPEA

- University specific PPEA guidelines are required to be approved by the Board of Visitors
- University proposed guidelines heavily follow state guidelines and those of peer institutions

PPEA Proposal Submission

- Solicited
 - Proposal includes solicitation requirements
- Unsolicited
 - Part 1: Conceptual Stage includes proposer's qualifications, project characteristics, financing, anticipated public support/opposition, benefits and compatibility
 - Part 2: Detailed Stage includes deliverables, scope of work, and financial plan
- Generally subject to FOIA

PPEA Proposal Review Factors

- Proposed cost and design
- General reputation, industry experience and financial capacity of private entity
- Compatibility with existing and planned facilities
- Compatibility with local, regional and state economic development efforts
- Private entity's compliance with a minority business plan or good faith effort to comply with the goals of such plans

Project Delivery Timeline Comparison

Standard Project Timeline

- RU identifies project need
- Obtain Commonwealth funding or dedicate RU funding
- Procure design and construction using DGS/DEB guidelines
- DEB performs reviews and inspections as required
- Occupy building

“Average” total duration is seven years

Public-Private Project Timeline

- RU identifies project need
- PPEA Team submits a proposal to meet the need - either solicited by RU or unsolicited, including design, construction and financial plan IAW guidelines
- Approval by the Commonwealth’s Public-Private Partnership Advisory Commission
- Negotiate Agreements with selected PPEA Team
- Complete design and construction similar to private sector
- Occupy building

“Average” total duration reduced two years

Radford University

Guidelines for Projects

Under the

**Public-Private Education Facilities and
Infrastructure Act of 2002, as Amended
(PPEA)**

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I. INTRODUCTION

The Public-Private Education Facilities and Infrastructure Act of 2002, as amended¹ (the Act, or PPEA) is the legislative framework enabling agencies of the Commonwealth of Virginia to enter into agreements authorizing private entities (sometimes referred to herein as “Private Partner” or “Contractor”) to develop and/or operate qualifying projects as defined in the Act. The guidelines and procedures presented in this document were developed pursuant to the requirements of Virginia Code § 56-575.3:1 and 56-575.16. The guidelines and procedures also guide private entities who wish to partner with Agencies in undertaking projects pursuant to the Act.

The Act grants responsible public entities, which include the University, authority to create public-private partnerships for development of a wide range of projects for public use if the public entities determine there is a need for such projects and that private involvement may provide the project in a more timely or cost-effective fashion. Development of projects that lead to productivity or efficiency improvements in the public entities’ processes or delivery of services, considering, among other things, the probable scope, complexity or priority of the project; risk sharing including guaranteed cost or completion guarantees; added value or debt or equity investments proposed by the private entity; or an increase in funding, dedicated revenue source or other economic benefit that would not otherwise be available, may also be pursued.

Virginia Code §56-575.16.2, provides, in part: “When the responsible public entity determines to proceed according to the guidelines adopted by it pursuant to this subdivision, it shall state the reasons for its determination in writing. If a state agency is the responsible public entity, the approval of the responsible Governor's Secretary, or the Governor, shall be required before the responsible public entity may enter into a comprehensive agreement pursuant to this subdivision.” Agencies may enter an interim agreement or a comprehensive agreement under the Act, if they are so advised, only after the Governor or responsible Cabinet Secretary has approved proceeding to the Detailed Stage (Part 2) of the PPEA process. With such approval, the head of the Agency, or the Agency’s Board, if applicable, may approve entering the interim and/or comprehensive agreement.

In order for a project to come under the Act, it must meet the definition of a "qualifying project." The Act contains a broad definition of “qualifying project” that includes public buildings and facilities of all types, and certain infrastructure and services such as:

¹ Va. Code §§56-575.1 through 56-575.18

- (i) An education facility, including, but not limited to, a school building, any functionally-related and subordinate facility (a stadium, for example), land appurtenant to a school building, and any depreciable property provided for use in a school facility that is operated as part of the public school system or as an institution of higher education;
- (ii) A building or facility that meets a public purpose and is developed or operated by or for any public entity;
- (iii) Improvements, together with equipment, necessary to enhance public safety and security of buildings to be principally used by a public entity;
- (iv) Utility and telecommunications and other communications infrastructure;
- (v) A recreational facility;
- (vi) Technology infrastructure and services, including, but not limited to, telecommunications, automated data processing, word processing and management information systems, and related information, equipment, goods and services;
- (vii) Technology, equipment, or infrastructure designed to deploy wireless broadband services to schools, businesses, or residential areas; or
- (viii) Any improvements necessary or desirable to any unimproved locally or state-owned real estate.

Although guidance with regard to the application of the Act is provided in this document, it is incumbent upon all entities, both public and private, to comply with the provisions of the Act and other applicable laws. In the event that the Act is amended in a manner that either conflicts with these guidelines or concerns material matters not addressed by these guidelines, then these guidelines shall be interpreted in a manner to conform to the new law.

The Act defines "responsible public entity" (RPE) to include any public entity that has the power to develop or operate the applicable qualifying project. Responsible public entities are required to adopt and make publicly available guidelines that are sufficient to enable the public entity to comply with the requirements of the Act. Accordingly, the Radford University Board of Visitors has adopted these guidelines, and the University will follow these guidelines in the review and acceptance of proposals.

II. GENERAL PROVISIONS

A. Proposal Submission

Proposals may be invited through solicitation or they may be considered when delivered by a private entity on an unsolicited basis. In either case, any such proposal shall be clearly identified as a "PPEA Proposal." The requirements for any particular solicited proposal shall be as specified in the solicitation by the University for that proposal and shall be consistent with all applicable provisions of the Act. Any unsolicited proposal shall be submitted to the University by delivering ten copies, together with any required review fee, to the Vice President for Finance and Administration. Proposers must follow a two-part submission process consisting of an initial Conceptual Stage (Part 1) and, after approval of the conceptual

stage, a Detailed Stage (Part 2). Part 1 should contain specified information regarding the proposer's qualifications and experience, project characteristics, project financing, anticipated public support or opposition, or both, and project benefit and compatibility. Part 2 should contain specified deliverables, namely project benefits, scope of work, and a financial plan that contains enough specificity so that the University may fairly evaluate the financial feasibility of the qualified project.

Proposals should be prepared simply and economically, providing a concise description of the proposer's capabilities to complete the proposed qualifying project and the benefits to be derived from the project. Benefits to be considered are those occurring during the construction, renovation, expansion or improvement phase and during the life cycle of the project. Proposals should include a comprehensive scope of work and a financial plan for the project that contains enough detail to allow analysis of the proposed project's financial feasibility. The Act is a flexible development tool that allows use of innovative financing techniques. Financing options might include the use of special purpose entities, sale and lease-back transactions, enhanced use leasing, property exchanges, development agreements, conduit financing, and other methods allowed by law. However, the cost analysis of a proposal should not be linked solely to the financing plan as the University may determine to finance the project through other available means.

The Act is intended to encourage proposals from the private sector that offer the assumption of commensurate risk by the private partner through innovative approaches to project financing, development, and/or use. The University will exercise full and proper due diligence in the evaluation and selection of private entities to carry out the proposals. In this regard, the qualifications, capabilities, resources, and other attributes of a prospective private partner and its entire team will be carefully examined for every project. Private entities proposing projects shall be held strictly accountable for representations regarding their qualifications, experience, and any other content of their proposals, including all aspects of work to be performed.

B. Affected Jurisdictions

Under the Va. Code § 56-575.6, any private entity requesting approval from or submitting a proposal to the University must provide each affected jurisdiction a copy of the private entity's request or proposal. The private entity is responsible for documenting delivery of the request or proposal.

Affected jurisdictions that are not RPE's under the proposed qualifying project shall have 60 days from the receipt of the request or proposal to submit written comments to the University, and to indicate whether the proposed qualifying project is compatible with (i) the local comprehensive plan, (ii) local infrastructure development plans, or (iii) capital improvements budget or other government spending plan. Comments received by the University within the 60-day period shall be considered in evaluating the request or proposal; however, no negative inference shall be drawn from the absence of comment by an affected jurisdiction.

In providing the request or proposal to the affected local jurisdiction, the private entity may withhold information that the University has deemed to be confidential and not subject to release under the Freedom of Information Act, in accordance with Section II.D of these Guidelines.

C. Proposal Review Fee

The University shall receive an analysis of any proposal from appropriate internal staff or outside advisors or consultants with relevant experience in determining whether to enter into an agreement with the private entity. The University may charge a fee to the private entity to cover the costs of processing, reviewing, and evaluating any unsolicited proposal or competing unsolicited proposal submitted under the Act, including a fee to cover the costs of outside attorneys, consultants, and financial advisors. Any fee charged for such review of an unsolicited proposal will be reasonable in comparison to the level of expertise required to review the proposal and will not be greater than the direct costs associated with evaluating the proposed qualifying project. "Direct costs" may include (i) the cost of staff time required to process, evaluate, review, and respond to the proposal and (ii) the out-of-pocket costs of attorneys, consultants, and financial advisors.

The proposal fee may cover all or part of the initial review process. The University may require a proposal fee in an amount sufficient to cover all anticipated direct costs associated with evaluating the proposal, or may require a smaller initial processing fee with an additional proposal fee to be charged should the project proceed beyond the initial review.

D. Freedom of Information Act

1. General applicability of disclosure provisions:

Proposal documents submitted by private entities are generally subject to the Virginia Freedom of Information Act ("FOIA") except that § 2.2-3705.6 (11) exempts certain documents from public disclosure. FOIA exemptions, however, are discretionary, and the University may elect to release some or all of documents except to the extent the documents are:

- a. Trade secrets of the private entity as defined in the Uniform Trade Secrets Act (§ 59.1- 336 et seq.);
- b. Financial records of the private entity that are not generally available to the public through regulatory disclosure or otherwise, including but not limited to, balance sheets and financial statements; or
- c. Other information submitted by a private entity, where if the record or document were made public prior to the execution of an interim or comprehensive agreement the financial interest or bargaining position of the public or private entity would be adversely affected.

Additionally, to the extent access to proposal documents submitted by private entities are compelled

or protected from disclosure by a court order, the University must comply with the provisions of such order.

2. Protection from mandatory disclosure for certain documents submitted by a private entity:

Before a document of a private entity may be withheld from disclosure, the private entity must make a written request to the University at the time the documents are submitted that designates with specificity the documents for which the protection is being sought and a clear statement of the reasons for invoking the protection with reference to one or more of three classes of records listed in Section II.D.1.

Upon the receipt of a written request for protection of documents, the University shall determine whether the documents contain (i) trade secrets, (ii) financial records, or (iii) other information that would adversely affect the financial interest or bargaining position of the University or private entity in accordance with Section II.D.1. The University shall make a written determination of the nature and scope of the protection to be afforded by the University under this subdivision. If the written determination provides less protection than requested by the private entity, the private entity shall be accorded an opportunity to withdraw its proposal. Nothing shall prohibit further negotiations of the documents to be accorded protection from release although what may be protected must be limited to the categories of records identified in Section II.D.1.

Once a written determination has been made by the University, the documents afforded protection under this subdivision shall continue to be protected from disclosure when in the possession of the University or any affected jurisdiction, or the Public Private Partnership Advisory Commission as provided for in §30-281, to which such documents are provided.

Cost estimates relating to a proposed procurement transaction prepared by or for the University shall not be open to public inspection.

If a private entity fails to designate trade secrets, financial records, or other confidential or proprietary information for protection from disclosure, such information, records or documents shall be subject to disclosure under FOIA.

3. Protection from mandatory disclosure for certain documents produced by the responsible public entity:

Memoranda, staff evaluations, or other records prepared by or for the University, its staff, or outside advisors or consultants exclusively for the evaluation and negotiation of proposals may be withheld from disclosure if the disclosure of such records required by the Act would adversely affect the financial interest or bargaining position of the University or private entity. The University must document the basis for the determination of adverse effect in writing.

4. The University may not withhold from public access:

- a. procurement records other than those subject to the written determination of the University;

- b. information concerning the terms and conditions of any interim or comprehensive agreement, service contract, lease, partnership, or any agreement of any kind executed by the University and the private entity;
- c. information concerning the terms and conditions of any financing arrangement that involves the use of any public funds; or
- d. information concerning the performance of any private entity developing or operating a qualifying project.

E. Use of Public Funds

Virginia constitutional and statutory requirements as they apply to appropriation and expenditure of public funds apply to any interim or comprehensive agreement entered into under the Act. Accordingly, the processes and procedural requirements associated with the expenditure or obligation of public funds shall be incorporated into planning for any PPEA project(s).

F. Applicability of Other Laws

Once an interim or comprehensive agreement has been executed, the University shall make available, upon request, procurement records in accordance with Va. Code §2.2-4342.

In soliciting or entertaining proposals under the PPEA, the University shall comply with all applicable federal, state, and local laws not in conflict with the Act. Likewise, in submitting proposals and in developing, executing or operating facilities under the Act, private entities shall comply with all applicable federal, state, and local laws. Such laws may include, but not necessarily be limited to, contractual obligations which require Workers Compensation insurance coverage, performance bonds, or payment bonds from approved sureties; compliance with the Virginia Prompt Payment Act; compliance with the Ethics in Public Contracting Act; and compliance with environmental laws, workplace safety laws, and state or local laws governing contractor or trade licensing, building codes, and building permit requirements.

Proposals should avoid the creation of state-supported debt; however, should a proposal include such debt, procedures to secure specific approval by the Governor, General Assembly, the Department of Planning and Budget, the Department of the Treasury, and any other appropriate entities must be included in the proposal. In addition, a clear and detailed alternative if such approval is not achieved must be provided.

While procedures incorporated in these guidelines are consistent with those of Virginia Code §§ 2.2-4301, under § 56-573.1 the selection process for solicited or unsolicited project proposals is not subject to the Virginia Public Procurement Act (§ 2.2-4300 et seq.).

III. SOLICITED PROPOSALS

The University may issue Request for Proposals (RFP) inviting proposals from private entities to develop and/or operate qualifying projects. The University shall use a two-part proposal process consisting

of an initial conceptual stage (Part 1) and a detailed stage (Part 2). The RFP shall invite qualified parties to submit proposals on individual projects identified by the University. In such case, the University shall set forth in the RFP the format and supporting information that is required to be submitted, consistent with the provisions of the Act.

The RFP will specify any information and documents required by the University and the factors that will be used in evaluating proposals. The RFP will also contain or incorporate by reference applicable Virginia standard terms and conditions, and should specify any unique capabilities or qualifications that will be required of the private entities. Pre-proposal conferences may be held as deemed appropriate by the University.

The RFP shall be posted on the Commonwealth's electronic procurement website eVA (www.eva.virginia.gov) and in such other public areas as may be regularly used for posting of public notices.

IV. UNSOLICITED PROPOSALS

The Act permits the University to consider unsolicited proposals received from private entities for development and/or operation of qualifying projects.

The University may publicize its needs and encourage interested parties to submit unsolicited proposals subject to the terms and conditions of the Act. When such proposals are received without issuance of an RFP, the proposal shall be treated as an unsolicited proposal under the Act.

A. Decision to Accept and Consider Unsolicited Proposal; Notice

1. The University reserves the right to reject any and all proposals at any time.
2. Upon receipt of any unsolicited proposal, or group of proposals, and payment of the required fee by the proposer or proposers, the University will determine whether to accept the unsolicited proposal for publication and conceptual stage consideration. If the University determines not to accept the proposal, it shall return the proposal, together with all fees and accompanying documentation, to the proposer.
3. If the University chooses to accept an unsolicited proposal for conceptual-stage consideration, it shall invite competing proposals by posting notices on the Commonwealth's electronic procurement website eVA (www.eva.virginia.gov) and in such other public areas as may be regularly used for posting of public notices. The notices shall be posted for such period as the University deems necessary and reasonable, but in no event less than 45 days. The University will publish, at least once, the same notice in one or more newspapers or periodicals of general circulation in the affected jurisdiction(s), providing notice of pending or potential action in not less than 45 days. The University shall provide for more than 45 days in situations where the scope or complexity of the original proposal warrants additional time for potential competitors to prepare proposals.

The notice shall state that the University (i) has received an unsolicited proposal under the Act, (ii) intends to evaluate the proposal, (iii) may negotiate an interim or comprehensive agreement with the proposer based on the proposal, and (iv) will accept for simultaneous consideration any competing proposals that comply with the procedures adopted by the University and the provisions of the Act. The notice will summarize the proposed qualifying project or projects, and identify their proposed locations. Copies of unsolicited proposals shall be available upon request, subject to the provisions of FOIA and § 56-575.4 G of the Act.

4. To ensure that sufficient information is available upon which to base the development of a serious competing proposal, representatives of the University familiar with the unsolicited proposal and the guidelines established by the University shall be made available to respond to inquiries and meet with private entities that are considering the submission of a competing proposal. The University shall conduct an analysis of the information pertaining to the proposal included in the notice to ensure that such information sufficiently encourages competing proposals. Further, the University shall establish criteria, including key decision points and approvals to ensure proper consideration of the extent of competition from available private entities prior to selection.
5. Prior to posting of the notices provided for in this subsection, the University shall receive from the initial proposer(s) the balance due, if any, of the required project proposal review fee.

B. Posting Requirements

1. Conceptual proposals, whether solicited or unsolicited, shall be posted by the responsible public entity within 10 working days after acceptance of such proposals on the Department of General Service's web-based electronic procurement website eVA (www.eva.virginia.gov).
2. Nothing shall be construed to prohibit the posting of the conceptual proposals by additional means deemed appropriate by the University to provide maximum notice to the public of the opportunity to inspect the proposals.
3. In addition to the posting requirements, at least one copy of the proposals shall be made available for public inspection. Trade secrets, financial records, or other records of the private entity excluded from disclosure under the provisions of subdivision 11 of § 2.2-3705.6 shall not be required to be posted, except as otherwise agreed to by the University and the private entity. Any inspection of procurement transaction records shall be subject to reasonable restrictions to ensure the security and integrity of the records.

C. Initial Review by the University at the Conceptual Stage (Part 1)

1. Only proposals complying with the requirements of the Act that contain sufficient information for a meaningful evaluation and that are provided in an appropriate format will be considered by the University for further review at the conceptual stage. Formatting suggestions for proposals at the conceptual stage are found at Section V.A.
2. The University will determine at the initial review stage whether it will proceed using:
 - a. Standard procurement procedures consistent with the Virginia Public Procurement Act²; or
 - b. Procedures developed that are consistent with procurement of other than professional services through "competitive negotiation" as the term is defined in Virginia Code § 2.2- 4301 (competitive negotiation). The University may proceed using such procedures only if it makes a written determination that doing so is likely to be advantageous to the University and the public based upon either (i) the probable scope, complexity or priority of need, or (ii) the risk sharing, including guaranteed cost or completion guarantees, added value or debt or equity investments proposed by the private entity, or increase in funding, dedicated revenue or other economic benefit from the project would otherwise not be available.
 - c. When the University elects to use competitive negotiations, its written determination should consider factors such as risk sharing, added value and/or economic benefits from the project that would not be available without competitive negotiation. In addition, the written determination should explain how the scope, complexity, and/or urgency of the project are such that competitive negotiation is determined necessary.
3. After reviewing the original proposal and any competing proposals submitted during the notice period, the University may determine:
 - i. not to proceed further with any proposal;
 - ii. to proceed to the detailed (Part 2) stage of review with the original proposal;
 - iii. to proceed to the detailed (Part 2) stage with a competing proposal;
 - iv. to proceed to the detailed (Part 2) stage with multiple proposals; or
 - v. to request modifications or amendments to any proposal.

In the event that more than one proposal will be considered in the detailed (Part 2) stage of

review, the University shall determine whether the unsuccessful private entity, or entities, shall be reimbursed, in whole or in part, for costs incurred in the detailed stage of review. In such case, reasonable costs may be assessed to the successful proposer as part of any ensuing interim or comprehensive agreement.

4. Discussions between the University and a private entity about the need for infrastructure improvements shall not inhibit the University's ability to employ other procurement procedures to meet such needs. The University retains the right to reject any proposal at any time, without penalty, prior to the execution of an interim or comprehensive agreement.

V. PROPOSAL PREPARATION AND SUBMISSION

A. Format for Submissions at Conceptual Stage (Part 1)

Proposals at the conceptual stage must contain information in the following areas: (i) qualifications and experience, (ii) project characteristics, (iii) project financing, (iv) anticipated public support or opposition or both, (v) project benefit and compatibility, and (vi) such additional information as may seem prudent which is not inconsistent with the requirements of the Act. Suggestions for presenting information to be included in proposals at the Conceptual Stage include the items listed below, plus any additional items or documents requested by the University:

1. Qualifications and Experience

- a. Identify the legal structure of the firm or consortium of firms making the proposal. Identify the organizational structure for the project, the management approach, and how each partner and major subcontractor in the structure fits into the overall team. All members of the proposer's team, including major subcontractors known to the proposer, must be identified at the time a proposal is submitted for the Conceptual Stage. Include the status of the Virginia license of each partner, proposer, contractor, and major subcontractor. Identified team members, including major subcontractors, may not be substituted or replaced once a project is approved and the comprehensive agreement executed without the written approval of the University.
- b. Describe the experience of the firm or consortium of firms making the proposal and the key principals involved in the proposed project including experience with projects of comparable size and complexity. Describe the length of time in business, business experience, public sector experience, and other engagements of the firm or consortium of firms. Describe the past safety performance record and current safety capabilities of the firm or consortium of firms. Describe the past technical performance history on recent projects of comparable size and complexity, including disclosure of any legal claims, of the firm or consortium of firms. Include the identity of any firms that will provide design, construction,

and completion guarantees and warranties and a description of such guarantees and warranties.

- c. For each firm or major subcontractor that will be utilized in the project, provide a statement listing all of the firm's prior projects and clients for the past five (5) years with contact information for such clients (names/addresses /telephone numbers). If a firm has worked on more than ten (10) projects during this period, it may limit its prior project list to ten (10), but shall first include all projects similar in scope and size to the proposed project and, second, it shall include as many of its most recent projects as possible. Each firm or major subcontractor shall be required to submit all performance evaluation reports or other documents in its possession evaluating the firm's performance during the preceding three years in terms of cost, quality, schedule, safety and other matters relevant to the successful project development, operation, and completion.
- d. Provide the names, addresses, and telephone numbers of persons within the firm or consortium of firms who may be contacted for further information.
- e. Provide a current or most recently audited financial statement of the firm or firms and each partner with an equity interest of twenty percent or greater.
- f. Identify any persons known to the proposer who would be obligated to disqualify themselves from participation in any transaction arising from or in connection to the project pursuant to The Virginia State and Local Government Conflict of Interest Act, Chapter 31 (§ 2.2-3100 et seq.) of Title 2.2.
- g. Identify proposed plan for obtaining sufficient numbers of qualified workers in all trades or crafts required for the project.
- h. Provide information on any training programs, including but not limited to apprenticeship programs registered with the U.S. Department of Labor or a State Apprenticeship Council, in place for employees of the firm and employees of any member of a consortium of firms.
- i. Provide information on the level of commitment by the firm or consortium of firms to use Department of Minority Business Enterprise certified firms in developing and implementing the project.
- j. For each firm or major subcontractor that will perform construction and/or design activities, provide the following information:
 - 1) A sworn certification by an authorized representative of the firm attesting to the fact that the firm is not currently enjoined, debarred, or suspended

by any federal, state or local government entity.

- (2) A completed qualification statement on a form developed by the Commonwealth that reviews all relevant information regarding technical qualifications and capabilities, firm resources and business integrity of the firm, including but not limited to, bonding capacities, insurance coverage, and firm equipment. This statement shall also include a mandatory disclosure by the firm for the past three years any of the following conduct:

- i. bankruptcy filings
 - ii. liquidated damages
 - iii. fines, assessments or penalties
 - iv. judgments or awards in contract disputes
 - v. contract defaults, contract terminations
 - vi. license revocations, suspensions, other disciplinary actions
 - vii. prior enjoinders, debarments, or suspensions by a governmental entity
 - viii. denials of prequalification, findings of non-responsibility
 - ix. safety past performance data, including fatality incidents, "Experience Modification Rating," "Total Recordable Injury Rate" and "Total Lost Workday Incidence Rate"
 - x. violations of any federal, state or local criminal or civil law
 - xi. criminal indictments or investigations
 - xii. legal claims filed by or against the firm
- k. Describe worker safety training programs, job-site safety programs, accident prevention programs, written safety and health plans, including incident investigation and reporting procedures.

2. Project Characteristics

- a. Provide a description of the project, including the conceptual design. Describe the proposed project in sufficient detail so that type and intent of the project, the location, and the communities that may be affected are clearly identified.
- b. Identify and fully describe any work to be performed by the University.
- c. Include a list of all federal, state and local permits and approvals required for the project and a schedule for obtaining such permits and approvals.

- d. Identify any anticipated adverse social, economic and environmental impacts of the project. Specify the strategies or actions to mitigate known impacts of the project. Indicate if environmental and archaeological assessments have been completed as required.
- e. Identify the projected positive social, economic and environmental impacts of the project.
- f. Identify the proposed schedule for the work on the project, including the estimated time for completion.
- g. Identify contingency plans for addressing public needs in the event that all or some of the project is not completed according to projected schedule.
- h. Propose allocation of risk and liability for work completed beyond the agreement's completion date, and assurances for timely completion of the project.
- i. State assumptions related to ownership, legal liability, law enforcement and operation of the project and the existence of any restrictions on the University's use of the project.
- j. Provide information relative to phased or partial openings of the proposed project prior to completion of the entire work.
- k. List any other assumptions relied on for the project to be successful.
- l. List any contingencies that must occur for the project to be successful.

3. Project Financing

- a. Provide a preliminary estimate and estimating methodology of the cost of the work by phase, segment, or both.
- b. Submit a plan for the development, financing, and operation of the project showing the anticipated schedule on which funds will be required. Describe the anticipated costs of and proposed sources and uses for such funds, including any anticipated debt service costs. The operational plan should include appropriate staffing levels and associated costs. Include any supporting due diligence studies, analyses or reports.
- c. Include a list and discussion of assumptions underlying all major elements of the plan. Assumptions should include all fees associated with financing given the recommended financing approach. In addition, complete disclosure of interest rate assumptions should be included. Any ongoing operational fees, if

applicable, shall also be disclosed as well as any assumptions with regard to increases in such fees.

- d. Identify the proposed risk factors and methods for dealing with these factors.
- e. Identify any local, state or federal resources that the proposer contemplates requesting for the project. Describe the total commitment, if any, expected from governmental sources and the timing of any anticipated commitment. Such disclosure should include any direct or indirect guarantees or pledges of the University's credit or revenue.
- f. Identify the amounts and the terms and conditions for any revenue sources.
- g. Identify any aspect of the project that could disqualify the project from obtaining tax- exempt financing.

4. Project Benefit and Compatibility

- a. Identify community benefits, including the economic impact the project will have on the University and local community in terms of amount of tax revenue to be generated for the University and political subdivisions, the number jobs generated for Virginia residents and level of pay and fringe benefits of such jobs, the training opportunities for apprenticeships and other training programs generated by the project, and the number and value of subcontracts generated for Virginia subcontractors.
- b. Identify any anticipated public support or opposition, as well as any anticipated government support or opposition, for the project.
- c. Explain the strategy and plan that will be carried out to involve and inform the general public, business community, local governments, and governmental agencies in areas affected by the project.
- d. Describe the compatibility of the project with local, regional, and state economic development efforts.
- e. Describe the compatibility with the local comprehensive plan, local infrastructure development plans, and any capital improvements budget or other local spending plan.
- f. Provide a statement setting forth participation efforts to be undertaken in connection with this project with regard to the following types of businesses: (i) minority-owned businesses; (ii) woman-owned businesses; and (iii) small and micro businesses.

B. Format for Submissions at Detailed Stage (Part 2)

If the University decides to proceed to the detailed stage (Part 2) with one or more proposals, each selected private entity must provide the following information, where applicable, unless the University waives the requirement or requirements:

1. A topographical map of appropriate scale depicting the location of the proposed project;
2. A conceptual site plan indicating proposed location and configuration of the project on the proposed site;
3. Conceptual (single line) plans and elevations depicting the general scope, appearance and configuration of the proposed project, along with three-dimensional perspective images;
4. A detailed description of the proposed participation, use, and financial involvement of the State, University, and/or locality in the project, including the proposed terms and conditions for the project if they differ from the standard state General Conditions;
5. A list of public utility facilities, if any, that will be crossed by the qualifying project and a statement of the plans of the proposer to accommodate such crossings;
6. A statement and strategy setting out the plans for securing all necessary property, including the names and addresses, if known, of the current owners of the subject property as well as a list of any property the proposer intends to request the public entity to condemn;
7. A detailed listing of all firms that will provide specific design, construction, and completion guarantees and warranties, and a brief description of such guarantees and warranties;
8. A total life-cycle cost specifying methodology and assumptions of the project or projects and the proposed project start date. Include anticipated commitment of all parties; equity, debt, and other financing mechanisms; and a schedule of project revenues and project costs. The life-cycle cost analysis should include, but not be limited to, a detailed analysis of the projected return, rate of return, or both, expected useful life of facility and estimated annual operating expenses;
9. A detailed discussion of assumptions regarding user fees or rates and usage of the projects;
10. Identification and discussion of any known government support or opposition, or general public support or opposition for the project. Government or public support should be demonstrated through resolution of official bodies, minutes of meetings, letters, or other official communications;
11. Demonstration of consistency with appropriate local comprehensive or infrastructure development plans or indication of the steps required for acceptance into such plans;

12. Explanation of how the proposed project would impact local development plans of each affected local jurisdiction;
13. Description of an ongoing performance evaluation system or database to track key performance criteria, including but not limited to, schedule, cash management, quality, worker safety, change orders, and legal compliance;
14. Identification of the executive management and the officers and directors of the firm or firms submitting the proposal. In addition, identification of any known conflicts of interest or other disabilities that may impact the public entity's consideration of the proposal, including the identification of any persons known to the proposer who would be obligated to disqualify themselves from participation in any transaction arising from or in connection to the project pursuant to The Virginia State and Local Government Conflict of Interest Act, Chapter 31 (§ 2.2-3100 et seq.) of Title 2.2;
15. Acknowledge conformance with Virginia Code Sections 2.2-4367 thru 2.2-4377 (the Ethics in Public Contracting Act); and
16. Additional material and information as the University may request.

VI. PROPOSAL EVALUATION AND SELECTION CRITERIA

In selecting proposals, all relevant information from both the Conceptual Stage and the Detailed Stage will be considered. There are several factors that the University may wish to consider when evaluating and selecting a proposal under the Act.:

A. Qualifications and Experience

Factors to be considered in the University's review of either phase to determine whether the proposer possesses the requisite qualifications and experience include:

1. Experience, training, and preparation with similar projects;
2. Demonstration of ability to perform work;
3. Demonstrated record of successful past performance, including timeliness of project delivery, compliance with plans and specifications, quality of workmanship, cost-control and project safety;
4. Demonstrated conformance with applicable laws, codes, standards, regulations, and agreements on past projects;
5. Leadership structure;
6. Project Manager's experience;

7. Management approach;
8. Project staffing plans, the skill levels of the proposed workforce, apprenticeship and other training programs offered for the project, and the proposed safety plans for the project;
9. Financial condition; and
10. Project ownership.

B. Project Characteristics

Factors to be considered in the University's review of either phase in determining the project characteristics include:

1. Project definition;
2. Proposed project schedule;
3. Operation of the project;
4. Technology and technical feasibility of the project;
5. Conformance with applicable laws, regulations, codes, guidelines, and standards;
6. Environmental impacts;
7. Condemnation impacts;
8. State and local permits; and
9. Maintenance of the project.

C. Project Financing

Factors to be considered in the University's review of either phase in determining whether the proposed project financing allows adequate access to the necessary capital to finance the project include:

1. Cost and cost benefit to the University;
2. Financing and the impact on the debt or debt burden of the University or appropriating body;
3. Financial plan, including overall feasibility and reliability of plan; operator's past performance with similar plans and similar projects; degree to which operator has conducted due diligence investigation; and analysis of proposed financial plan and results of any such inquiries or studies;
4. Estimated cost;

5. Life-cycle cost analysis;
6. The identity, credit history, and past performance of any third party that will provide financing for the project and the nature and timing of their commitment, as applicable; and,
7. Such other items as the University deems appropriate.

The University may elect to accept the private entity's financing proposal or may select its own finance team, source, and financing vehicle.

D. Public Benefit and Compatibility

Factors to be considered in the University's review of either phase in determining the proposed project's compatibility with the appropriate local or regional comprehensive or development plans include:

1. Community benefits, including the economic impact the project will have on the Commonwealth, the University and local community in terms of amount of tax revenue to be generated for the Commonwealth and political subdivisions, the number jobs generated for Virginia residents and level of pay and fringe benefits of such jobs, the training opportunities for apprenticeships and other training programs generated by the project and the number and value of subcontracts generated for Virginia subcontractors;
2. Community support or opposition, or both;
3. Public involvement strategy;
4. Compatibility with existing and planned facilities; and
5. Compatibility with local, regional, and state economic development efforts.

E. Other Factors

Other factors that may be considered in the evaluation and selection of PPEA proposals include:

1. The proposed cost of the qualifying project;
2. The general reputation, industry experience, and financial capacity of the private entity;
3. The proposed design of the qualifying project;
4. The eligibility of the project for accelerated documentation, review, and selection;
5. Local citizen and government comments;
6. Benefits to the public; including whether the project will lead to productivity or efficiency improvements in the University's processes or delivery of services to the public;
7. The private entity's compliance with a minority business plan, enterprise participation plan,

- or good faith effort to comply with the goals of such plans;
8. The private entity's plan to employ local contractors and residents;
 9. The recommendation of a committee of representatives of members of the University and the appropriating body which may be established to provide advisory oversight for the project; and
 10. Other criteria that the University deems appropriate.

VII. PUBLIC-PRIVATE PARTNERSHIP OVERSIGHT COMMISSION

Prior to entering into negotiations with any private entity for an interim or comprehensive agreement, the University shall submit copies of the detailed proposals to the Public-Private Partnership Advisory Commission as required by §30-278 et seq. Unless the proposals meet the requirements of §30-278.B, the University shall not commence negotiation of an interim or comprehensive agreement until the Commission has submitted its recommendations to the University, or the Commission has declined to accept the detailed proposals for review.

VIII. INTERIM AND COMPREHENSIVE AGREEMENTS

Neither the Commonwealth nor the University shall accept liability for any part or phase of a project prior to entering into a properly executed interim or comprehensive agreement. The head of the University, or the University's Board, shall approve any interim or comprehensive agreement executed pursuant to the Act, but no such agreement shall be executed prior to i) receiving approval by the Governor or the appropriate Cabinet Secretary authorizing the University to proceed to the Detailed stage (Part 2) of the Act, and ii) the University submitting a copy of the proposed interim or comprehensive agreement to the Public-Private Partnership Advisory Commission at least 30 days prior to execution of the agreement along with a report describing the extent to which the Commission's recommendations were addressed in the proposed interim or comprehensive agreement.

Any changes in the terms of an executed interim or comprehensive agreement shall be in the form of a written amendment.

A. Interim Agreement Terms

Interim agreements may be used when it is necessary or advisable to segment a project to produce distinct and clear deliverables necessary to keep the project moving towards development of a comprehensive agreement. An interim agreement may not be used to have the University assume risks that should be assumed by the proposer or to pay costs attributable to the private entity's efforts in making the proposal. Interim agreements require the same level of approval as comprehensive agreements.

Development of an interim agreement is in the sole discretion of the University President and in no way limits the rights reserved by the University or the Commonwealth to terminate the evaluation of any or

all proposals at any time.

The scope of an interim agreement may include but not be limited to:

1. Project planning and development;
2. Design and engineering;
3. Environmental analysis and mitigation;
4. Survey;
5. Ascertaining the availability of financing for the proposed facility through
6. financial and revenue analysis;
7. Establishing a process and timing of the negotiation of the comprehensive agreement; and
8. Any other provisions related to any aspect of the development or operation of a qualifying project that the parties may deem appropriate prior to the execution of a comprehensive agreement.

B. Comprehensive Agreement Terms

The scope of the comprehensive agreement shall include but not be limited to:

1. The delivery of maintenance, performance and payment bonds, or letters of credit in connection with any acquisition, design, construction, improvement, renovation, expansion, equipping, maintenance, or operation of the qualifying project;
2. The review of plans and specifications by the University;
3. The rights of the University to inspect the project to ensure compliance with the comprehensive agreement and any development plans and specifications;
4. The maintenance of a policy or policies of liability insurance or self-insurance reasonably sufficient to insure coverage of the project and the tort liability to the public and employees and to enable the continued operation of the qualifying project;
5. The monitoring of the practices of the operator by the University to ensure proper maintenance;
6. The terms under which the Contractor will reimburse the University for services provided;
7. The policy and procedures that will govern the rights and responsibilities of the University and the Contractor in the event that the comprehensive agreement is terminated or there is a material default by the Contractor including the conditions governing assumption of the

duties and responsibilities of the Contractor by the University and the transfer or purchase of property or other interests of the Contractor by the University;

8. The terms under which the Contractor will file appropriate financial statements on a periodic basis;
9. The mechanism by which user fees, lease payments, or service payments, if any, may be established from time to time upon agreement of the parties. Any payments or fees shall be set at a level that is the same for persons using the facility under like conditions and that will not materially discourage use for the qualifying project;
 - a. A copy of any service contract shall be filed with the University.
 - b. A schedule of the current user fees or lease payments shall be made available by the Contractor to any member of the public upon request.
 - c. Classifications according to reasonable categories for assessment of user fees may be made.
10. The terms and conditions under which the University may be required to contribute financial resources, if any;
11. The terms and conditions under which existing site conditions will be addressed, including identification of the party responsible for conducting assessments and taking necessary remedial action;
12. The terms and conditions under which the University will be required to pay money to the private entity and the amount of any such payments for the project;
13. A periodic reporting procedure that incorporates a description of the impact of the project on the University; and
14. Such other terms and conditions as the University may deem appropriate.

The comprehensive agreement may provide for the development or operation of phases or segments of a qualifying project.

Any changes in the terms of the interim or comprehensive agreement as may be agreed upon by the parties from time to time shall be added to the interim or comprehensive agreement by written amendment.

Parties submitting proposals understand that representations, information, and data supplied in support of or in connection with proposals play a critical role in the competitive evaluation process and in the ultimate selection of a proposal by the University. Accordingly, as part of the comprehensive agreement,

the prospective operator and its team members shall certify that all material representations, information and data provided in support of, or in connection with, a proposal is true and correct. Such certifications shall be made by authorized individuals who have knowledge of the information provided in the proposal. In the event that material changes occur with respect to any representations, information or data provided for a proposal, the prospective operator shall immediately notify the University. Any violation of this section of the comprehensive agreement shall give the University the right to terminate the agreement, withhold payment or other consideration due, and seek any other remedy available under the law.

C. Notice and Posting requirements

1. In addition to the posting requirements of Section IV, 30 days prior to entering into an interim or comprehensive agreement, a responsible public entity shall provide an opportunity for public comment on the proposals. Such public comment period may include a public hearing in the sole discretion of the responsible public entity. After the end of the public comment period, no additional posting shall be required based on any public comment received.
2. Once the negotiation phase for the development of an interim or a comprehensive agreement is complete and a decision to award has been made by a responsible public entity, the responsible public entity shall post the proposed agreement in the following manner:
 - a. Posting shall be on the Department of General Service's web-based electronic procurement website eVA at www.eva.virginia.gov.
 - b. In addition to the posting requirements, at least one copy of the proposals shall be made available for public inspection. Trade secrets, financial records, or other records of the private entity excluded from disclosure under the provisions of subdivision 11 of § 2.2-3705.6 shall not be required to be posted, except as otherwise agreed to by the University and the private entity.
3. Once an interim agreement or a comprehensive agreement has been executed, the University shall make procurement records available for public inspection, upon request.
 - a. Such procurement records shall include documents initially protected from disclosure on the basis that the release of such documents would adversely affect the financial interest or bargaining position of the University or private entity.
 - b. Such procurement records shall not include (i) trade secrets of the private entity as defined in the Uniform Trade Secrets Act (§ 59.1-336 et seq.) or (ii) financial records, including balance sheets or financial statements of the private entity that are not generally available to the public through regulatory disclosure or otherwise.

IX. GOVERNING PROVISIONS

In the event of any conflict between these guidelines and procedures and the Act, the terms of the Act shall control.

X. TERMS AND DEFINITIONS

"Affected jurisdiction" means any county, city, or town in which all or a portion of a qualifying project is located.

"Appropriating body" means the body responsible for appropriating or authorizing funding to pay for a qualifying project.

"Comprehensive agreement" means the comprehensive agreement between the private entity and the responsible public entity that is required prior to the development or operation of a qualifying project.

"Conceptual stage" means the initial phase of project evaluation when the public entity makes a determination whether the proposed project serves a public purpose, meets the criteria for a qualifying project, assesses the qualifications and experience of a private entity proposer, reviews the project for financial feasibility, and warrants further pursuit.

"Cost-benefit analysis" means an analysis that weighs expected costs against expected benefits in order to choose the best option. For example, a city manager may compare the costs and benefits of constructing a new office building to those of renovating and maintaining an existing structure in order to select the most financially advantageous option.

"Detailed stage" means the second phase of project evaluation where the public entity has completed the conceptual stage and accepted the proposal and may request additional information regarding a proposed project prior to entering into competitive negotiations with one or more private entities to develop an interim or comprehensive agreement.

"Develop" or "development" means to plan, design, develop, finance, lease, acquire, install, construct, or expand.

"Interim agreement" means an agreement between a private entity and a responsible public entity that provides for phasing of the development or operation, or both, of a qualifying project. Such phases may include, but are not limited to, design, planning, engineering, environmental analysis and mitigation, financial and revenue analysis, or any other phase of the project that constitutes activity on any part of the qualifying project.

"Lease payment" means any form of payment, including a land lease, by a public entity to the private entity for the use of a qualifying project.

"Lifecycle cost analysis" means an analysis that calculates cost of an asset over its entire life span and includes the cost of planning, constructing, operating, maintaining, replacing, and when applicable, salvaging the asset. Although one proposal may have a lower initial construction cost, it may not have the lowest lifecycle cost once maintenance, replacement, and salvage value is considered.

"Material default" means any default by the private entity in the performance of its duties that jeopardizes adequate service to the public from a qualifying project.

"Operate" means to finance, maintain, improve, equip, modify, repair, or operate.

"Opportunity cost" means the cost of passing up another choice when making a decision or the increase in costs due to delays in making a decision.

"Private entity" means any natural person, corporation, general partnership, limited liability company, limited partnership, joint venture, business trust, public benefit corporation, nonprofit entity, or other business entity.

"Public entity" means the Commonwealth and any agency or authority thereof, any county, city or town and any other political subdivision of the Commonwealth, any public body politic and corporate, or any regional entity that serves a public purpose.

"Qualifying project" means (i) any education facility, including, but not limited to a school building, any functionally related and subordinate facility and land of a school building (including any stadium or other facility primarily used for school events), and any depreciable property provided for use in a school facility that is operated as part of the public school system or as an institution of higher education; (ii) any building or facility that meets a public purpose and is developed or operated by or for any public entity; (iii) any improvements, together with equipment, necessary to enhance public safety and security of buildings to be principally used by a public entity; (iv) utility and telecommunications and other communications infrastructure; (v) a recreational facility; (vi) technology infrastructure and services, including, but not limited to, telecommunications, automated data processing, word processing and management information systems, and related information, equipment, goods and services; (vii) any technology, equipment, or infrastructure designed to deploy wireless broadband services to schools, businesses, or residential areas; or (viii) any improvements necessary or desirable to any unimproved locally- or state-owned real estate.

"Responsible public entity" means a public entity that has the power to develop or operate the applicable qualifying project.

"Revenues" means all revenues, income, earnings, user fees, lease payments, or other service payments arising out of or in connection with supporting the development or operation of a qualifying project, including without limitation, money received as grants or otherwise from the United States of America, from any public entity, or from any agency or instrumentality of the foregoing in aid of such facility.

"Service contract" means a contract entered into between a public entity and the private entity pursuant to § 56-575.5.

"Service payments" means payments to the private entity of a qualifying project pursuant to a service contract.

"State" means the Commonwealth of Virginia.

"User fees" mean the rates, fees, or other charges imposed by the private entity of a qualifying project for use of all or a portion of such qualifying project pursuant to the comprehensive agreement pursuant to § 56-575.9.

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs and Audit Committee
February 13, 2020

Action Item

Approval of the Radford University Guidelines for Projects under PPEA

Item:

Approval of the Radford University Guidelines for Projects under the Public-Private Education Facilities and Infrastructure Act of 2002.

Background:

The Public-Private Education Facilities and Infrastructure Act of 2002 (PPEA), as amended is the legislative framework enabling departments, agencies and institutions of the Commonwealth of Virginia, as well as local governments and certain other public bodies, to enter agreements authorizing private entities to develop and/or operate qualifying projects as defined in the Act.

The Act grants responsible public entities authority to create public-private partnerships for development of a wide range of projects for public use if the public entities determine there is a need for such projects and that private involvement may provide the project in a more timely or cost-effective fashion, lead to productivity or efficiency improvements in the public entities' processes or delivery of services, considering, among other things, the probable scope, complexity or priority of the project; risk sharing including guaranteed cost or completion guarantees; added value or debt or equity investments proposed by the private entity; or an increase in funding, dedicated revenue source or other economic benefit that would not otherwise be available.

Responsible public entities are required to adopt and make publicly available guidelines that are sufficient to enable the public entity to comply with the requirements of the PPEA. Accordingly, these guidelines have been created to be approved by the Radford University Board of Visitors. The University will follow these guidelines in the review and acceptance of proposals and projects.

Action:

Radford University Board of Visitors approval of the Radford University Guidelines for Projects under the Public-Private Education Facilities and Infrastructure Act of 2002, as presented.

End of Board of Visitors Materials

