

COMMITTEE ON FINANCIAL AFFAIRS

February 8, 2013

8:30 – 9:30 a.m.

Board Room - Blow Memorial Hall

Todd A. Stottlemeyer, Chair  
Charles A. Banks III, Vice Chair  
Edward L. Flippen, Vice Chair

- I. Introductory Remarks - Mr. Stottlemeyer
- II. Approval of Minutes – November 30, 2012
- III. Closed Session (if necessary)
- IV. Open Session – Certification of Closed Session **Resolution**
- V. Report from Vice President for Finance Samuel E. Jones
  - A. Overview of Governor McDonnell's 2012-14 Budget Amendments.
  - B. Summary of Operating and Capital Budget Amendments Submitted to 2013 General Assembly. Enclosure   N  .
  - C. 2012-2013 Operating Budget Summary. Enclosure   O  .
  - D. Cash Management Investment Policy. **Resolution   12**.
  - E. Corporate Resolution to Transact Business and Confirm Authorized Business Agents for the College of William and Mary. **Resolution   13**.
- VI. Report from Virginia Institute of Marine Science Dean John T. Wells
  - A. Summary of Operating and Capital Budget Amendments Submitted to 2013 General Assembly. Enclosure   P  .
  - B. 2012-2013 Operating Budget Summary. Enclosure   Q  .
- VII. Investment Portfolio Evaluation Overview - Joseph W. Montgomery, The Optimal Service Group of Wells Fargo Advisors
  - A. Investment Update for Periods Ending December 31, 2012. Enclosure   R  . (*see separate booklet*)
- VIII. Discussion
- IX. Adjourn

COMMITTEE ON FINANCIAL AFFAIRS

MINUTES – NOVEMBER 30, 2012

**MINUTES**  
**Committee on Financial Affairs**  
**November 30, 2012**  
**Board Room - Blow Memorial Hall**

Attendees: Committee members Todd A. Stottlemeyer, Chair; Charles A. Banks III, Vice Chair; Edward L. Flippen, Vice Chair; Kendrick F. Ashton, Jr.; and Robert E. Scott. Board members present: Rector Jeffrey B. Trammell; Ann Green Baise; Dennis H. Liberson; John E. Littel; Leigh A. Pence; Michael Tang; and John C. Thomas; faculty representative William Hausman; student representative Curtis Mills, and staff liaison Lydia Whitaker. Others in attendance: President W. Taylor Reveley; Provost Michael R. Halleran; James Golden; Samuel E. Jones; Anna B Martin; Virginia M. Ambler; Michael L. Stump; Michael J. Fox; Virginia Institute of Marine Science Dean/Director John T. Wells; other College and VIMS staff; Richard Bland College President Debbie L. Sydow.

Todd Stottlemeyer, Chair, convened the meeting at 8:47 a.m. Recognizing that a quorum was present, Mr. Stottlemeyer moved adoption of the minutes of the meeting of September 21, 2012. Motion was seconded by Mr. Scott and approved by voice vote.

Vice President Samuel E. Jones presented an overview of the State budget, stating that State revenues reflected positive growth for 2012. The increase in revenues will be used to rebuild the State's Rainy Day Fund, improve the structural balance of VRS and impact budget changes in various State programs. The budget outlook for 2013 projects a continued surplus, with available resources being directed towards one-time budget items rather than building base budgets. With the exception of higher education, the Governor requested that all state agencies submit a 4% budget reduction plan for FY 2014. Institutions of higher education were required to submit a 5% budget reallocation plan. The William & Mary Six Year Plan included reallocations of \$668,242 for FY 2013 and \$1,708,242 for FY 2014. The College anticipates reducing non-personal expenditures, additional turnover and vacancy savings, and program reallocations to meet the revised FY 2014 target of \$1,786,079.

Mr. Stottlemeyer made a motion to accept **Resolution 14**, Receipt of the Consolidated Financial Report of the College of William and Mary in Virginia and Richard Bland College for the Fiscal Year Ended June 30, 2012 and **Resolution 15**, Receipt of the Financial Report of the Intercollegiate Athletic Department for the Fiscal Year Ended June 30, 2012. Motion was seconded by Mr. Scott, and approved by voice vote of the Committee. The statements remain subject to audit by the Commonwealth's Auditor of Public Accounts.

Mr. Jones then presented an overview of tuition and fees for FY 2012-13, comparing the College with its peers and other Virginia state institutions. The peer institutions are those approved by the State Council of Higher Education for faculty salary rankings.

Virginia Institute of Marine Science Dean/Director John Wells presented to the Committee a financial overview of the VIMS' FY 2013 total budget of \$42 million, highlighting the sources and uses of revenue, as well as reviewing grant and contract expenditures through FY 2012. Mr. Wells reviewed actions VIMS will take to meet their reallocation target of \$497,089.

Committee on Financial Affairs  
MINUTES  
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The College's investment consultant, Joseph Montgomery of Wells Fargo Advisors, was asked to report on the performance of the College's endowment portfolio. As of November 24, 2012, the total market value of the Board of Visitors' account was at \$67.8 million.

There being no further business, the Committee adjourned at 9:58 a.m.

**COLLEGE OF WILLIAM AND MARY  
SUMMARY OF OPERATING AND CAPITAL BUDGET AMENDMENTS  
SUBMITTED TO 2013 GENERAL ASSEMBLY**

**Operating Amendment**

**W&M/EVMS Collaboration**

**\$200,000 GF**

Since August 2012, W&M and EVMS Due Diligence Committees have evaluated the benefits to each institution and the Commonwealth from increased collaboration and development of joint academic and research programs. The conclusion of the committees, senior staff and Boards is that the institutions should continue to evaluate specific activity and program collaboration options. These options will focus on activities and programs that have potential to improve the health of the citizens of Hampton Roads and meet the workforce needs of the region and the Commonwealth. W&M and EVMS will continue to provide support and dedicated faculty and staff time for this effort. Building on this commitment, and to explore selected paths with outside expertise, this amendment requests that the Commonwealth provide partial funding support for this evaluation phase.

**Capital Amendments**

**Tyler Hall Renovation**

**\$16,364,000 GF**

The College seeks \$16.364 million in state general fund support to renovate Tyler Hall, a 44,500 square foot classroom building built in 1927 and last renovated in 1981. The renovated Tyler Hall will house the departments of Government, Economics, and Public Policy.

This project will reconfigure outmoded tiered lecture halls/fixed seating into smaller classrooms and seminar rooms better suited to support actual enrollment. All building systems will be replaced including mechanical, electrical, and plumbing, and many systems added and/or improved (handicapped access, fire detection and suppression, network technologies). The attic level will be built-out to provide additional faculty office space.

Detailed planning for the Tyler Hall renovation was approved in the General Assembly's 2012 Special Session I (Chapter 3: Item C-39.05.C.). Funding to support the planning comes from College higher education operating funds, reimbursable by the Commonwealth once construction funds are allocated.

**COLLEGE OF WILLIAM AND MARY  
SUMMARY OF OPERATING AND CAPITAL BUDGET AMENDMENTS  
SUBMITTED TO 2013 GENERAL ASSEMBLY**

**Addition: Marshall-Wythe School of Law**

**\$12,000,000 9d bonds  
\$2,000,000 private funds**

This amendment requests \$14 million in non-general fund authority to support an expansion and renovation of the Law School building. Key elements of the expansion are seminar rooms, additional office space for faculty and staff, including the Legal Practice program and a much expanded Legal Clinic Program, and a multi-purpose space to support dining and other activities.

The Marshall-Wythe School of Law has grown considerably since the late 1990's. The Law School now has well more than 600 full-time law students, an increase of 20% over the last fifteen years. During this same period, the number of tenure-track and adjunct faculty has grown by more than 50%. Programs have grown as well with the Law School's clinical programs now including the Domestic Violence Clinic, the Federal Tax Clinic, the Innocence Project Clinic, the Legal Aid Clinic, the Special Education Advocacy Clinic, and the Lewis B. Puller Jr. Veterans' Benefits Clinic. Beginning with the 2012-13 academic year, the Law School's innovative Legal Practice program will be staffed with permanent/full-time legal writing instructors. Simply put, the existing facility cannot support the students, faculty and staff, or the programs, of the Law School.

**THE COLLEGE OF WILLIAM AND MARY  
2012-2013 OPERATING BUDGET SUMMARY**

Board of Visitors

February 6-8, 2013

Enclosure   0  

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	<u>2010-2011</u> Actual	<u>2011-2012</u> Actual	<u>Approved</u> 2012-2013 Budget	<u>Year-to-Date</u> Through 12/31/12
<b>REVENUE</b>				
Federal Stimulus Funds	\$ 6,943,426	\$ 0	\$ 0	\$ 0
General Funds				
Educational/General	40,468,124	36,086,016	38,146,486	20,217,066
Student Aid	3,620,227	3,801,479	3,870,482	3,870,482
Sponsored Programs	414,000	414,000	1,800,000	36,485
Nongeneral Funds				
Educational/General	104,833,567	114,126,476	118,453,744	71,863,447
Student Aid	11,669,617	16,473,331	17,827,565	17,827,565
Auxiliary Enterprise	81,120,439	85,844,824	87,561,134	45,632,203
Sponsored Programs	31,484,073	27,815,177	28,850,000	15,228,679
Private Funds	11,822,623	11,980,923	11,444,953	3,714,937
<b>Total Revenue</b>	<u>\$ 292,376,096</u>	<u>\$ 296,542,226</u>	<u>\$ 307,954,364</u>	<u>\$ 178,390,864</u>
<b>EXPENDITURES</b>				
Instruction	\$ 84,125,717	\$ 83,738,512	\$ 89,608,192	\$ 49,792,391
Research	1,057,239	1,211,472	1,363,488	836,638
Public Service	51,929	57,936	53,139	23,824
Academic Support	25,007,397	24,459,412	25,465,377	14,599,636
Student Services	8,430,764	8,844,961	8,306,806	4,191,327
Institutional Support	21,428,918	21,571,241	23,679,023	13,244,120
Plant Operations	17,660,001	16,366,345	17,451,663	8,476,518
Student Aid	17,982,111	23,280,397	25,367,150	23,471,395
Auxiliary Enterprise	76,226,174	82,083,973	85,712,359	44,029,219
Sponsored Programs	31,898,073	28,229,177	30,650,000	15,265,164
<b>Total Expenditures</b>	<u>\$ 283,868,323</u>	<u>\$ 289,843,426</u>	<u>\$ 307,657,197</u>	<u>\$ 173,930,232</u>

The College of William and Mary  
Education and General  
2012-2013 Operating Budget Summary

	2010-2011 <u>Actual</u>	2011-2012 <u>Actual</u>	Approved 2012-2013 <u>Budget</u>	Year-to-Date Through <u>12/31/2012</u>
<b>REVENUE:</b>				
Federal Stimulus Funds	\$6,943,426	\$0	\$0	\$0
General Funds	40,468,124	36,086,016	38,146,486	20,217,066
Nongeneral Funds	104,833,567	114,126,476	118,453,744	71,863,447
<b>Total Revenue</b>	<b>\$152,245,117</b>	<b>\$150,212,492</b>	<b>\$156,600,230</b>	<b>\$92,080,513</b>
<b>EXPENDITURES:</b>				
Instruction	\$83,314,623	\$82,924,339	\$88,424,697	\$49,442,303
Research	853,270	955,879	948,413	688,796
Public Service	8,306	8,277	8,021	6,189
Academic Support	24,448,507	23,978,107	24,483,797	14,053,144
Student Services	8,116,604	8,686,997	8,185,060	4,144,412
Institutional Support	18,198,069	16,680,484	17,166,899	9,526,521
Plant Operations	17,265,065	16,318,181	17,383,343	8,435,224
<b>Total Expenditures</b>	<b>\$152,204,444</b>	<b>\$149,552,264</b>	<b>\$156,600,230</b>	<b>\$86,296,589</b>

The College of William and Mary  
Student Financial Assistance\*  
2012-2013 Operating Budget Summary

	2010-2011 <u>Actual</u>	2011-2012 <u>Actual</u>	Approved 2012-2013 <u>Budget</u>	Year-to-Date Through <u>12/31/2012</u>
<b>REVENUE:</b>				
General Funds	\$3,620,227	\$3,801,479	\$3,870,482	\$3,870,482
Nongeneral Funds	11,669,617	16,473,331	17,827,565	17,827,565
Auxiliary Enterprises			247,807	247,807
<b>Total Revenue</b>	<b>\$15,289,844</b>	<b>\$20,274,810</b>	<b>\$21,945,854</b>	<b>\$21,945,854</b>
<b>EXPENDITURES:</b>				
	\$15,257,056	\$20,274,810	\$21,945,854	\$21,945,854

\* Excludes student financial assistance support included in Board of Visitors private fund budget.



The College of William and Mary  
Education and General  
2012-2013 Operating Budget Summary

	2010-2011 Actual	2011-2012 Actual	Approved 2012-2013 Budget	Year-to-Date Through 12/31/2012
<b><u>REVENUE</u></b>				
Federal Stimulus Funds	\$6,943,426	\$0	\$0	\$0
General Funds	40,468,124	36,086,016	38,146,484	20,217,066
Nongeneral Funds	104,833,567	114,126,476	118,453,744	71,863,447
<b>TOTAL REVENUE</b>	<b>\$152,245,117</b>	<b>\$150,212,492</b>	<b>\$156,600,228</b>	<b>\$92,080,513</b>
<b><u>EXPENDITURES</u></b>				
<b><u>Instruction</u></b>				
Personal Services	\$73,629,791	\$77,055,642	\$81,215,009	\$46,152,519
Contractual Services	3,938,195	2,988,256	3,380,566	1,275,499
Supplies and Materials	648,368	699,638	818,075	382,976
Transfer Payments	2,960,258	1,152,384	1,184,728	121,636
Continuous Charges	474,432	383,655	477,757	251,523
Property & Improvements	58,849	99,456	100,000	2
Equipment	1,602,847	545,307	1,248,562	1,258,148
Indirect Costs	1,885	0	0	0
<b>TOTAL</b>	<b>\$83,314,623</b>	<b>\$82,924,339</b>	<b>\$88,424,697</b>	<b>\$49,442,303</b>

	2010-2011 Actual	2011-2012 Actual	Approved 2012-2013 Budget	Year-to-Date Through 12/31/2012
<b><u>Research</u></b>				
Personal Services	\$495,040	\$649,918	\$645,882	\$386,515
Contractual Services	61,076	55,457	51,746	48,966
Supplies and Materials	1,258	1,944	520	1,480
Transfer Payments	284,965	246,465	244,965	245,465
Continuous Charges	592	556	300	0
Property & Improvements	0	6	0	0
Equipment	10,339	1,533	5,000	6,370
<b>TOTAL</b>	<b>\$853,270</b>	<b>\$955,879</b>	<b>\$948,413</b>	<b>\$688,796</b>
<b><u>Public Service</u></b>				
Personal Services	\$1,543	\$0	\$760	\$0
Contractual Services	6,649	7,171	5,784	3,564
Supplies and Materials	0	105	477	625
Continuous Charges	0	1,000	1000	2,000
Equipment	115	0	0	0
<b>TOTAL</b>	<b>\$8,306</b>	<b>\$8,277</b>	<b>\$8,021</b>	<b>\$6,189</b>
<b><u>Academic Support LIBRARIES:</u></b>				
Personal Services	\$5,179,592	\$5,289,202	\$5,627,678	\$3,070,358
Contractual Services	712,663	1,292,468	926,061	157,422

	2010-2011 <u>Actual</u>	2011-2012 <u>Actual</u>	Approved 2012-2013 <u>Budget</u>	Year-to-Date Through <u>12/31/2012</u>
Supplies and Materials	58,873	37,542	38,658	24,891
Transfer Payments	0	0	0	0
Continuous Charges	4	8,020	5,000	56
Property & Improvements	0	0	0	0
Equipment	3,694,597	3,119,663	3,495,809	2,523,058
<b>TOTAL</b>	<b>\$9,645,729</b>	<b>\$9,746,895</b>	<b>\$10,093,206</b>	<b>\$5,817,058</b>
<b>OTHER ACAD. SUPPORT:</b>				
Personal Services	\$11,709,868	\$11,556,501	\$11,641,659	\$6,524,143
Contractual Services	1,917,972	1,720,289	1,790,395	1,125,077
Supplies and Materials	59,840	117,588	91,701	35,530
Transfer Payments	112,599	140,491	123,506	104,155
Continuous Charges	114,436	157,112	140,167	84,974
Property & Improvements	36,532	3,045	0	1,787
Equipment	837,501	536,186	603,163	401,695
Obligations	14,029	0	0	0
<b>TOTAL</b>	<b>\$14,802,778</b>	<b>\$14,231,211</b>	<b>\$14,390,591</b>	<b>\$8,277,360</b>
<b>TOTAL ACADEMIC SUPPORT</b>	<b>\$24,448,507</b>	<b>\$23,978,107</b>	<b>\$24,483,797</b>	<b>\$14,094,418</b>

	2010-2011 Actual	2011-2012 Actual	Approved 2012-2013 Budget	Year-to-Date Through 12/31/2012
<b><u>Student Services</u></b>				
Personal Services	\$6,895,763	\$7,372,765	\$6,955,581	\$3,575,855
Contractual Services	925,352	1,022,977	912,655	429,970
Supplies and Materials	145,673	162,449	154,059	52,958
Transfer Payments	68,344	65,654	69,039	43,432
Continuous Charges	3,857	13,953	4,150	2,812
Property & Improvements	9,589	415	0	0
Equipment	68,026	48,784	89,576	39,384
<b>TOTAL</b>	<b>\$8,116,604</b>	<b>\$8,686,997</b>	<b>\$8,185,060</b>	<b>\$4,144,412</b>
<b><u>Institutional Support</u></b>				
Personal Services	\$15,577,617	\$13,569,653	\$14,354,987	\$8,263,453
Contractual Services	1,500,147	1,614,527	1,778,916	928,738
Supplies and Materials	197,259	168,925	168,216	106,727
Transfer Payments	142,676	80,088	72,490	48,555
Continuous Charges	484,182	1,016,519	569,319	63,738
Property & Improvements	14,699	3,651	0	809
Equipment	276,560	227,097	222,971	114,501
VIMS Service Centers	0	25	0	0
Obligations	4,929	0	0	0
<b>TOTAL</b>	<b>\$18,198,069</b>	<b>\$16,680,484</b>	<b>\$17,166,899</b>	<b>\$9,526,521</b>

Board of Visitors

February 6-8, 2013

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	2010-2011 Actual	2011-2012 Actual	Approved 2012-2013 Budget	Year-to-Date Through 12/31/2012
<b>Plant Operations</b>				
Personal Services	\$5,191,152	\$4,342,843	\$4,932,970	\$1,542,514
Contractual Services	5,876,269	5,315,745	5,374,687	3,837,459
Supplies and Materials	1,810,488	1,762,157	1,631,635	594,270
Transfer Payments	0	1,713	0	750
Continuous Charges	4,061,056	4,844,830	4,969,592	2,418,279
Property & Improvements	205,268	51,419	144,575	2,892
Equipment	120,832	(525)	329,884	39,061
<b>TOTAL</b>	<b>\$17,265,065</b>	<b>\$16,318,181</b>	<b>\$17,383,343</b>	<b>\$8,435,224</b>
<b>E&amp;G PROGRAM TOTAL</b>	<b>\$152,204,444</b>	<b>\$149,552,264</b>	<b>\$156,600,230</b>	<b>\$86,337,863</b>

The College of William and Mary  
 Auxiliary Enterprise  
2012-2013 Operating Budget Summary

	2010-2011 Actual	2011-2012 Actual	Approved 2012-2013 Budget	Year-to-Date Through 12/31/12
<b>REVENUE</b>				
Residence Life	\$23,860,980	\$24,293,056	\$25,071,000	\$13,631,539
Food Service	13,906,637	14,806,373	14,961,390	8,287,508
Telecom/Network	3,664,668	3,584,150	3,515,230	1,989,890
Student Unions	2,899,844	2,898,509	2,901,000	1,650,365
W&M Hall	2,172,942	2,363,126	2,325,250	1,366,795
Athletics	18,755,845	19,452,717	20,370,090	7,920,537
Other	<u>15,859,523</u>	<u>18,446,893</u>	<u>18,417,174</u>	<u>10,785,569</u>
<b>Total Revenue</b>	<b>\$81,120,439</b>	<b>\$85,844,824</b>	<b>\$87,561,134</b>	<b>\$45,632,203</b>
<b>EXPENDITURES</b>				
Residence Life	\$22,235,788	\$22,958,496	\$24,967,000	\$11,882,672
Food Service	12,191,866	13,595,181	14,280,004	6,333,587
Telecom/Network	3,509,928	3,569,041	3,411,615	1,711,523
Student Unions	2,714,689	2,925,710	2,789,800	1,437,712
W&M Hall	2,109,104	2,075,466	2,039,400	922,595
Athletics	18,744,923	19,367,785	20,370,090	10,706,448
Other	<u>14,719,876</u>	<u>17,592,294</u>	<u>17,854,450</u>	<u>11,034,682</u>
<b>Total Expenditures</b>	<b>\$76,226,174</b>	<b>\$82,083,973</b>	<b>\$85,712,359</b>	<b>\$44,029,219</b>

Board of Visitors  
 February 6-8, 2013

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The College of William and Mary  
 Sponsored Programs  
2012-2013 Operating Budget Summary

	2010-2011 <u>Actual</u>	2011-2012 <u>Actual</u>	Approved 2012-2013 <u>Budget</u>	Year-to-Date Through <u>12/31/12</u>
<b>REVENUE</b>				
General Fund	\$414,000	\$414,000	\$1,800,000	\$36,485
Nongeneral Fund	<u>31,484,073</u>	<u>27,815,177</u>	<u>28,850,000</u>	<u>15,228,679</u>
Total Revenue	\$31,898,073	\$28,229,177	\$30,650,000	\$15,265,164
<b>EXPENDITURES</b>				
	\$31,898,073	\$28,229,177	\$30,650,000	\$15,265,164

**The College of William and Mary**  
**2012-2013 PRIVATE FUNDS BUDGET SUMMARY**

	2010-2011 Actual	2011-2012 Actual	Approved 2012-2013 Budget	Year-to-Date Through 12/31/2012
<b>REVENUE:</b>				
Distributed Endowment Income	\$2,017,708	\$2,102,696	\$2,334,953	\$1,165,035
Administrative Overhead Allocation	200,000	200,000	200,000	50,000
Transfers from Other Sources	102,084	518,021	173,000	0
Interest on Cash Balances	153,395	90,444	125,000	30,553
Annual Gifts	8,451,745	7,397,505	7,300,000	2,323,363
Drawdown from BOV Quasi Endowment	0	1,000,000	775,000	0
Distribution from External Trusts	34,328	21,210	17,000	10,253
Other Revenue	863,363	651,047	520,000	135,733
<b>Total Revenue</b>	<b>\$11,822,623</b>	<b>\$11,980,923</b>	<b>\$11,444,953</b>	<b>\$3,714,937</b>
<b>EXPENDITURES:</b>				
Instruction	\$811,094	\$814,173	\$1,183,495	350,088
Research	203,969	255,593	415,075	147,842
Public Service	43,623	49,659	45,118	17,635
Academic Support	558,890	481,305	981,580	546,492
Student Services	314,160	157,964	121,746	46,915
Institutional Support	3,230,849	4,890,757	6,512,124	3,717,599
Plant: Operations & Capital Improvements	394,936	48,164	68,320	41,294
Student Aid	2,725,055	3,005,587	3,421,296	1,525,541
<b>Total Expenditures</b>	<b>\$8,282,576</b>	<b>\$9,703,202</b>	<b>\$12,748,754</b>	<b>\$6,393,406</b>



**COLLEGE OF WILLIAM AND MARY  
CASH MANAGEMENT INVESTMENT POLICY**

The Cash Management Investment Policy applies to the investment of operating funds belonging to the College of William and Mary and under the control of the College's appointed Board of Visitors. Under the Restructured Higher Education Financial and Administrative Operations Act, Chapter 4.10 (§23-38.104) of Title 23 of the Code of Virginia, the College, as a covered institution "may invest its operating funds in any obligations or securities that are considered legal investments for public funds in accordance with Chapter 45 (§2.2-4500 et seq.) of Title 2.2. Such institution's governing body shall adopt written investment guidelines which provide that such investments shall be made solely in the interest of the covered institution and shall be undertaken with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims."

The College's operating funds and balances consist of tuition and fee revenue, expendable gift monies, endowment income, earned interest from investments, grants and sponsored research, rental income from owned properties, income received from external trusts, interest and dividends received on gifted securities, cash balances that reside in College auxiliary accounts and agency accounts, and generally any revenue received by the College of William and Mary that is deemed not to be state money and therefore subject to other mandatory depository restrictions of the State of Virginia. These institutionally ("locally") controlled operating funds are the basis of working capital from which the annual private fund and auxiliary budgets are constructed and they remain invested in short and intermediate term investments until such time as expenditures are drawn. Based on cyclical patterns of when revenue is received and funds subsequently disbursed, the invested balance of operating funds fluctuates monthly within a range between approximately \$50 million and \$100 million.

The Board of Visitors last reviewed its policy on cash management at its meeting on April 15-16, 2010. It is the practice of the College to review at least every three years its operational policies and guidelines to ensure that the authorizations contained therein are in keeping with the current thinking of the Board of Visitors.

All short term and intermediate term investments as disclosed in this policy are currently managed by SunTrust Bank, the depository institution used by the College. If the College were to use different service providers for cash management, these same investment guidelines would apply.

RESOLVED, That the Board of Visitors of The College of William and Mary in Virginia approves the amended guidelines on the following pages as the Cash Management Investment Policy for institutional funds belonging to the College of William and Mary, superseding any existing policy under the same name. Proposed additions are shown in **shaded text**; proposed deletions are ~~struck through~~.

**THE BOARD OF VISITORS  
THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA  
CASH MANAGEMENT INVESTMENT POLICY**

Purpose and Scope

The purpose of this Cash Management Investment Policy is to articulate the investment and operational guidelines and authorizations for the non-general operating cash balances and reserves, referred to as local or private funds, under the control and oversight of the Board of Visitors. This policy is crafted to adopt best practices in the prudent management of short-term investments, complying with laws and regulations applicable to qualified public entities in Virginia. Accordingly, this policy does not cover the College's investment of long-term or endowment assets, general funds managed on behalf of the Commonwealth, proceeds from tax-exempt bond issues, or guidelines in the procurement of banking services. Except for cash in certain legally restricted and special accounts, the College shall consolidate cash and reserve balances to optimize College-wide liquidity management, maximize its investment earnings potential, and to increase efficiencies in the cost of investment management.

Statement of Objectives

- To ensure the safety of funds held in the short-term investment portfolio.
- To maximize investment return within the constraints of safety of principal and of maintaining sufficient adequate liquidity to meet all operating needs and obligations that may be reasonably anticipated.

Governing Authority: Laws and Regulations

This Cash Management Investment Policy shall be governed by existing law and regulations that apply to the investment of public funds, specifically the *Virginia Security for Public Deposits Act*, Chapter 44 (§2.2-4400 et seq.) of Title 2.2 of the Code of Virginia, as amended; the *Investment of Public Funds Act*, Chapter 45 (§2.2-4500 et seq.) of Title 2.2 of the Code of Virginia, as amended; the *Uniform Prudent Management of Institutional Funds Act*, Chapter 11, (§64.2-1100 et seq.) of Title 64.2 of the Code of Virginia, as amended; and §23-44.1 of the Code of Virginia, as amended, concerning the College's investment of endowment income, gifts, standards of care, liability, and exemption from the Virginia Public Procurement Act. Further authority as it relates to the investment of operating fund reserves and balances of or held by the College is delegated to the Board of Visitors in a certain Management Agreement dated March 30, 2009, by and between the Commonwealth of Virginia and the Rector and Board of Visitors of the College of William and Mary, pursuant to the Restructured Higher Education Financial and Administrative Operations Act of 2005.

### Standards of Care

The College will have the option to manage its non-general short term operating cash reserves internally, only when necessary and feasible, and/or preferably through the exercised care of professional investment managers.

The College shall rely on the “prudent person” standard in the exercised care of its investments. Accordingly, as stated in the *Investment of Public Funds Act*, Chapter 45 (§2.2-4514 et seq.) of Title 2.2 of the Code of Virginia, investments shall be made “with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.” College employees and officials who exercise proper due diligence in following this investment policy according to the “prudent person” standard shall be relieved of personal responsibility for an individual security’s credit risk or market price changes. When investments are made in conformity with *Investment of Public Funds Act*, Chapter 45 of the Code of Virginia, §2.2-4516 states that “no treasurer or public depositor shall be liable for any loss therefrom in the absence of negligence, malfeasance, misfeasance, or nonfeasance on his part or on the part of his assistants or employees.” Furthermore, when deposits are made in conformity with the *Virginia Security for Public Deposits Act*, Chapter 44 of the Code of Virginia, §2.2-4410 states that “no official of a public depositor shall be personally liable for any loss resulting from the default or insolvency of any qualified public depository in the absence of negligence, malfeasance, misfeasance, or nonfeasance on his part or on the part of his agents.”

Members of William and Mary community are required to adhere to a Code of Ethics Policy which was passed by the Board of Visitors on April 17, 2009. College personnel involved with the investment of funds shall be governed by these ethical guidelines and furthermore shall take meaningful effort to refrain from actions or activities that would have the appearance of violating the nature and intent of the College’s standards of ethical behavior.

Upon retention, external managers will be given a copy of this Cash Management Investment Policy and shall be required to maintain compliance with all directives stated herein. External managers shall be required to have a Code of Ethics or similar governing rules of ethical behavior that shall be disclosed to the College prior to their formal engagement. Failure to maintain compliance with these governances may result in dismissal and other potential measures of recourse.

### Approved Investments

- U.S. Treasury Bills
- U.S. Treasury Notes and Bonds
- U.S. Federal Agency Obligations (including mortgage backed securities)
- Money market mutual funds (no-load open-ended investment funds) which invest in U.S. Treasury Bills, Notes, Bonds, Federal Agency Obligations, and high

quality Corporate Obligations, provided such funds are registered under the Federal Investment Company Act of 1940 and rated at least “AAm” or the equivalent by a Nationally Recognized Statistical Rating Organization (“NRSRO”) and properly registered for sale in Virginia under the Securities Act (§13.1-501 et seq.) of the Code of Virginia. Money market funds must comply with the diversification, quality, and maturity requirements of Rule 2a-7, or any successor rule, under the Federal Investment Company Act of 1940, provided the investments of such funds are restricted to investments otherwise permitted by the Code of Virginia.

- Bond mutual funds, commingled investment funds, and bank common trust funds (all classified as no-load open or closed-ended investment funds) which invest in high grade quality government (USD-denominated securities) and high quality corporate obligations with intermediate individual effective maturities no longer than 5 years and an average portfolio duration no longer than 2 years. High quality corporate obligations shall carry a rating of at least “A” by two rating agencies, one of which shall be either Moody’s Investors Service, Inc., or Standard & Poor’s, Inc. Funds must be registered under the Federal Investment Company Act of 1940 and be properly registered for sale in Virginia under the Securities Act (§13.1-501 et seq.) of the Code of Virginia. Investments in these funds are restricted to investments otherwise permitted by the Code of Virginia for qualified public entities.
- ~~— Bankers’ Acceptances and Certificates of Deposit of banks rated A-1 by Standard & Poor’s or P-1 by Moody’s Investor Service~~
- Bankers’ Acceptances that are issued by domestic banks or domestic offices of foreign banks (in USD), which are eligible for purchase by the Federal Reserve System with a maturity of 180 days or less. The issuing corporation, or its guarantor, must have a short-term debt rating of no less than “A-1” (or its equivalent) by at least two NRSROs. The amount invested in any single bank will not exceed 5% of the total funds available for investment (based on book value on the date of acquisition).
- ~~“Prime quality” Commercial Paper rated A-1 by Standard & Poor’s or P-1 by Moody’s Investors Service~~ with a maturity of 270 days or less and a short-term debt rating of no less than “A-1” (or its equivalent) by at least two of the NRSROs at time of purchase. Issuing corporations must be organized and operating under the laws of the United States or any state thereof and have a minimum net worth of \$50 million. The net income of the issuing corporation, or its guarantor, must have averaged at least \$3 million per year for the previous five years. All existing senior bonded indebtedness of the issuer, or its guarantor, must be rated “A” or better by at least two NRSROs.
- High quality corporate notes and obligations rated at least “Aa” by Moody’s Investors Service, Inc., and ~~a rating of~~ rated at least “AA” ~~or better by Moody’s Investors Service and Standard & Poor’s, Inc., and a maturity of no more than five years (as allowed by the Code of Virginia).~~

- High quality asset-backed securities with a duration of no more than five years (as allowed by the Code of Virginia) and a rating of no less than “AAA” by two NRSROs, one of which must be either Standard & Poor’s, Inc. or Moody’s Investors Service, Inc.
- Certificates of Deposit and Bank Deposit Notes of domestic banks and domestic offices of foreign banks, lawfully authorized to do business in Virginia, with a rating of at least “A-1” by Standard & Poor’s, Inc. and “P-1” by Moody’s Investors Service, Inc., for maturities of one year or less, and a rating of at least “AA” by Standard & Poor’s, Inc. and “Aa” by Moody’s Investors Service, Inc., for maturities over one year and not exceeding five years. Certificates of Deposit and Bank Deposit Notes with any institution other than the College’s primary depository shall not exceed levels of provided insurance by the Federal Deposit Insurance Corporation.
- Time Deposits in any federally insured bank or savings institution that is qualified by the Virginia Treasury Board to accept public deposits. Deposits in any such institutions shall be at levels whereby the College’s money shall remain fully insured by the Federal Deposit Insurance Corporation (or collateralized in full with U.S. Government or agency securities by the College’s primary depository as assets belonging to a public entity covered under the *Virginia Security for Public Deposits Act*, Chapter 44 (§2.2-4400 et seq.) of Title 2.2 of the Code of Virginia).
- Investment in overnight repurchase agreements. Certain conditions for investment shall apply:
  - When investments are made in overnight repurchase agreements, the College will require that its investments be 102% collateralized by U.S. Treasury and Agency obligations, and that this collateral be delivered to the College’s custodian bank and identified according to Uniform Commercial Code book entry procedures on the custodian’s books as property belonging to the College of William and Mary;
  - A master repurchase agreement or specific written repurchase agreement shall govern the transaction;
  - The securities are free and clear of any lien;
  - Qualified counterparties must be either member banks of the Federal Reserve System having total assets of more than \$10 \$4 billion and that are among the 50 400 largest commercial banks in the U.S.; or, non-bank dealers who are designated by the Federal Reserve Bank of New York as primary dealers in government securities;
  - The counterparty must have a long-term credit rating of at least “AA” or the equivalent from an NRSRO, been in business for at least 5 years, and be reputedly known among market participants.

- State and Municipal Obligations consisting of bonds, notes, and other general obligations of any state or municipal authority organized within the United States upon which there has been no default and having a rating of at least “AA” by Standard & Poor’s, Inc., and “Aa” by Moody’s Investors Service, Inc., and maturing within two years of the date of purchase.
- Local Government Investment Pool (LGIP). This highly diversified money market fund, administered by the Treasury Board of the Commonwealth of Virginia, referenced in Chapter 46 (§2.2-4600 et seq.) of Title 2.2 of the Code of Virginia (*Local Government Investment Pool Act*), offers public entities in Virginia a convenient and cost effective means to invest short-term monies adhering to all investment guidelines required by the Code of Virginia. The LGIP is rated “AAAm” by Standard & Poor’s, Inc.

#### Diversification of Approved Investments

The maximum allowable percentage of the College’s short-term portfolio permitted in each single asset category is as follows along with the maximum limits allowed in the Code of Virginia:

	<u>CWM</u>	<u>Code VA</u>
- U.S. Government securities and its agencies	100%	100%
- Overnight Repurchase Agreements with Required Collateral	100%	100%
- Money Market Mutual Funds	100%	100%
- Commingled Investment Funds or Bank Common Trust Funds	50%	100%
- Bond Mutual Funds	50%	100%
- Commercial Paper (A-1 P1)	35%	35%
- High quality Corporate Debt (Aa AA)	50%	100%
- <del>BAs and CDs</del> Bankers’ Acceptances	35% 50%	100%
- Certificates of Deposit and Bank Deposit Notes	35%	100%
- Insured and/or collateralized bank deposits	50%	100%
- Asset-backed securities	35%	100%
- State and Municipal Obligations	20%	NA
- State run LGIP	100%	100%

Prohibited Investments

Without the expressed consent of the Board of Visitors, evidenced by signatory authorization from the Treasurer Vice President for Finance, the following investments are prohibited:

- Floating rate notes with maturities under two years that have any embedded leverage or option ability (e.g., caps, floors, multiple reset features, etc.), however, U.S. Agency adjustable rate mortgage backed securities (ARMs) are permitted investments.
- Floating rate notes with maturities over two years
- Structured notes
- Swaps
- Other derivatives
- High Yield and Distressed Debt
- Reverse repurchase agreements
- Borrowing funds for the purpose of reinvesting the proceeds of such borrowing
- Investing in any security not specifically permitted by this Policy

Where written consent is given for investment in any of these categories, the Board of Visitors will require the investment manager to adhere to specific safeguards.

Investment Limits

No more than 5% of the portfolio shall be invested in specifically held securities of any single issuer, with the exception of the United States Government and its Agencies which will have no limit. A single issuer shall incorporate all debt issued by parent, subsidiary, and affiliated companies, thereby limiting investment exposure to any one holding company or entity.

The following exceptions to this 5% single issuer limit shall apply:

- |  |              |
|--|--------------|
| - U.S. Treasury obligations                                    | 100% maximum |
| - Money market funds of only U.S. Gov't and Agency obligations | 100% maximum |
| - Bond mutual funds of only U.S. Gov't and Agency obligations  | 100% maximum |
| - State run LGIP   | 100% maximum |
| - Each Federal Agency (held as discrete investments)           | 50% maximum  |
| - Diversified money market and mutual funds                    | 35% maximum  |
| - Other types of mutual and commingled funds                   | 35% maximum  |

There will be no more than \$15 million invested in a Core Balance strategy, separate from that of cash required for the College's immediate operating needs and liquidity requirements. This Core Balance strategy will be a part of the overall short-term investment portfolio and similarly follow allocation guidelines for approved and prohibited investments, albeit with longer average maturity and duration limits.

### Foreign Securities

The direct purchase of discrete foreign securities that are not denominated in U.S. dollars will be prohibited in any College account set up under these guidelines for short and intermediate term investment. U.S. dollar denominated sovereign and supranational bonds (Yankee bonds) with one year or less of maturity will be permitted for investment. Should a company whose security is held in a short or intermediate term investment account be acquired by a foreign company, the security may remain in the portfolio as long as it is determined by the portfolio manager that it is in the best economic interest of the College to hold the security for the short term. Exempt from this prohibition on foreign securities are high quality money market and commingled funds which may have foreign securities as a small component of the fund.

### Security Downgrades

In the event that any security or fund held in the investment portfolio is downgraded below the rating requirement required by this policy, the security or fund shall be sold within 60 days of such downgrade.

### Risk Parameters

Investment of the College's operating cash will be undertaken by managing those risks that can affect the value of investments. Investment firms engaged by the College will be required to continuously monitor the various types of risk inherent in a diversified institutional investment portfolio.

Interest rate risk will be controlled primarily by investing in bonds with various maturities. Controlling the portfolio's average maturity and duration will also mitigate the negative effects of interest rate risk. At no time will any individually owned security have an effective and/or legal maturity longer than 5 years. **The short-term portfolio used for liquidity management, exclusive of the Core Balance strategy, shall maintain a weighted average effective maturity not to exceed 24 months and an average duration not to exceed 15 months.** Core Balance investments, when managed separately in a discrete portfolio, shall maintain a weighted average effective maturity not to exceed 60 months and an average duration not to exceed 24 months.

Credit risk is managed primarily by limiting the opportunity set to certain approved high quality investments as reflected above that conform to Virginia statutes. Rating agencies, herein referred to as NRSROs, such as Moody's and Standard & Poor's, will be used as a measure to evaluate and monitor credit risk of held investments.

Counterparty risk will be continually monitored to ensure the continued financial strength and investment quality of the issuer.



Required Collateral

~~When investments are made in overnight repurchase agreements, the College will require that its investments be 102% collateralized by U.S. Treasury and Agency obligations, and that this collateral be delivered to the College's custodian bank and identified on the custodian's books as property belonging to the College of William and Mary.~~

Qualified Counterparties

~~Repurchase agreements must be executed only with Qualified Counterparties defined as member banks of the Federal Reserve System having total assets of more than \$1 billion and that are among the 100 largest commercial banks in the U.S.; or, non-bank dealers who are designated by the Federal Reserve Bank of New York as primary dealers in government securities. In both cases, Qualified Counterparties must satisfy the College's credit standards as otherwise defined.~~

Liquidity Constraints

Without the prior approval of the Vice President of Finance of the College, no investments in specific securities shall be made where maturities exceed 3 years (where 5 years is the maximum permitted by this policy). Weighted average life will be used as a proxy for maturity date for mortgage backed securities. The portfolio shall maintain adequate liquidity to ensure the College's ability to meet its operating requirements. At all times, the College shall maintain sufficient liquidity on an overnight basis to ensure clearance of its known payments and unanticipated presentment of checks. The College and its engaged investment manager(s) shall constantly monitor cash levels and maintain a portfolio structure that allows sufficient liquidity within time periods of a day, week, month, and six-months, taking into consideration fluctuating cash levels associated with cyclical revenue and expenditure patterns.

Authorized Personnel and Delegated Authority

The Vice President for Finance of the College or such person(s) he/she designates in writing is (are) authorized to make investment decisions under this policy for the College of William and Mary, including the selection and contractual engagement of professional investment firms that would adhere to the guidelines presented herein and that of generally accepted prudent fiduciary practices.

The Vice President for Finance and certain members of his/her staff shall also be responsible for maintaining internal controls that appropriately safeguard the investable assets of the College consistent with this policy and the permissions given for types of investment and engagement of external professional management. Professional investment management firm(s) engaged by the College MUST be registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940, showing proof of such prior to their hiring. Before an organization can provide investment management services to the College, it

must confirm in writing that it has reviewed this Policy and is able to fully comply with all requirements. Furthermore, the organization must submit the following materials:

- Proof of its registration with the SEC under the Investment Advisers Act of 1940;
- An annual updated copy of Form ADV, Part II;
- Proof of its registration to conduct business in the Commonwealth of Virginia;
- Demonstrable evidence in providing like services under the *Investment of Public Funds Act*, Chapter 45 of the Code of Virginia; and
- Confirm use of only qualified security brokers/dealers. To achieve qualification, the broker/dealer should be financially stable and have the ability to effectively execute buy and sell transactions. The engaged manager(s) will maintain a list of qualified brokers/dealers who meet the criteria of this Policy; and
- Confirm that procedures for best execution will always be followed and that soft dollar commissions or credits for College asset trades will not be collected or otherwise utilized in the execution of investment services

#### Reporting Requirements

Engaged investment managers shall be required to prepare and deliver comprehensive monthly accounting and analytical reports to the College that provide the following information:

- Monthly buy and sell transactions;
- Monthly realized gains and losses on sales;
- Month-end holdings that show amortized book value, maturity date, yield-on-cost, market value and other features deemed relevant;
- Monthly transactions that account for income, fees and disbursements, purchase of accrued income, and other relevant activity; and,
- Monthly performance of asset categories and the aggregate portfolio.

Engaged investment managers shall be required to prepare and deliver comprehensive quarterly investment reports to the College that provide the following information:

- Summary of recent market conditions, economic developments, a forecast of future economic activity, and an assessment of how the investment manager fared in the investment of the College's funds;
- A comprehensive quarter-end holdings report that further shows the calculated total rate of return for the quarter and year-to-date versus appropriate benchmarks; and,
- Any areas of policy concern warranting discussion with College officials, as in the case of recommended revisions.

#### Performance Benchmarks

Investment performance of the portfolio shall be monitored and evaluated using various individual benchmarks that have similar maturity, duration, and risk characteristics of those investments held in the portfolio. Overall portfolio performance shall be evaluated on an

ongoing basis by management, taking into consideration asset allocation, quality and safety factors, maturities and implied risks, and various external market factors.

Accordingly, the College shall use the 91 Day Treasury Bill Index as the primary benchmark in review of investment performance and may use other benchmarks such as the Merrill Lynch 3-month and 6-month Treasury Bill Indexes and/or the Barclays Capital 3-6 Month Treasury Bill Index for purposes of comparability.

#### Performance Review and Evaluation Requirements

External managers shall be formally evaluated by management at least on an annual basis according to certain criterion that was used in the process of engagement as well as any other more contemporaneous factors that should be noted in a formal evaluation. An overall rating of anything less than satisfactory will be cause for dismissal.

#### Monitoring the Cash Management Investment Policy

The Board of Visitors or its designated subcommittee thereof shall review this policy at least once every three years in order to ensure that the governances, provisions, and guidelines stated herein appropriately reflect the perspective and risk tolerances of the Board with respect to current market conditions. Management will inform the Board of any violations to this policy, discussed below, and extenuating results.

#### Occurrences of Non-Compliance with the Policy and Process of Resolution

Compliance with stated guidelines in this policy is a requirement. Violations of any kind will require full explanation of the event. Management will evaluate the severity of the violation, the circumstances by which it occurred, and the manager's corrective response. Management will then decide what recourse to pursue in dealing with the manager. Should the infraction be serious enough, the manager will be immediately dismissed. Multiple or recurring infractions may warrant immediate dismissal. Lesser infractions will also be documented and discussed with the manager's senior representatives. Resolution and types of restitution will be discussed with the manager depending on the severity of the violation.

APPENDIXCurrent Asset Allocation of Operating Funds as of Dec. 30, 2012 (market value)Short-Term Investment Portfolio

## Federated Gov't Obligations Fund, Institutional Class

Ticker GOIXX (AAAm rating from S&P, Aaa-mf rating from Moody's)	\$52,522,929
Accrued Income	<u>      742</u>
Total Short-Term Investments	\$52,523,671

Core Balance Strategy (3-5 Yr.) Portfolio

## Federated Gov't Obligations Fund, Institutional Class

Ticker GOIXX (AAAm rating from S&P, Aaa-mf rating from Moody's)	\$ 1,005,484
RidgeWorth U.S. Gov't Securities Ultra-Short Bond Fund	
Ticker SIGVX (5 Star rating from Morningstar)	9,109,588
Accrued Income	<u>      7,197</u>
Total Core Balance Strategy	\$10,122,269

**COLLEGE OF WILLIAM AND MARY  
CORPORATE RESOLUTION TO TRANSACT BUSINESS AND CONFIRM  
AUTHORIZED BUSINESS AGENTS FOR THE COLLEGE OF WILLIAM AND MARY**

On November 30, 2012, the Board of Visitors of The College of William and Mary in Virginia met and passed revisions to the *Bylaws* to clarify the power of certain officers of the College to transact business in the name of the College.

Article II, Section 3. of the revised *Bylaws* states:

Concurrently with the President, the Vice President for Finance shall have the authority to transact business in the name of The College of William and Mary in Virginia, including: (1) the transfer, conversion, endorsement, sale, purchase, assignment, conveyance and delivery of any and all shares of stocks, bonds, debentures, notes, and subscriptions warrants, cash or equivalent assets, and evidence of indebtedness; (2) any and all contracts for the purchase of real estate and other property, or other securities or assets now or hereafter owned by the Board of Visitors of the College of William and Mary in Virginia, or bearing any similar designation indicating ownership by the College; (3) agreements setting forth the terms for the acceptance of gifts to the College; and (4) any other agreements necessary to carry out and support the operations of the College, with the exception of those particular assignments made to the Provost or the Vice President for Administration. The sale of real property requires the approval of the Board of Visitors and the Commonwealth of Virginia. The Vice President for Finance shall have the authority to further delegate such authority; such delegation must be consistent with applicable law and regulations, and subject to guidelines for the exercise thereof.

BE IT RESOLVED, That the following statement of certification will accompany this resolution, requiring signature by the Secretary of the Board of Visitors attesting to its validity and correctness:

I, \_\_\_\_\_, Secretary of the Board of Visitors of The College of William and Mary in Virginia, do hereby certify that the foregoing is a true and correct copy of the Resolution approved by the Board of Visitors of said College at a duly constituted meeting held in the City of Williamsburg, Virginia, on the 8<sup>th</sup> day of February, 2013, at which a quorum was present and acting throughout, and that said resolution appears in the minutes of said meeting, and that the same has not been rescinded or modified and is now in full force and effect. I further certify that said organization is duly organized and existing, and has the power to take the action called for by the foregoing resolution. I further certify that W. Taylor Reveley III is President and Samuel E. Jones is Vice President for Finance of The College of William and Mary in Virginia.

Given under my hand and official seal of The College of William and Mary in Virginia on the \_\_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_, Secretary

**VIRGINIA INSTITUTE OF MARINE SCIENCE  
SUMMARY OF OPERATING AND CAPITAL BUDGET AMENDMENTS  
SUBMITTED TO 2013 GENERAL ASSEMBLY**

**Operating Amendment:**

	<u>FY 2013</u>	<u>FY 2014</u>
<b>Expand Blue Crab Survey</b>	<b>\$0 GF</b>	<b>\$297,027 GF 2.25 FTE</b>

After 15 years of a major decline, the blue crab population and fishery appear to be on the road to recovery. Fishery management and stock assessment of the Bay's most valuable fishery, which annually provides \$45-90 million dockside and up to \$400 million for the national economy, are fully dependent on the VIMS and Maryland's Department of Natural Resources baywide Winter Dredge Survey (WDS). The WDS produces estimates of abundance and exploitation rate, the key reference points used to manage the stock. The recent stock assessment and field investigations discovered that (i) juvenile blue crabs are severely underestimated by the WDS, and (ii) incorporation of blue crab data from VIMS summertime surveys (Trawl Survey, ChesMAP) into stock assessment is essential. This was made obvious by the recent imprecise fishery projections in 2012. Thus, we are requesting funds to ensure provision of accurate stock assessment information for the blue crab and facilitate population and fishery recovery. These are funds to (i) implement the shallow-water WDS for juveniles, (ii) cover escalating expenses of the WDS, and (iii) integrate blue crab data from the summertime VIMS surveys into the stock assessment.

**Capital Amendment:**

	<u>FY 2013</u>	<u>FY 2014</u>
<b>Planning: Construct Facilities Management Building</b>	<b>\$0 GF</b>	<b>Language</b>

This amendment requests the addition of capital project 17993, Construct Facilities Management Building, to the list of projects currently approved for detailed planning funds in the Appropriations Act. This project is a top priority as identified in VIMS' comprehensive master plan and reflected in the capital outlay six year plan. The Facilities Management building currently is located in the heart of the research campus, in dilapidated old buildings, and needs to be relocated to a more appropriate location on the upper campus.

**VIRGINIA INSTITUTE OF MARINE SCIENCE  
2012-2013 OPERATING BUDGET SUMMARY**

	2010-2011 <u>Actual</u>	2011-2012 <u>Actual</u>	2012-13 Approved <u>Budget</u>	Year-to-Date Through <u>12/31/12</u>
<b>REVENUE</b>				
General Fund	\$ 18,576,281	\$ 16,941,420	\$ 18,205,067	\$ 10,121,287
Nongeneral Funds				
Educational/General	1,759,741	2,464,708	1,852,132	591,786
Federal Stimulus	2,704,790	420,304	0	0
Eminent Scholars		0	75,000	0
Sponsored Programs	<u>18,609,523</u>	<u>20,281,919</u>	<u>21,500,000</u>	<u>12,609,746</u>
Total Revenue	\$ 41,650,335	\$ 40,108,351	\$ 41,632,199	\$ 23,322,819
<b>EXPENDITURES</b>				
Instruction	\$ 1,394,266	\$ 1,393,923	\$ 1,804,997	\$ 825,990
Research and Advisory Services	9,431,887	7,992,794	8,513,433	4,357,100
Academic Support	4,580,226	4,279,554	3,839,488	2,505,649
Institutional Support	3,159,290	1,895,487	1,631,036	1,873,630
Plant Operations	3,721,015	3,972,685	4,104,718	1,971,759
Student Financial Assistance	715,798	238,527	238,527	34,212
Sponsored Programs	<u>18,609,523</u>	<u>20,281,919</u>	<u>21,500,000</u>	<u>12,609,746</u>
Total Expenditures	\$ 41,612,005	\$ 40,054,889	\$ 41,632,199	\$ 24,178,087