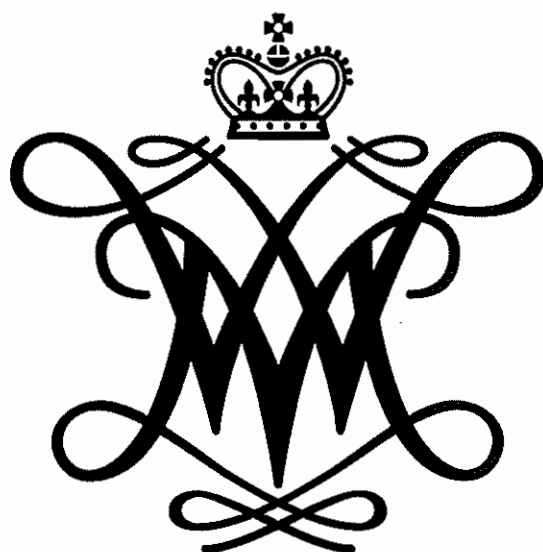


BOARD OF VISITORS WILLIAM & MARY



COMMITTEE MEETINGS

Board Rooms - Blow Memorial Hall

November 15 - 17, 2017

Board of Visitors
SCHEDULE
NOVEMBER 15-17, 2017

WEDNESDAY, NOVEMBER 15:

BOARD CONFERENCE ROOM – INVESTMENTS SUBCOMMITTEE

3:00-4:00 p.m. Investments Subcommittee James A. Hixon, Chair
 (Mr. Jones) Mirza Baig, Vice Chair
 S. Douglas Bunch
 Christopher M. Little
 H. Thomas Watkins III

A. Approval of Minutes – September 13, 2017
 B. Investment Portfolio Evaluation Overview
 1. Enclosure E (*see separate booklet*)
 C. Revision to the Investment and Spending Policy for Endowment
 1. **Resolution 2**, pages 34-49 (*for recommendation to
 Financial Affairs*)
 D. Closed Session (if necessary)

BOARD CONFERENCE OFFICE - EXECUTIVE COMMITTEE

4:00-5:30 p.m. Executive Committee
 (Mr. Fox)

Todd A. Stottlemeyer, Chair
 H. Thomas Watkins III, Vice Chair
 Sue H. Gerdelman, Secretary

Thomas R. Frantz
 William H. Payne II
 Lisa E. Roday
 Karen Kennedy Schultz

A. Approval of Minutes – September 13, 2017
 B. Discussion topics
 C. Closed Session (if necessary)

KAPLAN ARENA

5:30/6:00 p.m. Board Reception and Dinner – Wightman Cup Room

7:00 p.m. Basketball – W&M vs. Hampton University

Board of Visitors
SCHEDULE
NOVEMBER 15-17, 2017

THURSDAY, NOVEMBER 16:

BOARD DINING ROOM

7:30 a.m. Breakfast available

BOARD ROOM - COMMITTEE ON AUDIT AND COMPLIANCE

8:00-9:30 a.m. Committee on Audit and Compliance Christopher M. Little, Chair
(Mr. Erdahl, Ms. Boyce, Mr. Jones) Brian P. Woolfolk, Vice Chair
Mirza Baig
Barbara L. Johnson
John E. Littel

- A. Approval of Minutes – September 14, 2017
- B. Report from Director of Internal Audit
 - 1. **Resolution 3**, page 52
- C. Report from Chief Compliance Officer
- D. Enterprise Risk Management
- E. Information Technology Security Discussion
- F. Closed Session (if necessary)

BLOW HALL ROOM 201- COMMITTEE ON ACADEMIC AFFAIRS

9:15-10:00 a.m. Committee on Academic Affairs Karen Kennedy Schultz, Chair
(Provost Halleran) S. Douglas Bunch, Vice Chair
Mirza Baig
Warren W. Buck III
James A. Hixon
Anne Leigh Kerr
John E. Littel
J.E. Lincoln Saunders
Eric D. Chason, faculty representative

- A. Approval of Minutes – September 14, 2017
- B. Report from Provost
- C. Report from Faculty Liaison Committee Chair
- D. Closed Session (if necessary)
- E. Action Materials
 - 1. **Resolution 4**, page 54
 - 2. **Resolution 5**, page 55
 - 3. **Resolution 6**, page 56
 - 4. **Resolution 7**, pages 57-58
 - 5. **Resolution 8**, page 59

THURSDAY, NOVEMBER 16:

BOARD ROOM – COMMITTEE ON UNIVERSITY ADVANCEMENT

10:00-10:40 a.m. Committee on University Advancement Sue H. Gerdelman, Chair
(Mr. Lambert) Christopher M. Little, Vice Chair

- A. Approval of Minutes
 - 1. September 14, 2017
 - 2. October 21, 2017 – Campaign Steering Committee
- B. University Advancement Report
- C. Closed Session (if necessary)

BOARD ROOM - COMMITTEE ON ADMINISTRATION, BUILDINGS AND GROUNDS

10:50-11:40 a.m. Committee on Administration, Buildings and Grounds William H. Payne II, Chair
(Mr. Jones) Anne Leigh Kerr, Vice Chair

- Warren W. Buck III
 - James A. Hixon
 - Barbara L. Johnson
 - J.E. Lincoln Saunders
 - Karen Kennedy Schultz
 - Christopher J. Abelt, faculty representative
- A. Approval of Minutes – September 14, 2017
 - B. Report from Building Official
 - 1. Enclosure F, page 63
 - C. Report from Virginia Institute of Marine Science Dean/Director
 - 1. Enclosure G, pages 64-67
 - 2. **Resolution 9**, page 68
 - 3. **Resolution 10**, page 69
 - 4. **Resolution 11**, page 70
 - D. Report from Senior Vice President for Finance and Administration
 - 1. Enclosure H, pages 71-76
 - 2. **Resolution 12**, pages 77-79
 - 3. **Resolution 13**, pages 80-82
 - 4. **Resolution 14**, page 83
 - 5. **Resolution 15**, page 84
 - 6. **Resolution 16**, pages 85-86
 - 7. **Resolution 17**, page 87
 - E. Closed Session (if necessary)

Board of Visitors
SCHEDULE
NOVEMBER 15-17, 2017

THURSDAY, NOVEMBER 16:

SIR CHRISTOPHER WREN BUILDING:

WREN PORTICO AND GREAT HALL

6:30 p.m. Board Reception

7:15 p.m. Board Dinner honoring retiring Board member John Charles Thomas

Board of Visitors
SCHEDULE
NOVEMBER 15-17, 2017

FRIDAY, NOVEMBER 17:

BOARD DINING ROOM

8:15 a.m. Breakfast available

BOARD ROOM – COMMITTEE ON FINANCIAL AFFAIRS

8:45-10:00 a.m. Committee on Financial Affairs H. Thomas Watkins III, Chair
(Mr. Jones) James A. Hixon, Vice Chair
Mirza Baig
S. Douglas Bunch
Thomas R. Frantz
Anne Leigh Kerr
Christopher M. Little
Brian P. Woolfolk
Catherine A. Forestell, faculty representative

- A. Approval of Minutes – September 15, 2017
- B. Report from Senior Vice President for Finance and Administration and Chief Financial Officer
 - 1. **Resolution 18**, page 97
 - 2. **Resolution 19**, page 98 (*joint with Richard Bland College*)
 - 3. **Resolution 20**, page 99
 - 4. Enclosure J, pages 100-107
- C. Report from Virginia Institute of Marine Science Dean/Director
 - 1. Enclosure K, page 108
- D. Investments Subcommittee report
 - 1. **Resolution 2**, pages 109-124
- E. Closed Session (if necessary)

10:00 a.m. Recess Committees

BOARD ROOM – BOARD OF VISITORS MEETING:

10:15 a.m. BOARD MEETING - see MEETING AGENDA Mr. Stottlemeyer

BLOW HALL ROOM 201:

12:15-1:15 P.M. Lunch with Presidential Search Committee

BOARD ROOM:

1:30 p.m. Presidential Search Committee meeting

AGENDA ITEMS
Board of Visitors Meeting
William & Mary

November 15-17, 2017
Board Room - Blow Memorial Hall

RICHARD BLAND COLLEGE

Resolution 1, page 12	Resolution to Approve Naming of the Statesman Athletic Field
Resolution 19, page 13	Receipt of the Consolidated Financial Report of The College of William and Mary in Virginia, Virginia Institute of Marine Science, and Richard Bland College for the Fiscal Year Ended June 30, 2017 <i>(joint with William & Mary)</i>
Enclosure A, pages 14-25	Administrative Update: RBC-19 Progress Report
Enclosure B, page 25-A	First Quarter 2017-2018 Operating Budget Update
Enclosure C, pages 26-30	Report of the Faculty Representative
Enclosure D, pages 31-32	Report of the Student Representative

WILLIAM & MARY

Resolution 2, pages 34-49	Revision to the Investment and Spending Policy for Endowment
Resolution 3, page 52	Approval of 2018 Internal Audit Work Plan
Resolution 4, page 54	Award of Academic Tenure
Resolution 5, page 55	Designated Professorships
Resolution 6, page 56	Retirement of Richard J. Ash, Raymond A. Mason School of Business
Resolution 7, pages 57-58	Retirement of Howard J. Busbee, Raymond A. Mason School of Business

Board of Visitors
AGENDA ITEMS
November 15-17, 2017

Resolution 8, page 59	Retirement of Deborah S. Noonan, Department of Computer Science
Resolution 9, page 68	Resolution to Approve Property Acquisition: 1317 Vernon Street
Resolution 10, page 69	Resolution to Approve Demolition of Hoxton Hall
Resolution 11, page 70	Resolution to Approve Naming of Donald W. Davis Hall
Resolution 12, pages 77-79	Resolution to Approve Proposed Amended Regulation Regarding Weapons on Campus
Resolution 13, pages 80-82	Resolution to Approve Proposed Regulation Regarding Open Flames
Resolution 14, page 83	Resolution to Approve Transfer of 406 & 410 Jamestown Road to the William & Mary Real Estate Foundation
Resolution 15, page 84	Resolution to Appoint the Chief Facilities Officer as the Maintenance Code Official
Resolution 16, pages 85-86	Resolution to Approve the FY 2018 Transportation Alternatives Set-Aside Project
Resolution 17, page 87	Resolution to Approve Non-General Fund Capital Project: Construct Busch Field House
Resolution 18, page 97	Continuation: William & Mary Promise
Resolution 19, page 98	Receipt of the Consolidated Financial Report of The College of William and Mary in Virginia, Virginia Institute of Marine Science, and Richard Bland College for the Fiscal Year Ended June 30, 2017 (joint with Richard Bland College)
Resolution 20, page 99	Receipt of the Financial Report of the Intercollegiate Athletic Department for the Fiscal Year Ended June 30, 2017

Board of Visitors
AGENDA ITEMS
November 15-17, 2017

Enclosure E	Investment Update for Periods Ending September 30, 2017 (<i>see separate booklet</i>)
Enclosure F, page 63	Report from College Building Official
Enclosure G, pages 64-67	Virginia Institute of Marine Science Capital Outlay Projects Progress Report
Enclosure H, pages 71-76	College of William and Mary Capital Outlay Projects Progress Report
Enclosure I, pages 91-95	Strategic Planning Dashboard
Enclosure J, pages 100-107	College of William and Mary 2017-2018 Operating Budget Summary
Enclosure K, page 108	Virginia Institute of Marine Science 2017-2018 Operating Budget Summary

RICHARD BLAND COLLEGE COMMITTEE
November 15, 2017
2:00 – 4:00 p.m.

John E. Littel, Chair
Sue H. Gerdelman, Vice Chair

Board Room – Blow Memorial Hall

- I. Introductory Remarks – Mr. Littel
- II. Approval of Minutes – September 13, 2017
- III. General Reports
 - A. President and Administration – Debbie L. Sydow
 - B. Report from William & Mary/Richard Bland College Work Groups
 - C. Report from Faculty Representative – Matt Smith
 - D. Report from Student Representative – Kayla Zanders
- IV. Action Material
 - A. Resolution to Approve Naming of the Statesman Athletic Field **Resolution 1**
 - B. Receipt of the Consolidated Financial Report of The College of William and Mary in Virginia, Virginia Institute of Marine Science, and Richard Bland College for the Fiscal Year Ended June 30, 2017 (*joint with William & Mary*) **Resolution 19**
- V. Informational Material
 - A. Administrative Update: RBC-19 Progress Report Enclosure A
 - B. First Quarter 2017-2018 Operating Budget Update Enclosure B
 - C. Report of the Faculty Representative Enclosure C
 - D. Report of the Student Representative Enclosure D
- VI. Closed Session (if necessary)
- VII. Discussion
- VIII. Adjourn

RICHARD BLAND COLLEGE COMMITTEE
MINUTES – SEPTEMBER 13, 2017

MINUTES
Richard Bland College Committee
September 13, 2017
Board Room – Blow Memorial Hall

Attendees: John E. Littel, Chair; Warren W. Buck III, Vice Chair, Sue H. Gerdelman, Barbara L. Johnson, William H. Payne II, Lisa E. Roday; Karen Kennedy Schultz; Brian P. Woolfolk, faculty representative Matthew J. Smith and student representative Kayla G. Zanders. Board members present: Christopher M. Little and staff liaison Terence A. Fassanella. Others present: President Debbie L. Sydow, Kenneth LaTessa, Eric Kondzielawa, J. Tyler Hart, Penelope G. Howard, Tiffany Birdsong, Henry R. Broaddus, Kent B. Erdahl, Deborah A. Love, Cynthia Norwood, Kiersten L. Boyce, Joanne Williams, Brian W. Whitson, Amy S. Sebring, Jeremy P. Martin, Michael J. Fox, Fran Bradford, W. Fanchon Glover, Janice L. Zeman, Sandra J. Wilms

Chair John Littel called the Committee to order at 2:06 p.m., offered brief opening remarks and reviewed the agenda. Recognizing that a quorum was present, Mr. Littel asked for a motion to approve the minutes of the meeting of April 19, 2017. Motion was made by Ms. Roday, seconded by Ms. Gerdelman, and approved by voice vote of the Committee.

In her opening remarks, President Sydow reported on the strong start to the semester, and noted that the men's soccer team has made the NJCAA Division I Top 20. The President commented on the action material to be considered at this meeting, including consideration of several new faculty members, and stated that addressing the APA audit findings is the top priority.

Acting Provost Kenneth LaTessa detailed the reorganization that went into effect July 1, 2017, to drive effective coordination of all academic and student support operations, and he commented on progress to date. Provost LaTessa provided an enrollment update and introduced the NAVITAS partnership that brought three new international students to Richard Bland College this fall as part of the new Global Student Success Program. He also reported on progress toward SACSCOC reaffirmation. A brief discussion ensued.

Regarding RBC-W&M collaborative discussions, Ken LaTessa and Henry Broaddus provided an update. Mr. Littel asked that more detail be provided for the November Board meeting.

Acting Director for Development Tyler Hart reported on progress toward development goals, including increasing the number of new donors, increasing the annual fund, and raising matching funds for the Mary Morton Parsons grant. A brief discussion ensued.

Chief Financial Officer Penny Howard reported on RBC-19 financial goals and funding challenges, and provided an update on the 2016-2017 operating budget, as detailed in Enclosures A and B. Ms. Howard reviewed FY 2017-2018 tuition and fees and the 2017-2018 operating budget proposal. A brief discussion ensued.

Faculty representative Matt Smith noted that his written report was detailed in Enclosure C, and introduced a presentation by STEAM Academy President and CEO Judy Stewart, Professor David Morgan and Professor Eric Miller who discussed their work during the 2017 Summer STEAM Academy, a one-week program for high-achieving middle school students. A brief discussion ensued.

Richard Bland College Committee
MINUTES
Page 2

Student representative Kayla Zanders reported on happenings since her written report; detailed in Enclosure D. Ms. Zanders commented on the newly elected Student Assembly officers, as well as a recent campus forum entitled "Bigotry in America: A Conversation About Charlottesville and Beyond," which was well attended. It was noted that former student representative David Snyder was in the audience; David was recognized.

Following President Sydow's review of the newly hired faculty and administrators, Mr. Littel asked for a motion to adopt **Resolution 1**, Appointments to Fill Vacancies in the Instructional Faculty, and **Resolution 2**, Appointment to Fill Vacancy in the Professionals and Professional Faculty. Motion was made by Ms. Roday, seconded by Mr. Buck and approved by voice vote of the Committee.

President Sydow reviewed the Six Year Plan, the Six Year Capital Outlay Plan and the financing authorization for renovation of HSS, noting the revision of page 5 in the Six-Year Plan. Following a brief discussion, Mr. Littel asked for a motion to adopt **Resolution 3 REVISED**, 2018-2024 Six-Year Plan; **Resolution 4**, Resolution to Approve 2018-2024 Capital Outlay Plan; and **Resolution 5**, Resolution of the Board of Visitors of Richard Bland College of William and Mary: Virginia College Building Authority Financing Authorization. Motion was made by Ms. Roday, seconded by Mr. Payne and approved by voice vote of the Committee. (**Resolution 3(R)** is appended.)

Mr. Littel asked for a motion to approve **handout Resolution 20**, 2018-2020 Operating Budget Requests. Motion was made by Ms. Roday, seconded by Mr. Buck and approved by voice vote of the Committee. (**Handout Resolution 20** is appended.)

Mr. Littel moved that the Richard Bland College Committee of the Board of Visitors of the College of William and Mary convene first in Closed Session to discuss the evaluation of the performance of departments or schools of public institutions of higher education where such evaluation will necessarily involve discussion of the performance of specific individuals; for consultation with legal counsel and briefings by staff members pertaining to actual or probable litigation and to discuss contracts for services or work to be performed by the College, and then in Executive Session for the purpose of discussing the performance and evaluations of specific executive employees, as provided for in Section 2.2-3711.A.1., 7., and 9., of the Code of Virginia.. Motion was seconded by Ms. Roday. The observers were asked to leave the room and the Committee went into Closed Session at 3:15 p.m.

The Committee reconvened in open session at 3:57 p.m. Mr. Littel reviewed the topics discussed during the closed session, and then moved adoption of the **Resolution** certifying the closed session was held in compliance with the Freedom of Information Act. Motion was seconded by Ms. Roday and approved by roll call vote of the Committee members conducted by Mr. Littel. (**Certification Resolution** is appended.)

There being no further business, the Committee adjourned at 3:58 p.m.

RICHARD BLAND COLLEGE OF WILLIAM AND MARY

SIX-YEAR PLAN

WHEREAS, the mission of Richard Bland College is to prepare students for university transfer through academically rigorous programs grounded in the liberal arts tradition of the College of William and Mary and to advance the Commonwealth's priorities through strategic partnerships, specialized programming, and scalable innovation; and

WHEREAS, the College's Six-Year Plan is rooted in the RBC-19 Strategic Plan and the goals set forth in the Governor's Enterprise Strategic Priorities for Building a New Virginia Economy, the Higher Education Opportunity Act (TJ21), and the SCHEV strategic plan; and

WHEREAS, it is important to the vitality of the Commonwealth and the diversity of its higher education system for the College to continue to provide a distinctive higher education option while ensuring that this education remains accessible and affordable to the citizens of the Commonwealth; and

WHEREAS, the College has determined those expenditures necessary to support and enhance its instructional, research, student service, and administrative operations; prioritized those expenditures; and recommended funding through a combination of Commonwealth, College, and reallocated funds; and

WHEREAS, the College continues to evaluate opportunities to improve the effectiveness and efficiency of its academic and administrative programs and activities, aware that fulfilling the goals of the Plan will require a combination of such efforts, tuition revenue, state support and increased philanthropy;

THEREFORE, BE IT RESOLVED, That upon recommendation of the President, the Board of Visitors of the College of William and Mary approves expenditures proposed in the College's updated Six-Year Plan and that the updated Six-Year Plan be prepared and submitted according to the requirements of the Higher Education Opportunity Act of 2011 and subsequent guidance from the State Council of Higher Education.

**RICHARD BLAND COLLEGE OF WILLIAM & MARY
SIX-YEAR PLAN (2018-20 through 2024):**

Part II NARRATIVE

A. Institutional Mission

Richard Bland College's mission is to prepare students for university transfer through academically rigorous programs grounded in the liberal arts tradition of William & Mary, and to expand access to college credentials through strategic partnerships, specialized programming, and scalable innovation.

B. Strategies

1. Adequate Administrative Support / Risk Management

RBC will explore ways to adequately and efficiently respond to recurring APA (Auditor of Public Accounts) recommendations through administrative infrastructure upgrades (technology solutions and adequate staffing of RBC finance functions) to minimize risk to the College and the State.

The College intends to accomplish this, in part, through service-level agreements and in-house hiring based upon recommendations from a joint RBC and William & Mary Shared Services Work Group appointed by Presidents Sydow and Reveley. Recommendations to the Board of Visitors for shared services will be based upon a full review of best practices and close analysis of reasonableness of implementation.

To the extent that resources permit, the College will continue its painstaking efforts to establish adequate administrative staffing levels and a stable and efficient infrastructure. Based upon analysis conducted to date by William & Mary, external consultants, and RBC, an approximate \$1.8 million infrastructure investment (including personnel and technology) is needed to create a reliable, compliant administrative operation that minimizes risk to RBC, William & Mary, the BOV, and the Commonwealth of Virginia.

RBC intends to invest a minimum of \$295,000 of the anticipated \$580,000 proposed tuition and fee increase for FY 19 to build this administrative infrastructure as is outlined in the six-year plan. In future fiscal years, RBC will continue to provide a similar level of investment as funds from tuition and fee revenue are available.

RBC is cognizant of the level of risk that its current administrative infrastructure presents and has worked diligently over the last five years to balance investment in compliance with

investment in the academic and student support services necessary to fulfill the College's core educational mission. Throughout, the administration has pursued innovation and demonstrated an entrepreneurial spirit, achieving notable success in growing enrollment (and related revenue) and, at the same time, generating new revenue through auxiliary operations and development efforts.

An additional and ongoing \$552,250 in general fund support (salary and fringe) is necessary to build and maintain the administrative infrastructure required to address recurring APA and Internal Audit risk concerns and to ensure financial stability and sustainability. Without these funds, RBC is at risk of a protracted and potentially unsuccessful stabilization endeavor.

The College remains focused on its key strategic planning goals of:

- a. Achieving optimal enrollment and delivering academic programs and services that respond to market demand;
- b. Collecting, analyzing, disseminating, and utilizing pertinent performance-related information to drive quality and continuous improvements;
- c. Developing and implementing revenue enhancement plans; and
- d. Deploying financial, physical, IT and human resources in direct support of the mission and vision.

Even as the College reaches a state of equilibrium for institutional and O&M spend, there is a continued focus on spans of controls, automating processes, and technical improvements (3, 5).

The College moved its payroll processing to the DOA Payroll Processing Bureau in FY16 and implemented the TAL (Time and Leave) mechanized solution for time reporting as well. With the planned Cardinal Finance integration conversion, the College is examining further process improvements related to purchasing and travel reimbursements. Conversations about shared service agreements with W&M are ongoing. These conversations include:

- o Aligning RBC more closely with William & Mary with regard to back office/administrative functions and academic/transfer programming;
- o Creating service level agreements (SLAs) for shared staffing/operations with William & Mary in areas such as financial reporting, procurement, technology, and human resources.

The College continues to drive auxiliary revenue through multiple uses of its campus facilities, with a focus on strategic partnerships that advance the educational mission. The Dinwiddie County Teen Expo, Master Gardener's workshop, Jacob's Ladder, Chrysalis, Camp Rainbow, VA Steam workshop, Pecan Festival and summer sports camps are just a few events recently hosted

by RBC. Tapping opportunities for increased brand awareness and raising auxiliary revenues are priorities.

2. The Exceptional Student Experience (ESE@RBC):

With a continuing emphasis on retaining and graduating students on-time and debt-free, RBC continues to expand and improve the ESE@RBC program, which was piloted in FY16 and fully launched in FY17. ESE@RBC combines highly personalized student support with predictive analytics, alerting appropriate faculty and staff members when student behaviors or other obstacles threaten their academic success. Each student is assigned a Learner Mentor who serves as coach, guide, mentor and advisor, using real-time information to keep students on track to graduation.

ESE@RBC enhancements include cross-training and customer service training in all functions of the student experience—making retention a campus-wide endeavor with all faculty and staff trained and bearing responsibility for student retention. In FY19 the College will develop a second-year experience course to build on the First Year Experience (FYE) piloted in FY 18. The goal of FYE is to equip students (42% of whom are first-generation) with study skills and life skills.

Expanding on collaborations and professional development made possible by the Complete College America initiative (spearheaded by SCHEV), RBC will build out a comprehensive program designed to prepare undecided students (over 70% at RBC) to identify a major and a transfer goal in the first semester of their second year. (\$50,000 in FY19 from Tuition and Fees, \$50,000 in FY 20 from Tuition and Fees).

3. Business Intelligence & Process Alignment

Business intelligence and process alignment will enable data-driven decision-making and improved efficiencies, thereby contributing to high-performance operations and institutional effectiveness. High-performance business processes will be established through:

- a. development of a comprehensive data warehouse repository that brings together all of the data necessary to research and analyze the effectiveness and efficiency of operations across functional units,
- b. Research and creation of analytical models that provide information in support of internal process improvements,
- c. Implementation of technologies that deliver metrics in real time through visualization and engagement at every level.

Merging the systems created as a part of ESE@RBC and the business intelligence initiative into a single, fluid structure can serve as a model for other institutions. Enhancements in real-time delivery and, more importantly, real-time data capture from discovered events that affect outcomes, will be a primary focus as the analytical models and processes are fine-tuned.

- o Staff three incremental FTE positions (Data Compliance Analyst for Institutional Research, a Database Developer and a Network Engineer). Two of the staff (Compliance Analyst & Network Engineer) are in direct support of Strategy #1 and funds are included as part of that line item, however the addition of those positions further allow us to advance BI initiatives [FY18 - \$92,750; 1 additional FTE (3 total FTE) in FY19 - \$162,750] (3, 5).

High-performance business processes are key differentiators between good and great institutions. The primary way of reaching the “great” pinnacle is to execute business processes with maximum efficiency and effectiveness, and to make the smartest decisions possible.

4. Mission Aligned Academic Portfolio – Work College

In FY 19, RBC will complete the discovery phase of a Work College initiative focused on providing students with real, hands-on knowledge and skills in data science through a work experience that is supplemental to their regular studies. RBC will explore opportunities to create a college environment where students, with proper supervision and training, will learn real skills while contributing as members of the College’s workforce to build out and improve on predictive modeling and analytics for the ESE@RBC Project. A pilot program with 20 students will be launched in FY 20.

RBC will utilize the existing Statesman Scholars program to reduce the cost to Virginia students with high-need and high potential. Currently, Statesman Scholars who are Federal Pell Eligible and have a high school GPA above a 3.5 are awarded a total financial aid package that includes federal, state, and institutional support. For these students the College packages grants and scholarships covering up to 80% of total out-of-pocket costs. Of this population, the College would select a pilot group of students who would receive the remaining 20% as work-study, making College free for this population.

These students would be employed in the IT/Institutional Research office, learning coding and utilizing data science to improve on predictive models for student success and other critical processes. (\$50,000 in FY19, \$100,000 in FY 20). To ensure that skills and experiences are relevant to the workforce, RBC will create a Business Council that meets at least two times each year to create a direct business link. RBC will also convene work sessions so that staff and faculty can hear directly from business leaders about the workforce needs of the region and state.

5. BANNER (ERP) Replacement

To deliver streamlined operations and control costs, the College will initiate a project to transition to a new Enterprise Resource Planning (ERP) system and Student Information System (SIS). The existing platform—Banner—is costly, inflexible and inappropriately scaled to RBC.

Costs anticipated for FY19 (\$50,000) include consulting services for the selected ERP/SIS vendor to conduct necessary analysis and configuration. Costs anticipated for FY20 (\$300,000) include closing out consulting costs coupled with product licensing costs for the new solution, as well as ongoing maintenance costs for the legacy system for the transition year.

Implementation of the ERP/SIS product would occur in FY20. Expected gains include substantially improved user experiences, reduced costs, and more effective utilization of the ERP/SIS product.

C. Evaluation of Prior Six-Year Plan

SEM Plan: During the 2017 & 2018 Biennium, the College continued the implementation on a Strategic Enrollment Management (SEM) plan that increased student headcount to 2,256 (well above the FY 19 target of 2,000), and 1,342 FTE toward a target of 1,500.

Centralized One-Stop: In 2017 the College fully implemented a new Exceptional Student Experience program that goes well beyond centralized services. This model assigns a caseload of students to a Learner Mentor who becomes a primary point of contact and an advocate for the student throughout the learner journey.

Predictive analytics through Nuro Learning and Canvas are being used to identify students who are at-risk to ensure that they receive all appropriate resources in support of their success.

Learning Outcome Culture: The College completed its 5th Year Interim Report to SACSCOC in 2015 and a monitoring report in 2016. A second monitoring report will be submitted in Fall 2017. A broad-based, course-level learning outcomes assessment program is now in place for all courses. Further, RBC is now assessing program-level outcomes for all identified curriculum goals in all programs at the College. The intent is to build learning outcomes assessment processes to ensure that course-level outcomes roll up into department-level outcomes, which roll up into program-level outcomes. Faculty will continue to receive appropriate training as needed, with training scheduled to be completed during the Faculty Development workshop days in Fall 2017.

Academic Portfolio: The College was recently approved by the Department of Education as an "Experimental Site" for Prior Learning Assessment and Competency Based Education (CBE) Credit (1 of only 3 colleges in Virginia). A recent redesign of the Associate of Arts and

repackaging of the Associate of Science degrees has facilitated the delivery of CBE. The General Education core will require an e-Portfolio for all students. Students will have the opportunity to utilize portfolio assessments to receive credit without having to complete an entire 3-credit hour course. This will eliminate so-called "momentum blockers" that students experience when taking a class in which they have already mastered some or all of the content. They can bridge the gap with online content toward the College's Associate Degrees.

The College has expanded online course offerings with the majority of the Associate of Business degree available online, providing students the convenience they need to successfully complete a degree or certificate. The College has also implemented certificates of Liberal Arts, Project Management and Logistics.

Resource Alignment: Between 2012 and 2016, the College underwent an extensive re-organization to reduce administrative expenses and to reinvest in the core academic program of the institution. In FY 16 and 17, the investment focused on the Exceptional Student Experience, an innovative and highly promising student-success model. It also focused on strengthening core back office functions, an effort that must continue over the next several fiscal years in order to achieve financial stability.

D. Tuition Rate Increases

As part of a gradual, multi-year tuition-reset that is necessary to address severe underfunding, the College began and will continue with annual in-state tuition and E&G fee increases of approximately 9.9% in each of the years in the current six-year plan. This represents a \$590 annual increase (\$19 per credit hour) in year one of the biennium, and a \$630 annual increase (\$21 per credit hour) in year two.

After an extended period (20+ years) in which the College virtually froze tuition and fees at rates that were woefully insufficient to support basic operations and compliance, let alone keep up with inflation, this tuition/fee increase accomplishes two things. First, it brings the College into alignment with other residential colleges that provide robust student support services to promote student success, including the innovative ESE@RBC program. It also advances institutional effectiveness and compliance, providing necessary funding for baseline administrative support as dictated by best practices and the increasing volume of reporting required by state and federal entities.

Financial Aid

The College currently allocates \$60,000 per year from tuition and fee revenue to offset the impact of tuition and fee increases on low- and middle-income students. This amount will continue in future years. However, instead of further investment, the College will utilize unfunded scholarships (waivers) to advance SEM goals and to assist the high-need student

demographic, which is increasing. The utilization of unfunded scholarships (waivers) will allow the College to assist more students by awarding additional institutional scholarships. The additional waivers to be awarded from incremental tuition and fee increases in FY 19 and 20 is \$200,000 (work college and academic) each year.

E. Contributions to Economic Development

The College is an economic driver in the depressed Petersburg region. According to a recent study by the Weldon Cooper Center at UVA, College expenditures in FY 2015 had an employment effect of 255 personnel and generated \$14 million in state GDP and \$1 million in state revenues. These estimates include the direct economic effect of college-related spending, as well as the economic indirect and induced effects (i.e., multiplier effects) that result from purchases and payroll turnover when money changes hands in the state economy. Human capital improvements are estimated to contribute a present value of \$7 million in GDP and approximately \$1 million in state tax revenue. The total economic contribution resulting from RBC operations during FY 2015 was \$21 million in GDP and total state tax.

Academic programming developed in response to high demand fields like logistics and project management have been added in recent years. The College is actively engaged with regional Chambers of Commerce, the Crater Planning District Commission and Petersburg Area Regional Tourism, providing a venue for their events as well as student and employee volunteers. The College's Pecan Festival, which attracted more than 7,500 visitors to campus last fall, generated significant tourism dollars for the Petersburg region. The Comprehensive Economic Development Strategy (CEDS)—a federal program—contributes to effective economic development in America's communities and regions through a locally-based, regionally-driven economic development planning process. The College is represented on the CEDS board. Additional opportunities to stimulate economic development in the surrounding region through community involvement and partnerships with Virginia's Gateway Region and Crater Planning District Commission are currently being explored.

F. Capital Outlay

The College's Board of Visitors approved priorities for the institution's six-year plan, including the following items, as part of the FY16–18 Biennium.

**Construct/Renovate: Academic Innovation Center/Library Expansion
\$12,421,253 GF**

Approved for detailed planning during FY 2018, the project provides an expanded concept of the library as a modern tool for fostering innovation in scholarship while also providing renewed

space for study and collaboration. The Center for Teaching & Learning will provide a unique cultural center that inspires, supports, and contextualizes users' engagement with scholarship. A flexible, equipped space will inspire connected learning for a networked world through faculty development, student engagement, communities of practice, and technology-enhanced active learning. A renewed building filled with natural light, innovative media and displays of artwork and views of campus will engage imaginations and inspire conversation and reflection. This plan calls for approximately 10,000 sq. ft. of library resources, 7,000 sq. ft. of Information Technology Services and data center and 7,000 sq. ft. for Academic Innovation and training. A new elevator will be necessary to meet ADA requirements and to accommodate the change in space design.

G. Restructuring

Richard Bland College is steadily building its administrative capacity to either restructure to a Level II institution in the next two years, or to become a part of William & Mary's Level III structure during their next renewal cycle. In the interim, RBC seeks the ability to do the following in some structured capacity independent of the Level I institution requirements.

1. **Procurement.** In an effort to better manage RBC's limited resources (both personnel and fiscal) and create efficiencies by leveraging an already proven concept and pre-approved set of contracts, RBC seeks to use VASCUPP (Virginia Association of College and University Procurement Personnel) contracts without additional approval from the Department of General Services (DGS).
2. **Tuition Management.** Given the fluctuations in state funding and declining growth in overall state support over the last decade, it is essential to Richard Bland College's health that the Board of Visitors maintain the ability to set tuition and fees for its students. The Board of Visitors is uniquely positioned to understand the institution's operational model, financial needs, and market position relative to peer institutions both within and outside of the Commonwealth.
3. **Carryforward of E&G Funds.** The College's ability to carry forward E&G funds from year to year is essential given the uncertainties of state funding and the volatility of higher education markets. Institutions must be able to manage funds prudently without fear of penalty if they spend less than budgeted in a given year. With that assurance, institutions can more effectively manage and establish reasonable reserves to ensure they remain financially solvent during economic downturns and do not have to seek additional state support or burden students with additional costs to cover those gaps.

RICHARD BLAND COLLEGE**2018-2020 Operating Budget Requests**

Responding to guidance from the Governor's Office and the Virginia Department of Planning and Budget (DPB) as well as comments on Richard Bland College's (RBC) Six-Year Plan by the State "Op 6" review committee, the administration of the College recommends 2018-2020 operating budget requests as follows:

Priority 1- Provide Adequate Resources to Improve Richard Bland College Financial and Administrative Infrastructure**Proposed Request:**

<u>FY 2018-19</u>	<u>FY 2019-20</u>
\$ 552,250 GF	\$ 552,250 GF
6.00 FTE	6.00 FTE

It is critical that Richard Bland effectively respond to recurring APA (Auditor of Public Accounts) findings as documented in the FY 2016 audit. The just released draft of the FY 2016 audit provides some sense of the scope of this issue. At this point the State Auditor of Public Accounts has identified 13 internal control issues at RBC including 2 material weaknesses. Areas of concern noted by the APA range from Financial Reporting and Information Technology/Security to compliance with various financial, procurement and human resource policies and procedures.

Administrative infrastructure upgrades (IT systems, incremental staffing and appropriate training) are necessary to correct the internal control issues while minimizing risk to RBC and the State. To address this issue the Board of Visitors supports the administrations of William & Mary and Richard Bland College developing one or more memoranda of understanding allowing William & Mary to assume operational responsibility for management of certain non-instructional programs or activities as necessary.

While details of these agreements must be developed, prior studies have documented the need for significant infrastructure investment. To this end, in FY 2019 Richard Bland will invest a minimum of \$295,000 of an anticipated \$580,000 in incremental tuition increase to correct the identified deficiencies and build its administrative infrastructure. While similar investments are expected in the out-years, funding this request will allow significant progress over the biennium. The additional \$552,250 in base general fund support is necessary to build and maintain the administrative infrastructure required to address recurring APA and Internal Audit risk concerns and to ensure financial stability and sustainability. Without these funds, RBC is at risk of a protracted and potentially unsuccessful stabilization effort.

September 13-15, 2017

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It should be noted that improvement will take time. The draft audit report deals with FY 2016, FY 2017 is already in the books, and we are almost through one quarter of FY 2018. While RBC staff has taken actions to move it along the way in these areas, much more improvement is necessary.

Priority 2 – Improve Information Technology Systems**Proposed Request:****FY 2018-19**
\$ 50,000 GF**FY 2019-20**
\$ 300,000 GF

To deliver streamlined operations and control costs, the College will initiate a project to review its current use of the Banner Enterprise Resource Planning (ERP) as its system of choice. Funding in FY 2019 supports consulting services to review both current and optimal systems options given the size, scope and scale of Richard Bland College. Implementation and/or enhancements will occur during FY 2020.

Expected gains include substantially improved user experiences, reduced costs, and more effective utilization of the ERP/SIS product.

THEREFORE, BE IT RESOLVED, That the Board of Visitors approves the administration's proposed operating budget requested as outlined above.

September 13, 2017

CERTIFICATION OF CLOSED SESSION

WHEREAS, the Board of Visitors Richard Bland College Committee has convened a closed session on this date pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

WHEREAS, §2.2-3712.D. of the Code of Virginia requires a certification by this Committee that such closed session was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED, That the Richard Bland College Committee, reconvening in open session, hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed session to which this certification applies, and (ii) only such public business matters as were identified in the motion convening the closed session were heard, discussed or considered by the Richard Bland College Committee.

VOTE

AYES: 8

NAYS: 0

ABSENT DURING CLOSED SESSION:



John E. Little
Chair
Richard Bland College Committee

**RICHARD BLAND COLLEGE
RESOLUTION TO APPROVE NAMING
OF THE STATESMAN ATHLETIC FIELD**

Barbara Berkeley Ukrop, William & Mary Class of 1961, served on the William & Mary Board of Visitors from 2002 to 2009. Throughout her years of service, Ms. Ukrop was an active and engaged member of the Board, and one of her most significant contributions was in service to and in support of Richard Bland College, located in her hometown of Petersburg. Appointed to the Richard Bland College Committee in 2002, Ms. Ukrop succeeded Peter Clements as chair in 2004 and led the Committee until 2009, advancing various positive initiatives during that time.

In 2006, Ms. Ukrop served as honorary co-chair of *The Future of Richard Bland College* capital campaign, the first capital campaign in the Richard Bland College Foundation's history. As part of that campaign, Ms. Ukrop, along with her husband, Jim, pledged a significant testamentary gift to the College.

In recognition of Barbara Berkeley Ukrop's extraordinary generosity of time, talent and resources to Richard Bland College and to honor Ms. Ukrop's mother, Flora Willcox Berkeley, William & Mary Class of 1933, who had a tremendous impact on the Petersburg region, on behalf of the College's alumni, faculty and staff, the President recommends that the Athletic Field be named "Willcox Field."

THEREFORE, BE IT RESOLVED, That the Board of Visitors of The College of William and Mary in Virginia hereby approves naming the Statesman Athletic Field "Willcox Field."

BE IT FURTHER RESOLVED, That the Board of Visitors directs the Secretary to the Board to inform Barbara Ukrop of its action and to express its deep appreciation for her continuing support of Richard Bland College of The College of William and Mary in Virginia.

**COLLEGE OF WILLIAM & MARY
RECEIPT OF THE CONSOLIDATED FINANCIAL REPORT OF
THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA,
VIRGINIA INSTITUTE OF MARINE SCIENCE, AND RICHARD BLAND COLLEGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The Consolidated Financial Report of The College of William and Mary in Virginia, Virginia Institute of Marine Science, and Richard Bland College for the fiscal year ended June 30, 2017, has been presented by the Senior Vice President for Finance and Administration and the Chief Financial Officer to the Presidents of the Colleges, who have approved it for presentation to the Rector and the Board of Visitors.

The statements included in this consolidated Financial Report provide a concise analysis of the College's financial affairs for fiscal year 2016-2017. The report is subject to a detailed audit to be conducted by the Auditor of Public Accounts.

RESOLVED, That the Unaudited Consolidated Financial Report for the Year Ended June 30, 2017 (*see separate booklet*) for The College of William and Mary in Virginia, Virginia Institute of Marine Science, and Richard Bland College is hereby received by the Board of Visitors.

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Richard Bland College
of WILLIAM & MARY

RBC-19 PROGRESS REPORT
NOVEMBER 2017

Dr. Ken LaTessa
Acting Provost

Academics

The Institutional Effectiveness Committee is in the final stages of preparing the Compliance Certification Report for SACS-COC Reaffirmation. At this point, the committee meets weekly to discuss areas of the report that need institutional action and to respond to the comments made by the consultant doing narrative review. We are on track to have the complete report ready by the end of February.

The Association of Chief Academic Officers/Gates Foundation Digital Fellows Grant has accepted our Digital Learning project (using Acrobatiq with a core group of faculty to redesign courses with adaptive technology). The grant will pay for Carly Winfield to attend the OLC conference to support Dr. Matthew Smith when he receives another Gates Foundation award for RBC's ALEKS project. It will also bring \$2,000 to campus for Ms. Winfield to spend on support materials for the Acrobatiq project and another \$4,000 for faculty stipends to support their work. We will present the results of the project in New Orleans in the spring and then again in Seattle in July (all funded by the grant).

Athletics

Celia Brockway, Instructor of Music, has been appointed as Faculty Athletic Representative. Ms. Brockway will chair the Faculty Committee on Student Athlete Success, comprised of faculty, athletic staff and students. The charge of this committee is to ensure that effective communication and collaboration exist between the athletic and academic teams and that the College serves the best interest of the student athletes. The committee, one of the key recommendations made through a recent consultancy, provides an additional mechanism for ongoing improvement in compliance, a primary objective of the College.

Richard Epperson, Athletic Administrator, continues to facilitate the implementation of key compliance policies and procedures, including the Student Athlete Handbook, the Athletic

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department policy manual and recruitment/grant-in-aid processes. Furthermore, the 5-year athletic strategic plan is under development with the framework well in place.

Chuck Moore, Director of Athletics, has announced the appointment of second-year softball head coach Katy Lampman as the College's first Senior Woman Administrator (SWA). The SWA position is the highest-ranking female in the athletic department. Lampman will serve as a liaison to the Richard Bland women's teams, representing the department and female student-athletes on campus as well as at NJCAA and Region X meetings in addition to other administrative duties.

All RBC sports will compete at the NJCAA Division I level beginning in the fall of 2018. This move aligns women's volleyball, women's softball and men's basketball, all currently Division II, with men's soccer and golf. The move to Division I is part of an institutional marketing strategy that will support increased enrollment and enhance the RBC brand with increased national exposure.

Richard Bland College fifth-year men's basketball head coach Chuck Moore served as a guest speaker at The PGC/Glazier Basketball Coaching Clinic September 29-October 1 in Dallas, Texas. He was among college coaches from Texas A&M, Rice, Ohio State, Oral Roberts, Oklahoma Wesleyan, Texas-Tyler and Emmanuel College who presented during the three-day event. Coach Moore spoke on four different topics in Dallas, including Guarding Ball Screens, Efficient Practice Plans, Special Teams Situations: SLOB & BLOB as well as Transition Offense: Flow Into Motion Offense.

Sports updates

Men's Soccer (17-2, 13-1 Region X)

- Ranked No. 14 nationally in latest NJCAA Division I Men's Soccer Poll (first national ranking occurred this year, ranked for past seven weeks)
- Qualified for NJCAA Southeast District Tournament for second-straight year (Nov. 3-4)
- Region X Regular Season Champions
- Region X Tournament Runners-Up
- Six All-Region X First Team selections
- One All-Region X Second Team selection
- Two All-Region X Honorable Mention selections
- Head Coach Eduardo de Souza Region X Coach of the Year
- Davi Girardi named NJCAA Division I Player of the Week for the period September 4-10

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Page 3 of 12 *Men's Golf*

- Participated in four fall tournaments
- Frankie Lin with one Top 10 finish among four Top 20 finishes

Women's Volleyball (2)

- First-year program (club, provisional season)
- Hired Scott Newton as first head coach
- Earned first win September 21 vs. Regent University, 3-0

Enrollment Management

Fall 2017 enrollment is complete and the census numbers are as follows:

Headcount: 2,165

Credit Hours: 17,749

FTE: 1,183

Relative to Fall 2016, Richard Bland College experienced a 14.4% drop in headcount (down from 2,528) and 15.8% drop in FTE (down from 1,405). As mentioned in the previous board report, this anticipated drop was the result of three primary factors: 1) an increase in academic standards for admission, 2) start of classes one-week earlier than last fall, and 3) well-defined dates and procedures for student account billing and financial responsibility.

Recruitment for the Fall 2018 freshman class is well underway. RBC has entered an agreement with Whiteboard, a higher education marketing firm. This vendor will execute aggressive lead/application generation campaigns to support the updated strategic enrollment management plan (SEMP) with a start date on November 1. The regional objectives outlined in the SEMP (see Table 1) represent a targeted effort to both attract qualified, high-quality students and ensure capacity in residence halls for fiscal year 2019. The newly updated SEMP is in final draft and includes new areas of focus, including a wider coverage of the Commonwealth through region-specific tactics, targets for the student athlete population, strategies to attract dual-enrollment participants and a growing international population.

Table 1.

Fall 2018 Recruitment Progress Summary													
Region		Applications			Admits			Confirmations			Registrations		
Number	Name	Target	Actual	Progress	Target	Actual	Progress	Target	Actual	Progress	Target	Actual	Progress
0	Non-VA	167	19	11.4%	65	-	0.0%	43	-	0.0%	37	-	0.0%
1	Central Virginia	2,078	149	7.2%	810	24	3.0%	535	2	0.4%	460	-	0.0%
2	Tidewater	294	27	9.2%	115	3	2.6%	76	-	0.0%	65	-	0.0%
3	Northern Neck	68	12	17.7%	26	1	3.8%	17	-	0.0%	15	-	0.0%
4	Northern Virginia	271	13	4.8%	106	1	0.9%	70	-	0.0%	60	-	0.0%
5	Valley	90	17	18.8%	35	3	8.5%	23	-	0.0%	20	-	0.0%
6	Western Virginia	45	6	13.3%	18	1	5.7%	12	-	0.0%	10	-	0.0%
7	Southwest Virginia	23	-	0.0%	9	-	0.0%	6	-	0.0%	5	-	0.0%
8	Southside	90	18	19.9%	35	5	14.2%	23	1	4.3%	20	-	0.0%
		3,126	261	8.3%	1,219	38	3.1%	805	3	0.4%	692	-	0.0%
updated 10/25/2017													

updated 10/25/2017

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Current internal initiatives have been very successful. Inquiries and applications for Fall 2018 are up 300% (883 vs 223 inquiries) and 78% (261 vs 142 applications), respectively, from last year.

Figure 1. Inquiry comparison Fall 2018 vs. Fall 2017

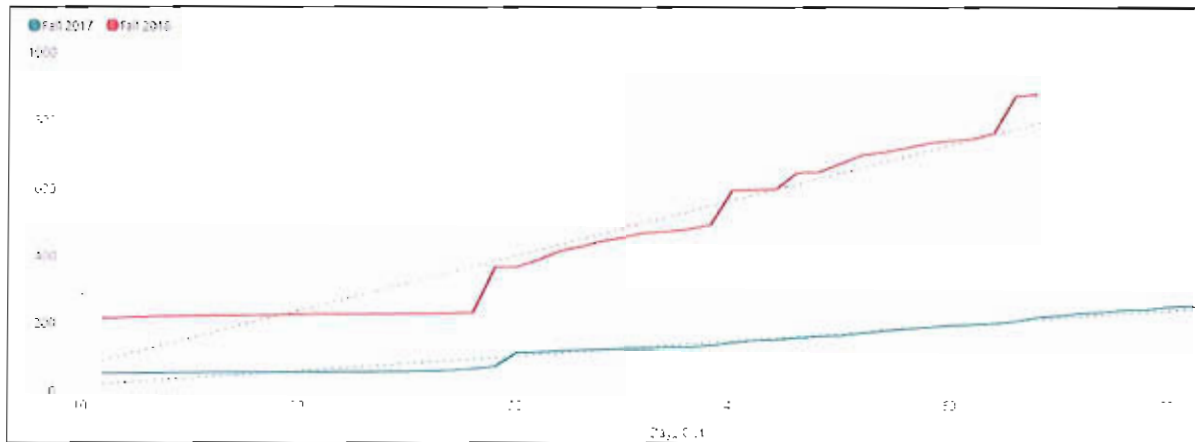
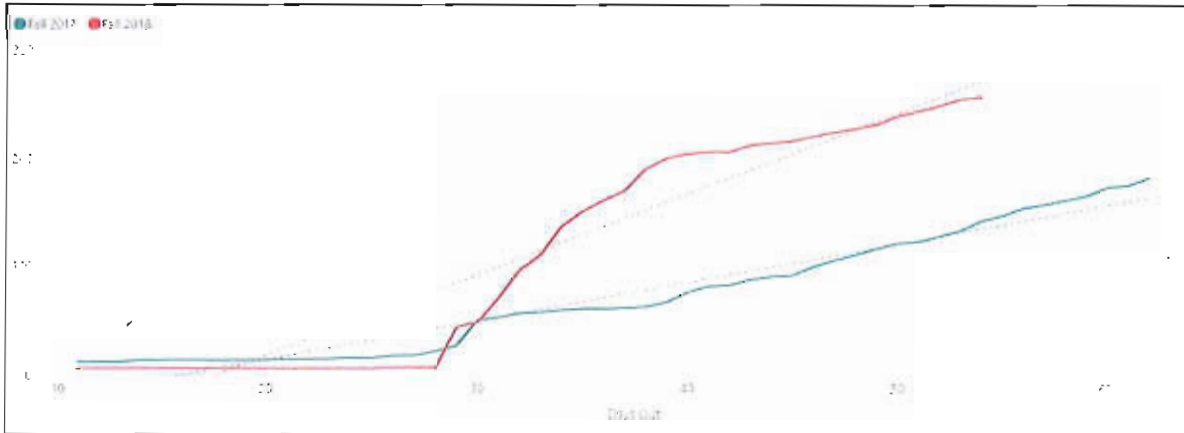


Figure 2. Application comparison Fall 2018 vs. Fall 2017



Information & Technology Services

Information & Technology Services (ITS) activated a Corrective Action Plan (CAP) to address the APA audit findings immediately after concerns were identified. Employee training related to specific roles or general compliance is either scheduled or underway. The team has developed all processes in support of risk management and the RBC Information Security Officer (ISO) is actively working toward a higher level of alignment with the SEC 501 standard by working through process templates provided by VITA. Six of the seven identified technical upgrades or best practices have been resolved; the remaining is in planning with the assigned project manager assessing budget and resource requirements.

Student Success

Efforts are underway to replace Kim Dupre, former Assistant Provost for Student Success, and further evolve the Exceptional Student Experience. Assessment of the program and outcomes to date will be the foundation for ongoing improvements to this vital program.

Pam Northam, wife of Lt. Governor Ralph Northam, visited campus on October 24th and met with several Learner Mentors and students to learn about the Exceptional Student Experience. Students shared their personal stories with Mrs. Northam and talked about the impact that ESE@RBC and the Learner Mentors are having on their college experience.

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Penny Howard
Chief Financial Officer

FY 2018 Budget Update and FY 2017 Closeout

RBC Finance continues to closely monitor cash flow and expenditures as revenue remains extremely tight in this fiscal year due to reduced (60%) capacity residence halls resulting from the implementation of more rigorous admissions standards. Now that all of the late start courses have been captured, finance is completing a re-forecast for the rest of the fiscal year to re-align budgets and ensure that the College stays within available resources. The number of students matriculating without payment or payment plans in place was minimized before the end of the first week of classes, as well as those with smaller balances with pending financial aid to clear. While this will be a tight financial year, the improved processes and collaborative efforts with W&M Finance over the last two years will serve RBC well in the future.

FY 2017 Financial Statements

Financial statements and all state attachments due as of the end of October 2017 have been completed and submitted timely. The statements were generated leveraging the new instance of Banner and the new GASB module. Adjustments continue to be made to the back-end Banner structure to continue improving the transparency of reporting through the GASB module and to make the consolidation of statements with William & Mary as seamless as possible.

In spite of the significant progress made in financial reporting over the last two years, it is a monumental struggle to prepare the financial statements without dedicated financial reporting staff. In order to achieve the desired end goal, the statements need to flow seamlessly into the consolidated William & Mary statements, which requires uninterrupted time to analyze and prepare data as well as effective collaboration with William & Mary's financial reporting and IT staff. For the preparation of the FY 17 statements, William & Mary provided guidance and direct assistance as we have needed it, but in doing so, they fall behind on their own significant workload with the multiple other units they must also review besides RBC. On the Richard Bland College side, the two staff members who currently prepare the various components of the RBC financial statements (Controller and CFO), are also heavily tasked with daily operational and other time-consuming projects for the institution and RBC Foundation. In addition to preparing the college's financial statements, the same two staff members must also prepare foundation financial statements that are submitted to William & Mary as well for inclusion in the overall financial statements. These statements are also due in the same period as the institutional financial reporting.

After two years of effort, it has become clear that without these additional resources, we are building an unsustainable process. In a normal year, with well-established systems, processes and data, it takes considerable effort to analyze and prepare accurate reports for both internal and external use. In a period of time when we have been rebuilding systems, establishing

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heretofore non-existent and undocumented processes for daily operational and financial reporting preparation, and analyzing a multitude of individual accounts and transactions to ensure the accuracy and cleanliness of our data, it is unmanageable, and we frequently trade off on what gets done on time (or at all) and who gets their needs answered first (typically the person making the most noise). This is not sustainable long-term, and not sustainable in its current iteration for very much longer in the short-term. Any decision made to hire additional financial reporting staff, whether they are placed at RBC or William & Mary, will require additional funding that RBC simply does not have in the current fiscal year.

Lack of sufficient funds and staff continue to pose the biggest risk to RBC and William & Mary. Any other projects, regular daily activities, illness, attempts at vacation time, or staff turnover immediately stops progress as our less than one-deep staffing model is unsustainable.

Shared Services Work Group

The RBC CFO and William & Mary CFO had a conversation on October 5th to discuss the specific position needs of the RBC Finance unit in more detail for the creation of an MOU. Specifically we identified the following as position needs and also identified the concerns to getting these positions in place, as well as the impact of technology concerns on the finance functionality:

- Finance functions/position needs
 - Budget manager/senior with experience performing the state and general assembly budgeting processes and cycles and ability to interact on behalf of RBC in these meetings
 - Financial Statements/Reporting practitioner capable of generating GASB compliant statements for consolidation with William & Mary for both the APA and DOA needs
 - Entry level transactional person to support needs of Controller, Procurement and AP
- Potential Roadblocks/Issues
 - The location of the Petersburg campus and competition for staff from numerous other higher education institutions in 30 mile radius makes recruiting well qualified staff quite difficult (not only a finance issue)
 - The current version of Banner (for all institutions, not just RBC) will go out of support effective December 2019, forcing us to either upgrade to the new version or obtain a new ERP system and get it implemented in that same time frame. As Banner is significantly overbuilt and overpriced for what we need, either solution continues to strap our already strained financial and staffing levels. Conversations are ongoing with William & Mary on the possibility of leveraging their Banner instance as VIMS does, which would help with both the financial and staffing concerns, but would still require significant time to integrate.

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Working out the details and finances of these items will take more time and in-depth conversations. The biggest negotiations will be around the cost to implement and/or overcome the items identified above.

Summary

RBC will be monitoring revenue collection and spending closely for the entirety of FY 18 due to the very conservative budget constraints under which we much operate for this year. We anticipate a turnaround in enrollment and housing revenue for the FY 19 academic year as concerted effort is underway to recruit a more targeted population earlier, move the primary registration period from July and August to earlier in the spring and summer, and significant work is being done to ensure a 95% or better housing occupancy rate, but it will still take time to move the college to a place of any real financial reserve depth.

Although we continue to make progress on processes, there remains significant strain to keep up with the daily, weekly, monthly, and annual operational, regulatory, and internal assessment needs, and this will not be alleviated until new resources are secured and invested across multiple administrative units. There is a baseline administrative capacity requirement, regardless of the number of students. Until this baseline is established, along with a moderate cash reserve to even out the cash flow from month to month and throughout the year, RBC and William & Mary remain at significant risk on several fronts.

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Dr. Tyler Hart
Acting Chief Development Officer

Library Building Project

In the September Progress Report, RBC reported being 85% complete in reaching the \$150,000 challenge grant from The Mary Morton Parsons Foundation. At the September 26 meeting of the Richard Bland College Foundation Board, it was announced that RBC had met the total goal. With a few pledges still coming in, RBC has raised a total of \$305,000 toward the \$1,650,000 total project goal. The RBC Foundation will continue to solicit funds during the quiet phase of this campaign before starting construction.

RBC provides a vital service in the community, offering a highly diverse group of students—42% of whom are first-generation—a personalized college experience that is guided every step of the way by a Learner Mentor. This building modernization project supports the ESE@RBC program, which is housed as part of The Student Success Center in the library building.

Named Scholarships

The Foundation Board of Directors approved goals for the Fiscal Year 2018 that included increasing the number of named scholarships by two. Just four months into the year RBC has secured three new endowed scholarships.

The Susana Hernandez-Kurtulus Scholarship was created by Ibrahim Kurtulus in honor of his late wife, Susana, who graduated from Richard Bland College and William & Mary. The endowment was setup with a \$50,000 contribution, plus \$3,000 to fund scholarships in the first year.

Claude Cliborne recently re-established a relationship with the College because of the work we have done to update the alumni database. Having retired from a successful career in communications and public relations, he pledged \$25,000 to set up a scholarship to help students get a second chance.

Finally, Epps Rainey established a \$20,000 scholarship to help students fund their college education, particularly those who have graduated from the Pathways Program in Petersburg.

All of these scholarships help keep college affordable and debt low for students who attend Richard Bland College.

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Eric Kondzielawa

Director of Operations & Capital Assets

Library Renovation

With Phase One of the Student Success Center complete, RBC is moving forward with the next phase, which includes modernization and renovation of the Café/ Community room and the library. The project is being funded, in part, through a \$150,000 grant from the Mary Morton Parsons Foundation and matching funds raised in the same amount. Construction is scheduled to begin in late 2017.

Academic Innovation Center

In FY 18 the Commonwealth of Virginia allocated \$998,000 in pre-planning funds to begin the schematic design of the new 20,000+ s.f. Academic Innovation Center, which will enable RBC to expand its reach and value to the Commonwealth. This renovation and addition will enhance RBC's capacity for online programming, competency-based education, and other technological models for degree completion.

HSS Renovation

To accommodate RBC's growing enrollment, the \$4.2 million, HSS renovation project is underway. Daniels Company was awarded the project and has begun the repurposing and renovation. This 73-bed facility will be completed and open in the fall of 2018.

Auxiliary Services

Summer auxiliary revenue hit an all-time high with the addition of several new partners, including Camp Rainbow and the Summer STEAM Academy, utilizing RBC campus facilities and services. Net revenue increased to over \$100,000. All partners have re-booked for 2018, and with the addition of new residential housing, there will be an opportunity to attract additional partners and continue to increase auxiliary revenue.

The RBC 2nd annual Pecan Festival held on October 28 was once again a huge success. Over 12,000 visitors (compared to 7,500 in 2016) enjoyed pecans in every form imaginable, food, drink, music, hayrides, kids games and pageants. 200 vendors participated, and the signature Pecan brew was once again provided by the Petersburg based Trapezium Brewery.

RBC is considering a Spring Concert in the Grove to further grow Auxiliary Enterprises revenue.

Jeff Brown

Director, Campus Safety & Police

Police

The Campus Security Officer (CSO) Program is gearing up for implementation at the beginning of the spring semester (January 2018). This initiative will replace contracted security staff (G4S Security) with highly trained Richard Bland College employees. The CSOs will provide security at the front desks in Patriot and Freedom Halls. Campus Safety and Police and Residence Life have completed interviewing candidates for the positions. The successful CSO candidates will be trained, scheduled and supervised by Sergeant Alphonso Uzzle, who was recently promoted to sergeant to manage this program.

The College has implemented the "Silent Witness" program campus-wide. This program allows students, faculty and staff the opportunity to report crime anonymously to police by simply submitting an on-line form. Anonymous reporting is provided to students, faculty and staff to encourage reporting of criminal activity in a confidential manner. The report is read only by campus police for action.

Emergency Management

The College's emergency notification system, RBCAlert, will be enhanced with the implementation of Alert beacons. During the month of October, these wall-mounted beacons will be strategically placed in prominent locations throughout the campus. In the event of an emergency, these devices will flash and sound to capture the attention of building occupants at a distance and display a message about the nature of the emergency and how to respond.

Board of Visitors

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Joanne Williams
Director of Communications

Key Message

Richard Bland College's key messaging has been updated to better advance the College's mission, new programming and relationship with William & Mary. Print ads reflecting Richard Bland College – Building on its Proud History as a Branch of William & Mary were placed in Virginia Living's Top College edition, Richmond Magazine's College edition, and Richmond Magazine's 2018 Source Guide.

Growing The Brand – Telling The Story

The website homepage has been redesigned to better reflect the brand. The main sliders carry the latest information about applying early, campus events and special programs. RBC's social media feeds are now populated on the home page, and a section for Statesman Scholars has been added. The Student Handbook and College Catalog housed on the website have been updated.

Media

Earned media continues to increase. From September 15 – November 1, the value of earned media for RBC was \$137,000 (source: Meltwater).

Annual Report

The 2016/2017 Annual Report is under development. The target date for completion is December 1. The Report will be housed as a flipbook on RBC's website. A postcard will be distributed to drive visitors to the website to view the Annual Report.

College Video

An overview video of RBC is currently being filmed. The target date for completion is January 30, 2018.

RICHARD BLAND COLLEGE
FIRST QUARTER 2017 -18 OPERATING BUDGET UPDATE

REVENUES		FY18 ACTUALS	% OF TOTAL ACTUAL	FY18 BUDGET	% OF TOTAL BUDGET	FY 18 % ACTUAL TO BUDGET
Student Tuition & Fees		2,469,345	32.1%	4,269,750	26.2%	57.8%
Auxiliary Charges (Comp Fee, Housing, Meal Plans)		2,708,275	35.2%	5,483,148	33.6%	49.4%
Other Sources		67,652	0.9%	-	0.0%	
Federal Programs Prior Period		-	0.0%	-	0.0%	
State Appropriations		2,443,941	31.8%	6,550,112	40.2%	0.0%
Total Revenues		7,689,212	100.0%	16,303,010	100.0%	47.2%
EXPENDITURES		FY18 ACTUALS	% OF TOTAL ACTUAL	FY18 BUDGET	% OF TOTAL	FY 18 % ACTUAL TO BUDGET
Salaries & Wages		2,544,902	55.3%	8,744,593.00	54.8%	29.1%
Employee Benefits		997,939	21.7%	2,808,538.00	17.6%	35.5%
Capital Lease Residence Halls		-	0.0%	1,293,690.00	8.1%	0.0%
Information Technology		273,851	6.0%	1,374,049.00	8.6%	19.9%
Physical Plant Operations		634,280	13.8%	1,300,000.00	8.2%	48.8%
All Other Expenses Include:						
Travel/Training		21,974	0.5%	425,000.00	2.7%	35.1%
Publications/Memberships		32,734	0.7%	-	0.0%	
Fees for Services		68,756	1.5%	-	0.0%	
Supplies-Office		19,735	0.4%	-	0.0%	
All Other Expenses		5,932	0.1%	-	0.0%	
Total Expenditures		4,600,104	100.0%	15,945,870	100.0%	28.8%

Notes: 1. The amount includes the services of Attain which is on contract to help with Financial Aid issues.
2. This includes the \$20,000 paid to W&M as our portion of the subscription for research material.

**RICHARD BLAND COLLEGE
REPORT OF THE FACULTY REPRESENTATIVE
TO THE BOARD OF VISITORS**

NOVEMBER 2017

SACSCOC Reaffirmation of Accreditation

As an accredited member of the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC), Richard Bland College must undergo a decennial reaffirmation to maintain its accreditation. RBC is a member of the Class of 2019.

The reaffirmation process begins with a self-study and preparation of a Compliance Certification Report (CCR), which is due to SACSCOC early in 2018. In addition, a Quality Enhancement Plan (QEP) topic is identified after input is received from all interested stakeholders of the College, including members of the Board, the administration, faculty, staff, and students. The CCR is reviewed by an off-site committee for compliance, and RBC will be notified of any standards for which we have been deemed non-compliant.

Shortly thereafter, the College must submit a Focused Report and the final QEP document for review by a separate committee – the on-site committee. The onsite committee judges the College's response to the off-site review, reviews the QEP, and makes a recommendation to the SACSCOC Board regarding the reaccreditation of the College. Dr. Bob Boehmer, President of East Georgia State College, has been named the Chair of the SACSCOC Review Committee for RBC's decennial on-site review in October 2018. Also, SACSCOC has assigned RBC a new liaison, Dr. Stephanie Kirschmann. Dr. Kirschmann is one of SACSCOC's vice presidents. Our outgoing liaison, Dr. Crystal Baird, will be working with Dr. Kirschmann through December to ensure a smooth transition.

Interestingly, the SACSCOC Principles of Accreditation are scheduled for revision by vote of the SACSCOC Board at the upcoming meeting in December. As the first class to which the new standards apply, the College has the option of responding to the new standards (which are currently available to the public in draft form) or responding to the old standards and preparing a second document that ties the old standards together with the new. The Institutional Effectiveness Committee members, after discussion of these options, has decided to go with the first option: responding to the new standards.

The College is well into the CCR preparation phase at the present time. The vast majority of the narratives in response to the old standards have been prepared. Reviews of these narratives have

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been ongoing for several weeks now by members of the Institutional Effectiveness Committee. As narratives are approved by committee members and supporting documentation gathered, they are then converted into the new standard numbering system, combined and edited as needed, and then submitted to an external consultant for review. This process is currently in its early stages, with approximately 15% of the narratives having received review by the consultant. The consultant retained by the College for this review is Dr. Margaret Burdette, the Coordinator of SACSCOC Compliance and Assessment for Tri-County Technical College in South Carolina. We are very lucky to have her on board, and she is already providing valuable information and guidance on our narrative drafts. We are on track for an on-time submission of the CCR, and we are optimistic about a successful reaffirmation of accreditation.

On September 28, 2017, the QEP task force led a faculty forum to discuss possible definitions of critical thinking, which was the top choice for a QEP topic in a survey conducted in spring 2017. During this meeting, faculty participated in small-group breakout discussions to reflect upon definitions of critical thinking from the educational literature, and to formulate potential student learning outcomes for the critical thinking QEP at RBC. The smaller groups then reported back to the entire group, and the faculty discussed the strengths and weaknesses of the various definitions and approaches to learning outcomes. The discussion was productive and revealed a general consensus on both the meaning of critical thinking and the specific evidence for critical thinking that faculty wish to see in their students' work.

Informed by this discussion, the QEP task force is currently working on drafting the Student Learning Outcomes for critical thinking, and a formal recommendation for choosing the topic is pending. The task force will present these outcomes to the Instructional Programs and Curriculum Committee for feedback and revisions at the Committee's upcoming meeting on November 7, 2017. The revised outcomes will be presented to the full faculty for discussion at the next meeting of the Faculty Assembly (November 14, 2017). At this same meeting, time permitting, the QEP task force is planning to present to the faculty, for their consideration and input, a draft document that details several models for the concrete institutional activities that will make up the QEP itself.

Updates from the Faculty Assembly

As indicated in my last report to The Board, the results of a Faculty Assembly Effectiveness Survey were reviewed in the meeting of the Assembly on September 12, 2017. Areas for improvement noted in the survey and discussed in the meeting included "understanding the role of faculty in Shared Governance and openly voicing concerns to enhance productivity of Faculty Assembly meetings." As noted in the minutes for that meeting, Chair Birdsong "asserted that any concerns regarding these two issues (or others) may be addressed in Faculty Assembly meetings, one-on-one with her, or during department meetings." A professional development opportunity for faculty has been offered by Navitas; see the next section below for details. The Assembly has also reviewed procedures for requesting faculty development funds.

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In our most recent meeting, on October 11, 2017, three motions were presented, discussed, and unanimously approved for submission to President's Council for consideration. The first of these motions was a course name change for a psychology course; the second was a recommendation related to ensuring that our core curriculum goals align appropriately with degree requirements for graduation. The third motion considered and approved by the Assembly in October 2017 was to add language to the Faculty Handbook, as it had been noted that a grievance procedure for handling disputes of intellectual property was absent. The following language was recommended by the Assembly for consideration by President's Council:

“Intellectual property disputes will be resolved according to the faculty grievance procedure (Section XVI).”

These three motions were discussed at the October 17, 2017 meeting of President's Council and approved by President Sydow.

The next meeting of the Faculty Assembly is Tuesday, November 14, 2017.

“Internationalizing Your Teaching” Workshops

As RBC's partnership with Navitas is newly underway this semester, Maria Dezenberg, Executive Director of the Global Student Success Program, invited interested faculty to participate in a series of free workshops on “Internationalizing Your Teaching.” The first of these workshops was a three-hour kickoff held on September 21, 2017 on the RBC campus. The focus of the workshops is to help professors make their teaching more “international-friendly.” The following RBC faculty and staff are participating in this workshop series:

- Dr. Tiffany Birdsong (Psychology)
- Prof. Celia Brockway (Music)
- Ms. Cathryn Coffey (Learner Mentor),
- Dr. Shawn Holt (Biology)
- Prof. Lisa Lindquist (English)
- Dr. Vern Lindquist (Dean of Faculty)
- Prof. David Majewski (Speech and Theater)
- Prof. Jill Mitten (English, Speech, and Theater)
- Dr. Timothy Rohrbach (Biology)

Following the initial kickoff workshop, two lunch-hour “Zoom” conversations have been scheduled as a forum for faculty to continue to support each other through collaborative reflection. The first Zoom conversation was held on October 5, and the next is scheduled for November 2. Following these short lunch chats, another three-hour workshop is scheduled, as a conclusion to the workshop series, on November 8, 2017.

November 15-17, 2017

Page 4 of 5 **Faculty-Sponsored Events**

The third annual Balance & Breathe Bash is scheduled for Thursday, November 30, 2017. This event was designed in part to help address the growing levels of stress and mental illness on college campuses nationwide. Accordingly, it is timed to occur at one of the most stressful points during the fall semester (the week before final exams). Activities during the day include: henna, yoga, meditation, dodgeball, chair massage, dog therapy, a petting zoo, and a roaming magician. Additionally, students are provided information on coping with stress and studying effectively for final exams. To top it all off, a campus-wide cookout complete with various sporting activities, giant Jenga, and picnic areas will be the center of action in the Academic Village's quad area to promote a sense of community and support throughout the day. This year, the event is sponsored by Student Life in conjunction with the Faculty and Staff. Since its inception, this event has become one of the largest for student participation on campus, and this year it is set to be bigger and better than ever.

On November 9th, 2017, RBC faculty, led by Instructor of Music Celia Brockway, will present a concert of classical music at 7:00 p.m. in SSHE Auditorium. Joining Prof. Brockway are Prof. Daniel Franke (History), Prof. David Morgan (Physics and Astronomy), and Prof. Matt Smith. The concert is free and open to the public.

Prof. Tiffany Birdsong and Maria Dezenberg (Navitas) hosted Navitas international students (who are from China) at Prof. Birdsong's home on October 6, 2017 for a lovely dinner. Some of the strategies discussed in the "Internationalizing Your Teaching" workshop were incorporated throughout the evening. In a thank you note received by Prof. Birdsong, one of these students thanked her for making him and the other students feel as though they "have a home in America."

On October 31, 2017, Profs. Rachel Finney and Jill Mitten are hosting a Faculty Halloween Potluck Luncheon and Costume Competition.

Also on Tues. Oct. 31, the Spanish Club is hosting a Mexican "Day of the Dead" (Dia de los Muertos) food tasting party. Students will be cooking and sharing typical homemade Mexican foods of the season, with decorations and displays present to explain the cultural significance of this most popular holiday. Faculty have been invited to join in the festivities.

As an opportunity for off-campus socializing, the faculty have been invited to participate in a glass blowing excursion to The Glass Spot on Saturday, October 21, 2017.

The next "Fall Faculty Fridays," which is our monthly faculty social hour, is scheduled for October 27, 2017.

November 15-17, 2017

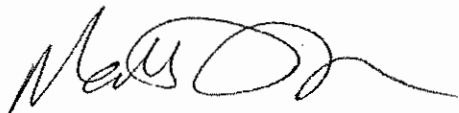
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Faculty Accolades, Honors, and Distinctions

Prof. David Majewski - Prof. Majewski received high praise from a former student who sent him an email in October to thank him for everything that he had taught the student in her Public Speaking class in Spring 2017. The student went on to explain how the techniques and confidence that she gained in Prof. Majewski's class enabled her to excel in her recent skills tests at Southside Regional Medical Center.

Dr. David Morgan - At the invitation of the Appomattox Regional Library in Hopewell, Dr. David Morgan delivered a presentation in celebration of the regional library system's "community read" of Margot Lee Shetterly's 2016 best-seller "Hidden Figures." His talk focused on the history of human computers, the mechanical computing tools of the pre-digital era, and the importance to the early history of computer science of women workers portrayed in the book.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Matthew J. Smith', with a stylized flourish extending to the right.

Matthew J. Smith, Ph.D., DABT
Associate Professor of Mathematics
RBC Faculty Representative, Board of Visitors of the College of William & Mary

**RICHARD BLAND COLLEGE
REPORT OF THE STUDENT REPRESENTATIVE
TO THE BOARD OF VISITORS**

NOVEMBER 2017

Since the last BOV meeting, the energy on the RBC campus has drastically risen, in a wonderful way. The amount of student involvement and leadership has picked up, as students are beginning to build, and work hard within, the campus community.

As you may know, the annual RBC Pecan Festival is approaching, and with it comes a few new and exciting opportunities. Students have assumed a large chunk of the responsibilities for themselves this year, with many of the volunteers coming from the school's Honors community. This year, a new attraction is being offered as well: A Barn of Terror. Not only does this new attraction offer more space for volunteers and more entertainment for attendees; it offers a new group of students the opportunity to showcase their talents in fields such as SFX makeup, acting, and "stage" decorating—three sub-communities that have not had much exposure at RBC in the past. There is increasing inclusivity on campus, and this is giving more students a chance to give back.

Although the initial thought after hearing about the extra non-curricular work being taken on by students would be focused on the amount of stress believed to follow, fortunately for many RBC students, this is not the case. Thanks to the Residence Life team and Student Assembly, there are a plethora of new events taking place to aid students in avoiding that overloaded feeling. These new events include group counseling, which gives students a chance to discuss both personal and non-personal topics (such as stress or political climate), and FAFSA Fridays where students are assisted in planning out financial support for their future education before the time that they are expected to start applications. The athletes have also pitched in by offering fun stress-burning activities, including dodgeball and flag football, all conveniently placed around the mid-term season.

Speaking of the RBC athletes, the Statesman Men's Soccer team is making a bigger name for itself than ever before. Not only has it climbed to the #15 ranking for the best collegiate soccer team in the nation, but after speaking with a few of the members, it's believed that they have a shot at making it to nationals around the same time of our meeting in November. From what I've heard from students around campus, this has led to an increased level of pride in the school, as it spreads its name nation-wide. The athletes have also participated in plenty of community-building volunteer activities, including reading to elementary school children and carrying out the heavy-lifting for nearby charities.

November 15-17, 2017

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Another exciting activity taking place at RBC is the William & Mary Bridge Program. Through the Honors Program I've spoken to a student who is currently participating in the fall program, and she is incredibly satisfied with the experience thus far. As a student who plans to transfer to W&M next year, she's taking advantage of the opportunity to become more familiar with the academic culture, as well as learning how to maneuver around the W&M campus. The window for other students to apply to take part in this program has just closed, and I will have more feedback from a larger group of participants who were successful in applying in my next report.

While on the topic of the Honors Program, this year Director Aimee Joyaux has appointed an Honors Student Assembly so as to add more responsibility and elevate the voice of those who are most deserving in the program. They have just recently been elected, so they have not yet had a major impact on the program and its members. However, I'm expecting to have plenty of positive things to say on their behalf in my next report, as the students are very devoted and possess promising potential to successfully complete the tasks that come with their newly earned titles.

I'd expected more stability in my pool of topics to discuss in this report, but Richard Bland students are moving at such a fast pace and providing me with so many long-term, positive changes and ideas, that it would be impossible for one to predict all of the great things to come from them. However, expect many more wonderful additions in my next report, as I'm sure that I'll not only be able to cover the expectedly positive outcomes of the projects mentioned here, but there will be countless more to cover. I'd expect nothing less from the Richard Bland student community.

Kayla G. Zanders
RBC Student Representative to the Board of Visitors

INVESTMENTS SUBCOMMITTEE
of the
COMMITTEE ON FINANCIAL AFFAIRS

November 15, 2017

3:00 – 4:00 p.m.

Board Conference Room - Blow Memorial Hall

James A. Hixon, Chair

Mirza Baig, Vice Chair

- I. Opening Remarks - Mr. Hixon
- II. Approval of Minutes – September 13, 2017
- III. Investment Portfolio Evaluation Overview - Joseph W. Montgomery, The Optimal Service Group of Wells Fargo Advisors
 - A. Investment Update for Periods Ending September 30, 2017
Enclosure E. *(see separate booklet)*
 - B. Revision to the Investment and Spending Policy for Endowment.
Resolution 2. *(for recommendation to Financial Affairs)*
- IV. Closed Session (if necessary)
- V. Discussion
- VI. Adjourn

INVESTMENTS SUBCOMMITTEE
MINUTES – SEPTEMBER 13, 2017

MINUTES
Investments Subcommittee
September 13, 2017
Board Conference Room – Blow Memorial Hall

Attendees: James A. Hixon, Chair; Mirza Baig, Vice Chair; S. Douglas Bunch; and H. Thomas Watkins III. The Optimal Service Group Attendees: Bryce Lee; Joseph Montgomery; Karen Logan; and Robin Wilcox. Others in attendance: Samuel E. Jones and Amy S. Sebring.

Chair James Hixon convened the Investments Subcommittee meeting at 2:30 p.m. Noting that a quorum was present, Mr. Hixon moved approval of the minutes of the April 19, 2017, meeting. Motion was seconded by Mr. Baig and approved by voice vote of the Subcommittee.

Mr. Hixon called on the Optimal Service Group for an update on performance and any recommendations. Optimal Service Group staff reviewed FY 2017 performance as well as performance for the first two months of FY 2018, noting that the FY 2017 investment return of 13 percent exceeded both the target and policy benchmark. The return for the first two months of FY 2018 is 1.7%, equal to the target benchmark. Optimal staff noted that some changes in the investment lineup would be reflected in its subsequent recommendations.

Relative to asset allocation, the Optimal Service Group staff noted that they had revised their previous recommendations to reflect the most current capital market assumptions. Proposed changes to the current asset allocation included some reduction in large and midcap US equity, an increase in private equity, and the addition of Developed Small Cap International Equity and REITs to the portfolio. In subsequent discussion, the Investments Subcommittee approved the recommended asset allocation, noting that it was within policy guidelines.

In support of the new allocation, the Optimal Service Group recommended a series of manager actions, as well as a rebalancing of the portfolio. After discussion of each of the recommendations, the Subcommittee approved them in a block including rebalancing, noting that in the area of Global REITs the recommended funding should be split evenly between the two recommended managers.

Finally, it was noted that the current Investment and Spending Policy should be reviewed for any necessary revisions prior to the November 2017 Board of Visitors meeting. There was also a request for additional information regarding the various alternative investments included in the portfolio.

There being no further business, the meeting adjourned at 3:43 p.m.

COLLEGE OF WILLIAM & MARY
REVISION TO THE
INVESTMENT AND SPENDING POLICY FOR ENDOWMENT

The Board of Visitors is responsible for the investment of the endowment funds contributed to the College of William & Mary. The Committee on Financial Affairs of the Board of Visitors has the delegated fiduciary responsibility to oversee the policies and practices associated with endowment management.

It is the practice of the College to periodically review its operational policies and guidelines to ensure that the authorizations contained therein are in keeping with the current thinking of the Board of Visitors. The last revision was done in April 2015.

THEREFORE, BE IT RESOLVED, That the following Revision to the Investment and Spending Policy for Endowment be adopted as the policy by which the Committee on Financial Affairs governs the management of the endowment funds belonging to the College of William & Mary.

I. STATEMENT OF PURPOSE AND OBJECTIVES

- A. This policy is issued by the Committee on Financial Affairs of the Board of Visitors of The College of William & Mary in Virginia (hereinafter called "the Board"). The purpose of the policy is to not only foster clear understanding of the Board's investment objectives and practices, but also provide clear guidelines for action.
- B. The College of William & Mary (hereinafter called "the College") was established in 1693 by British royal charter. In 1906 the College became a public institution affiliated with the Commonwealth of Virginia. The College is an active public charity and accepts private donations to supplement and enhance the quality of the educational environment available to students, faculty, and the community.
- C. This statement applies to those pooled endowment funds for which the Board has investment responsibility (hereinafter called the "Endowment"). At this time only one investment portfolio exists for the Board of Visitors, the General Fund, which serves as the general depository for gift contributions to the Endowment.
- D. This document can be modified as necessary by the full Board upon recommendation by the Committee on Financial Affairs and should be formally reviewed by the Committee not less than once every three years.

II. DEFINITIONS

Endowment funds are contributions given to the College with a donor-imposed restriction that the funds are not to be expended but are to be invested for the purpose of producing income and capital gains. Unless otherwise stated by the donor the principal of the funds is to be maintained in perpetuity. The donor may also place restrictions on the purpose or purposes for which the income may be expended.

Funds functioning as endowment (quasi endowments) are funds that the Board of Visitors has designated not to be expended but are to be invested for the long term purpose of producing income and capital gains. Where expendable funds from donors have been designated by the Board as quasi endowment provisions may allow for Board approved distributions of principal. Quasi endowments can be either unrestricted or donor restricted for a particular purpose.

Total return is the sum of realized and unrealized gains and losses and current income achieved in the form of interest, dividends, and rents. **Real total return** is total return adjusted for inflation as measured by the Higher Education Price Index (HEPI), or the CPI + 1%, when the HEPI statistic is unavailable. **Real growth** in the endowment is real total return less that of annual spending and management fees.

III. FIDUCIARY RESPONSIBILITIES

In addition to other responsibilities assigned by the Rector, the Committee on Financial Affairs has oversight responsibility for the College's endowment funds. Toward that responsibility, the Committee on Financial Affairs has created an Investments Subcommittee, comprised of members from the larger Committee and/or the Board at large, who meet and interact with the College's Senior Vice President for Finance and Administration and the Investment Consultant on a more frequent basis, conducting oversight and executing duties on behalf of the Committee as permitted by this policy. This Subcommittee has the standing responsibility to monitor investment performance; periodically review the Board's investment guidelines and allocations; and after thorough evaluation recommend to the full Board the retention and dismissal of investment counsel, annual spending from the endowment (rates and dollar amounts), and amendments to existing investment guidelines. The Subcommittee may authorize the Investment Consultant to conduct searches for new or replacement investment managers as required. The Subcommittee may also direct tactical shifts or rebalancing among asset classes so long as the changes are within the asset allocation ranges included in Section VII of this policy. Under normal conditions only the Board of Visitors, or the Executive Committee acting between meetings of the Board, shall have the power to employ or discharge investment advisors for the College's endowment. However, if the Chair of the Committee on Financial Affairs, senior College administrators, or the Investment Consultant to the Board, believe that any portion of the endowment is in immediate and undue risk by its investment with any manager, then the Chair of the Committee on Financial Affairs shall have the power to immediately terminate that relationship and/or give instructions to reduce or eliminate the perceived threat to the invested endowment. The Board of Visitors will then be apprised of the circumstances that required immediate action at its next regularly scheduled meeting.

Members of the Board of Visitors also have a legal responsibility to manage funds in compliance with The Uniform Prudent Management of Institutional Funds Act, passed by the Virginia legislature in 2012. With respect to fiduciary responsibilities, Chapter 11 of Title 64.2 Section 1101 of The Code of Virginia (1950 as amended) specifies the following standards of conduct in managing and investing an institutional fund:

- A. Subject to the intent of a donor expressed in a gift instrument, an institution, in managing and investing an institutional fund, shall consider the charitable purposes of the institution and the purposes of the institutional fund.
- B. In addition to complying with the duty of loyalty imposed by law other than this chapter, each person responsible for managing and investing an institutional fund shall manage and invest the fund in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

- C. In managing and investing an institutional fund, an institution:
1. May incur only costs that are appropriate and reasonable in relation to the assets, the purposes of the institution, and the skills available to the institution; and
 2. Shall make a reasonable effort to verify facts relevant to the management and investment of the fund.
- D. An institution may pool two or more institutional funds for purposes of management and investment.
- E. Except as otherwise provided by a gift instrument, the following rules apply:
1. In managing and investing an institutional fund, the following factors, if relevant, shall be considered:
 - a. General economic conditions;
 - b. The possible effect of inflation or deflation;
 - c. The expected tax consequences, if any, of investment decisions or strategies;
 - d. The role that each investment or course of action plays within the overall investment portfolio of the fund;
 - e. The expected total return from income and the appreciation of investments;
 - f. Other resources of the institution;
 - g. The needs of the institution and the fund to make distributions and to preserve capital; and
 - h. An asset's special relationship or special value, if any, to the charitable purposes of the institution.
 2. Management and investment decisions about an individual asset shall be made not in isolation but rather in the context of the institutional fund's portfolio of investments as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the fund and to the institution.
 3. Except as otherwise provided by law other than this chapter, an institution may invest in any kind of property or type of investment consistent with this section.
 4. An institution shall diversify the investments of an institutional fund unless the institution reasonably determines that, because of special circumstance, the purposes of the fund are better served without diversification.

5. Within a reasonable time after receiving property, an institution shall make and carry out decisions concerning the retention or disposition of the property or to rebalance a portfolio, in order to bring the institutional fund into compliance with the purposes, terms, and distribution requirements of the institution as necessary to meet other circumstances of the institution and the requirements of this chapter.
6. A person that has special skills or expertise, or is selected in reliance upon the person's representation that the person has special skills or expertise, has a duty to use those skills or that expertise in managing and investing institutional funds.

Employees of the College, or others engaged by the College in any business or advisory capacity, are expected to uphold and abide by the College of William & Mary's Code of Ethics.

IV. INVESTMENT OBJECTIVES

- A. The Board seeks to achieve maximum long-term total returns within prudent levels of risk. Returns are expected not only to preserve but enhance the real value (inflation-adjusted purchasing power) of the Endowment after funds are released for current use. To meet these goals, the investment objective is to achieve real growth of 2% over the long term (i.e., real total return less that of annual spending and management fees). The measure of inflation to be used in adjusting for real purchasing power should be the Higher Education Price Index, a measure of college and university costs.
- B. Risk should be reduced with a broadly diversified portfolio of asset classes, which may include the following: common and preferred shares of domestic and foreign corporations listed and traded on public markets, convertible bonds or debentures or preferred shares which are convertible into corporate stock, warrants or rights to equity securities, domestic or foreign fixed income traded on public markets, cash or cash-equivalent securities, public and private real estate investment trusts, and limited partnerships in the following: hedge funds with sufficient transparency and history satisfactory to the Board, venture capital, buyouts, distressed debt, timber, oil and gas, managed futures, and other private equity type of investments. Investment risks will be considered within the context of the whole Endowment portfolio.
- C. All investment portfolios will be managed and evaluated from a basis of total return. All management fees will be born by the individual portfolios from interest income, dividends, and realized capital gains.
- D. Prospective investments in alternative assets will take into consideration required disclosure needs for reporting at the end of the fiscal year, recognizing that some

managers employ highly sophisticated and proprietary strategies and some have underlying holdings that cannot be readily priced in the market; in such cases, these managers do not release sufficient information that can be validated, tested, and relied upon during the course of an audit. Consequently, investments in alternative assets will require rigorous screening before being admitted into the portfolio.

V. ENDOWMENT SPENDING POLICY

The fiscal year payout will be calculated as a percentage of the average market value of the investment portfolio for the three previous calendar year-ends. Following review and recommendations from the Investments Subcommittee, the payout percentage and the annual overhead expense for internal management costs will be decided or adjusted as deemed prudent by the Committee on Financial Affairs as the annual private funds budget is prepared.

Guidelines for spending from an institutional fund are addressed by UPMIFA in Chapter 11 of Title 64.2 Section 1102 of the Code of Virginia (1950 as amended):

- A. Subject to the intent of a donor expressed in the gift instrument, an institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the institution. In making a determination to appropriate or accumulate, the institution shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors:
 - 1. The duration and preservation of the endowment fund;
 - 2. The purposes of the institution and the endowment fund;
 - 3. General economic conditions;
 - 4. The possible effect of inflation or deflation;
 - 5. The expected total return from income and the appreciation of investments;
 - 6. Other resources of the institution; and
 - 7. The investment policy of the institution.
- B. To limit the authority to appropriate for expenditure or accumulate under subsection A, a gift instrument shall specifically state the limitation.
- C. Terms in a gift instrument designating a gift as an endowment, or a direction or authorization in the gift instrument to use only "income," "interest," "dividends," or "rents, issues, or profits," or "to preserve the principal intact," or words of similar import:

1. Create an endowment fund of permanent duration unless other language in the gift instrument limits the duration or purposes of the fund; and
2. Do not otherwise limit the authority to appropriate for expenditure or accumulate under subsection A.

VI. DELEGATION OF MANAGEMENT AND INVESTMENT FUNCTIONS

Chapter 11 of Title 64.2 Section 1103 of the Code of Virginia (1950 as amended) addresses those considerations in the delegation of management and investment functions:

A. Subject to any specific limitation set forth in a gift instrument or in law other than this chapter, an institution may delegate to an external agent the management and investment of an institutional fund to the extent that an institution could prudently delegate under the circumstances. An institution shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, in:

1. Selecting an agent;
2. Establishing the scope and terms of the delegation, consistent with the purposes of the institution and the institutional fund; and
3. Periodically reviewing the agent's actions in order to monitor the agent's performance and compliance with the scope and terms of the delegation.

B. In performing a designated function, an agent owes a duty to the institution to exercise reasonable care to comply with the scope and terms of the delegation.

C. An institution that complies with subsection A is not liable for the decisions or actions of an agent to which the function is delegated.

D. By accepting delegation of a management or investment function from an institution that is subject to the laws of the Commonwealth, an agent submits to the jurisdiction of the courts of the Commonwealth in all proceedings arising from or related to the delegation of the performance of the delegated function.

E. An institution may delegate management and investment functions to its committees, officers, or employees as authorized by law of the Commonwealth other than this chapter.

Consistent with the authorizations cited above in the Code of Virginia, the Board of Visitors has accordingly selected through the public procurement process an Investment Consultant which is responsible for advising the Board on matters of constructing a prudent policy portfolio, asset allocation, manager selection and diversification, strategic and tactical allocations, portfolio rebalancing, performance calculation and reporting, risk and expected return assessments, and advice on general business and economic outlook.

Accordingly, the engaged Investment Consultant is responsible for recommending to the Board the engagement and disposition of investment managers and reporting investment performance to the Board, at the fund level as well as on a manager specific level. More specific delegation of duties is addressed later on in this policy.

VII. PORTFOLIO COMPOSITION AND ASSET ALLOCATION

- A. Asset allocation is the single most important component of investment strategy. For purposes of investment policy, the endowment assets shall be classified in three parts: Equities, Fixed Income, and Alternatives. The Committee will establish for equities, fixed income, and alternatives a long-term policy range or band, as well as long-term target allocation.
- B. Equities are intended to provide long-term capital appreciation and a growing stream of income. It is recognized that equities will likely entail the assumption of greater price variability than fixed income and alternative investments. The purposes of fixed income investments are to provide a hedge against deflation, to provide a source of current income, and to help diversify the total endowment. The purposes of alternatives are to help diversify the total endowment and utilize a combination of less correlated investments when the metrics for equities and fixed income are not attractive.
- C. Asset allocation ranges for the portfolio's investments in each asset class are established by the full Board and listed below. Within the approved ranges, the Committee on Financial Affairs may change the normative policy allocations whenever it deems necessary or desirable; such changes may be enacted by a simple majority of the full Committee on Financial Affairs at an announced meeting which attains a quorum. Allocations can also be changed between announced meetings of the Committee on Financial Affairs when a simple majority of the full Committee approves said action as detailed in an official mailing or telephone ballot distributed to the full Committee. Normative policy allocations are noted below as long-term target allocations which reflect the Committee on Financial Affairs' long-term strategic objectives. It is the responsibility of the Endowment's external Investment Consultant to monitor the allocations of the overall portfolio and report any deviations, should they develop, to the Committee on Financial Affairs. Should deviations occur within the allocations to equities, and/or fixed income and/or alternatives before the next full meeting of the Committee, then notification will be sent to the Chair of the Committee who is authorized

to approve any actions that will put the portfolio back into compliance.

ASSET ALLOCATION

	LONG-TERM TARGET ALLOCATION	RANGE
<u>Equities</u>	55.0%	0-85% 35-75%
U. S. Common Stock	44.0 33.0%	0-60% 15-45%
Non-U.S. Common Stock	11.0 22.00%	0-80% 0-35%
<u>Alternatives*</u>	10.0%	0-30% 0-20%
<u>Fixed Income</u>	35.0%	15-60% 25-60%
U. S. Bonds	25.0 24.0%	15-45%
Non U.S. Bonds	10.0 11.0%	0-15%
<u>Cash</u>	0.0%	0-25%

* Alternatives is a general term referring to equity or equity-like investments characterized by longer time horizons, less liquidity, no readily available market price, and often less transparency. Such investments may include, for example, private real estate investments (**REITs**) and limited partnerships in private equity investments, hedge funds, managed futures, venture capital, distressed debt, timber, and oil and gas. ~~All investments in alternative vehicles will be pursued through fund-of-funds, unless the Board of Visitors otherwise approves direct investment.~~

- D. Based on the recommendation of the Investment Consultant, new cash flow shall be forwarded to investment managers on a quarterly basis, or when sufficient contributions are received. As a general rule, new cash will be used to rebalance the total fund in the direction of the long-term targets currently in place.

VIII. SOCIAL RESPONSIBILITY

The Board of Visitors may from time to time feel it necessary and prudent to incorporate into its investment platform elements of social responsibility that reflect the Board's thinking on important societal issues. Accordingly, the Board may direct its Investment Consultant and College staff to implement certain restrictions, impose constraints, or otherwise create separate accounts that take into consideration specific goals and objectives of social investing.

The Board has taken a position on conditions in Darfur and given direction to the Investment Consultant to monitor the security holdings in the separate account relationships, making sure that the underlying securities are not on any known and respected lists of companies that suggest support of the current Sudanese government. Companies that are known to conduct substantive business in Sudan will be prohibited in any Board of Visitors separately managed account.

Secondly, the Board of Visitors has approved the creation of a separate endowment account, called the Green Account, which will be funded from student fees. This investment account will be invested and monitored by the Investment Consultant according to guidelines that specify and promote environmental "green" initiatives.

IX. MANAGER GUIDELINES

When securities are commingled into investment pools with multiple participants, the Committee on Financial Affairs will evaluate the investment pool as a whole for its overall asset quality, stability, and historical performance. In such cases, if the Board of Visitors decides to participate, the investment policies and practices of the commingled pool will override the Board's policies and guidelines required of actively managed separate accounts. However, where applicable, the Committee on Financial Affairs will measure its commingled pool investments according to equity and fixed income guidelines established for separately managed accounts.

When active investment management responsibilities are delegated to an investment advisor for a separately managed account the Committee on Financial Affairs will establish guidelines regarding the quality and suitability of assets allowed in the portfolio. These guidelines are as follows:

GUIDELINES FOR EQUITIES

- A. The overall investment objective of active Equities is to outperform the appropriate benchmarks ~~by at least one percentage point~~, net of fees, as well as a peer group of managers on a consistent basis over a complete market cycle. Individual active managers may be expected to outperform other indices, or hybrid indices, which more closely parallel the manager's investment style. Such indices will be determined on a case-by-case basis in consultation with the Investment Consultant.

- B. Through periodic reviews of the investment portfolio, the Committee on Financial Affairs will determine how well a manager is performing against the benchmarks -- taking into account that manager's investment style as well as other known market conditions. Ultimately, the Committee determines whether changes are warranted in the composition or management of the equity portfolio.
- C. Common stock managers may at their discretion hold cash equivalents, exchange-traded funds or bonds to the extent provided by the allocation ranges in Section VII, with the understanding that their performance will be measured against equity benchmarks which are fully invested.
- D. No more than 5% of the aggregate market value in equity may be invested in the securities of any one company at cost except by written exception. It shall be the responsibility of the Investment Consultant to monitor the fund's overall exposure to individual securities and report any violations immediately to the Chair of the Committee. If a violation exists, the Chair of the Committee is granted the authority to approve any changes that will bring the portfolio back into compliance.
- E. Financial futures, option contracts, and other financial derivative instruments may not be employed without the Committee's prior permission
- F. It is understood that investing in pooled or mutual funds means that the investments will be governed by the fund's own set of guidelines and restrictions. While it is the intent to invest in funds which meet the general intent of these guidelines, there may, in fact, be instances in which funds' guidelines differ in a number of ways. In such cases, the mutual fund guidelines and restrictions will supersede those outlined above.

GUIDELINES FOR FIXED INCOME

- A. The investment objective of active Fixed Income is to outperform the appropriate benchmarks ~~by at least one percentage point~~, net of fees, as well as a peer group of managers on a consistent basis over a complete market cycle. Individual active managers, with the exception of index funds, may be expected to outperform other indices, or hybrid indices, which more closely parallel the manager's investment style. Such indices will be determined on a case-by-case basis in consultation with the manager.
- B. Through periodic reviews of the investment portfolio, the Committee on Financial Affairs will determine how well a manager is performing against the benchmarks -- taking into account that manager's investment style as well as other known market conditions. Ultimately, the Committee determines whether changes are warranted in the composition or management of the fixed income portfolio.
- C. Money market instruments and fixed income-like exchange-traded funds may be used,

but equities are excluded.

- D. Securities in the fixed income portfolio must be rated a minimum of "~~BBB-BBB~~" by two of the following three major rating organizations: Fitch, Moody's or Standard & Poor's. The weighted average of the fixed income portfolio shall be "A-" or higher. The prospect of credit risk or risk of permanent loss must be avoided. The investment manager shall inform the Board's engaged Investment Consultant, or the Chair of the Committee on Financial Affairs if no consultant is employed, if a held security has been downgraded below investment grade by two rating agencies and the Chair shall decide whether the security is retained or sold.
- E. In general, fixed income must be well diversified with respect to economic sector, financial sector, and issuer in order to minimize risk exposure. No more than 5% of the aggregate market value in fixed income may be invested in the securities of any single issuer, with the exception of the U. S. Government or its agencies.
- F. It is understood that investing in pooled or mutual funds means that the investments will be governed by the fund's own set of guidelines and restrictions. While it is the intent to invest in funds which meet the general intent of these guidelines, there may, in fact, be instances in which funds' guidelines differ in a number of ways. In such cases, the mutual fund guidelines and restrictions will supersede those outlined above.

GUIDELINES FOR ALTERNATIVES

- A. The investment objective of Alternatives is to outperform the appropriate benchmarks ~~by at least one percentage point~~, net of fees, as well as a peer group of managers on a consistent basis over a complete market cycle. Individual managers, with the exception of index funds, may be expected to outperform other indices, or hybrid indices, which more closely parallel the manager's investment style. Such indices will be determined on a case-by-case basis in consultation with the manager.
- B. Through periodic reviews of the investment portfolio, the Committee on Financial Affairs will determine how well a manager is performing against the benchmarks -- taking into account that manager's investment style as well as other known market conditions. Ultimately, the Committee determines whether changes are warranted in the composition or management of the alternative portfolio.
- C. In general, alternatives must be well diversified with respect to economic sector, financial sector, and issuer in order to minimize risk exposure. No more than 5% of the aggregate market value in alternatives may be invested in the securities of any single issuer, with the exception of the U. S. Government or its agencies.
- D. It is understood that investing in pooled or mutual funds means that the investments will

be governed by the fund's own set of guidelines and restrictions. While it is the intent to invest in funds which meet the general intent of these guidelines, there may, in fact, be instances in which funds' guidelines differ in a number of ways. In such cases, the mutual fund guidelines and restrictions will supersede those outlined above.

X. GUIDELINES FOR TRANSACTIONS

Except under unusual circumstances, all transactions should be entered into on the basis of best execution, which means best realized net price. Notwithstanding the above, commissions may be designated for payment of services rendered to the endowment in connection with its management; however, under normal business conditions it shall be the standing policy of the College and its Board of Visitors not to direct brokerage, and such practice will be directed only with prior approval from the Chair of the Committee on Financial Affairs.

XI. MONITORING OF OBJECTIVES AND RESULTS

- A. If at any time the Investment Consultant believes that any policy guideline contained herein inhibits investment performance, or puts the Endowment at undue risk, it is that consultant's responsibility to communicate this view to the Committee. In the event that an Investment Consultant believes that circumstances warrant immediate exception to any standing instructions or guidelines cited in this policy, the consultant will so notify the Chair of the Committee on Financial Affairs or, in his/(her) absence, the Rector. If the request is verbal it will be necessary for the Investment Consultant to later document the request in writing to include the reason for exception and its prospective duration. The Chair of the Committee on Financial Affairs will have the authority to use his/(her) best judgment in deciding the matter unilaterally or deferring the decision to the Rector. The issue of the exception and the decision rendered would be reported to the Committee by the Chair of the Committee on Financial Affairs at the next scheduled meeting of the Board of Visitors.
- B. The investment manager(s) will provide selected performance and accounting information at the end of each calendar quarter to the Board's administrative staff, the engaged custodian, and the engaged Investment Consultant. This information will include relevant historical performance data and sufficient commentary to explain current strategy and investment returns. The manager(s) will also provide, as needed, detailed information to the administrative staff, custodian, and Investment Consultant pertaining to unit valuation, capital appreciation, realized gains or losses, income earned, and income distributed back to the College.

- C. The Investment Consultant will meet with the Committee on Financial Affairs at least on an annual basis. The Investment Consultant will be expected to include the following in presentation to the Committee:
1. Review performance of the respective portfolios (or commingled fund pools) owned by or in which the College participates. Performance review will include at least the latest quarter, six-months, year, and since inception. Relevant statistical benchmarks as requested by the Committee will also be provided for comparison purposes.
 2. Explain to the Committee's satisfaction how and why performance differed from the relevant benchmarks.
 3. Disclose to the Committee the level of market risk inherent in the portfolio (e.g., the beta of the portfolio, Sharpe ratio, up quarters versus down quarters) and the means and methodology by which risk is monitored and controlled.
 4. Discuss investment strategy (or that of the firm) and relate how such strategy complies or conflicts with the Committee's established investment guidelines. Review the current and prospective economic climate and discuss what implications this has on the College's invested endowment.
 5. Recommend to the Committee any modifications to further improve the performance and efficiency of assets under management.

XII. BENCHMARKS FOR PERFORMANCE MEASUREMENT

In order to measure and evaluate the individual investment performance of the College's retained investment advisor(s), and that of investment performance in the aggregate, the Committee on Financial Affairs has established the following benchmarks by which the advisor(s) will be evaluated. The investment advisor(s) will be notified prior to inception which objective(s) apply to them.

Asset Class	Benchmark	Peer Group
Large Cap Core	S&P 500 Index	Morningstar US OE Large Cap
Large Cap Growth	Russell 1000 Growth Index	Morningstar US OE Large Cap Growth
Large Cap Value	Russell 1000 Value Index	Morningstar US OE Large Cap Value
Mid Cap Core	Russell Mid Cap Index	Morningstar US OE Mid Cap
Mid Cap Growth	Russell Mid Cap Growth Index	Morningstar US OE Mid Cap Growth
Mid Cap Value	Russell Mid Cap Value Index	Morningstar US OE Mid Cap Value
Small Cap Core	Russell 2000 Index	Morningstar US OE Small Cap
Small Cap Growth	Russell 2000 Growth Index	Morningstar US OE Small Cap Growth
Small Cap Value	Russell 2000 Value Index	Morningstar US OE Small Cap Value
Real Estate	FTSE NAREIT (Equity REITs) Index	Morningstar US OE Real Estate
International Developed Markets	MSCI EAFE Index	Morningstar US OE Foreign Large Blend
International Emerging Markets	MSCI Emerging Markets (EM) Index	Morningstar US OE Diversified Emerging Market
International Small Cap	HA International MSCI ACWI ex USA Small Cap Index	Morningstar US OE Foreign Small-Cap
Alternative Investments	IIFRI Fund-of-Funds Composite Index	NA
U.S. Fixed Income	Barclays US Aggregate Bond Index	Morningstar US OE Intermediate-Term Bond
Global Fixed Income	Citigroup World Government Bond Index	Morningstar US OE World Bond
Emerging Markets Fixed Income	JPM EMBI Global Diversified Index	Morningstar US OE Emerging Markets Bond

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In order to measure and evaluate the Total Account investment performance, the Committee on Financial Affairs has established the following benchmarks by which the Total Account will be evaluated.

Total Account	20.0% S&P 500 Index 12.0% Russell Mid Cap Index 11.0% Russell 2000 Index 9.0% MSCI EAFE Index 20.0% MSCI Emerging Markets Index 3.0% MSCI ACWI ex US Small Cap Index 2.0% FTSE NAREIT (Equity REITs) Index 25.0% Barclays U.S. Aggregate Bond Index 6.0% Citigroup World Gov't Bond Index 5.0% JPM EMBI Global Diversified Index 10.0% HFRI Fund-of-Funds Composite
Total Domestic Equity	100.0% Russell 3000 Index
Total International Equity	100.0% MSCI World Ex US ACWI ex US Index
Total Fixed Income	100.0% Barclays U.S. Global Aggregate Bond Index
Alternative	100.0% HFRI Fund-of-Funds Composite

In order to measure and evaluate the how the Total Account investment performance has fared over long periods of time, maintaining consistent exposures to the broad market, the Committee on Financial Affairs has established a long-term blended **policy benchmark** in which the following indexes will be represented by weight.

Total Account	43.0% Russell 3000 Index 12.0% MSCI World ex US Index ACWI ex US 35.0% Barclays U.S. Global Aggregate Bond Index 10.0% HFRI Fund-of-Funds Composite
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Investment Portfolio Evaluation For Periods Ending September 30, 2017:



Board of Visitors Endowment

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- I. Executive Summary
- II. Equity Sector Review
- III. Fixed Income Sector Review
- IV. Green Fund Update

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Index Name	Fiscal					
	September	YTD	1 year	3 years	5 years	10 years
Dow Jones Industrial Average	2.2	5.6	25.5	12.3	13.6	7.7
NASDAQ Composite	1.1	6.1	23.7	14.4	17.3	10.4
S&P 500	2.1	4.5	18.6	10.8	14.2	7.4
Russell 1000	2.1	4.5	18.5	10.6	14.3	7.5
Russell 1000 Value	3.0	3.1	15.1	8.5	13.2	5.9
Russell 1000 Growth	1.3	5.9	21.9	12.7	15.3	9.1
Russell Midcap	2.8	3.5	15.3	9.5	14.3	8.1
Russell Midcap Value	2.7	2.1	13.4	9.2	14.3	7.9
Russell Midcap Growth	2.8	5.3	17.8	10.0	14.2	8.2
Russell 2000	6.2	5.7	20.7	12.2	13.8	7.8
Russell 2000 Value	7.1	5.1	20.5	12.1	13.3	7.1
Russell 2000 Growth	5.4	6.2	21.0	12.2	14.3	8.5
Russell 3000	2.4	4.6	18.7	10.7	14.2	7.6
MSCI EAFE Index	2.5	5.5	19.7	5.5	8.9	1.8
MSCI World Index	2.3	5.0	18.8	8.3	11.6	4.8
MSCI World Ex. US Index	2.6	5.7	19.3	5.1	8.3	1.8
MSCI EM (EMERGING MARKETS)	(0.4)	8.0	22.9	5.3	4.4	1.7
MSCI FM (FRONTIER MARKETS)	2.1	8.1	25.9	(0.9)	9.2	(0.7)
MSCI ACWI	2.0	5.3	19.3	8.0	10.8	4.4
MSCI ACWI ex USA	1.9	6.3	20.2	5.2	7.5	1.7
Barclays U.S. Aggregate	(0.5)	0.8	0.1	2.7	2.1	4.3
Barclays U.S. Government/Credit	(0.6)	0.8	(0.0)	2.8	2.1	4.3
Barclays Intermediate U.S. Government/Credit	(0.5)	0.6	0.2	2.1	1.6	3.6
Barclays Municipal Bond	(0.5)	1.1	0.9	3.2	3.0	4.5
BofA Merrill Lynch Convertible Securities	2.1	4.7	17.4	8.6	12.4	8.3
BofA Merrill Lynch High Yield Master	0.5	1.5	6.2	7.0	6.8	8.5
JPM GBI Global Ex US TR USD	(1.3)	2.5	(3.7)	0.6	(1.1)	2.9
JPM EMBI Global Diversified	0.0	2.6	4.6	6.5	4.9	7.5
Citigroup 3-month T-bill	0.1	0.3	0.6	0.3	0.2	0.4
Citigroup World Government Bond Index	(1.2)	1.8	(2.7)	0.9	(0.4)	3.0
FTSE Nareit All REITs	(0.6)	1.2	3.6	10.3	9.9	6.1
HFRI Fund of Funds Composite Index	0.5	2.3	6.6	2.3	3.9	1.1
CS Managed Futures Index	(2.7)	1.3	(8.6)	(0.2)	(0.0)	2.1
Dow UBS Commodity Index	(0.2)	4.9	3.0	(9.6)	(9.7)	(5.3)

Data Sources: Morningstar Direct

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*All returns longer than one year are annualized

Executive Summary

Total Fund Performance Through September 30, 2017

	3q17	FYTD	One Year	Three Years ¹	Five Years ¹	Seven Years ¹	Ten Years ¹	Changes (1/1/03)	Incept (Mgr)	Incept Bench
Total BOV Account	3.4	3.4	11.9	5.9	7.9	7.9	4.6	7.9	7.2	7.2
Target Benchmark²	3.4	3.4	10.9	6.4	8.1	9.0	4.9	8.0		
Policy Benchmark³	3.4	3.4	10.2	6.8	8.4	9.3	5.0	7.7		
Blackrock: Large Cap Value	5.2	5.2	23.4	10.4	14.5	14.6	5.9	10.3	6.6	6.9
Russell 1000 Value	3.1	3.1	15.1	8.5	13.2	14.3	5.9	9.3		
Goldman Sachs	1.9	1.9	17.9	6.9	--	--	--	--	9.6	14.8
S&P 500	4.5	4.5	18.6	10.8	--	--	--	--		
iShares Russell Mid-Cap Growth ETF	5.2	5.2	17.6	--	--	--	--	--	17.0	17.2
Russell MidCap Growth	5.3	5.3	17.8	--	--	--	--	--		
Artisan Mid Cap Value	3.1	3.1	15.1	6.3	11.1	12.5	--	11.8	15.3	18.7
Russell MidCap Value	2.1	2.1	13.4	9.2	14.3	15.0	--	11.8		
Dreyfus Small Cap Index	5.8	5.8	20.3	--	--	--	--	--	16.1	15.5
Russell 2000	5.7	5.7	20.7	--	--	--	--	--		
Dodge & Cox International	6.9	6.9	26.6	3.9	10.1	--	--	10.7	9.7	8.7
MFS International	3.2	3.2	13.2	10.2	--	--	--	--	10.2	5.5
MSCI EAFE	5.5	5.5	19.7	5.5	8.9	--	--	8.4		
Oppenheimer Developing Markets	8.3	8.3	22.0	--	--	--	--	--	23.0	23.2
MSCI EM (Emerging Markets)	8.0	8.0	22.9	--	--	--	--	--		
Pioneer Strategic Income	1.2	1.2	4.2	3.7	4.0	5.1	--	7.2	5.8	3.7
Dodge & Cox Income Fund	1.1	1.1	2.6	3.2	--	--	--	--	3.5	2.9
Barclays U.S. Aggregate	0.8	0.8	0.1	2.7	2.1	2.9	4.3	4.2		
GMO: Emerging Mkt Fixed Inc	3.3	3.3	7.6	7.3	7.1	9.6	9.0	12.1	13.5	9.7
JPM EMBI Global Diversified	2.6	2.6	4.6	6.5	4.9	6.4	7.5	8.9		
Combined Alternatives (1 mo lag)	1.1	1.1	5.9	1.4	2.4	2.2	--	--	2.0	2.9
HFRI FOFs Index (1 mo lag)	1.8	1.8	6.5	2.1	4.0	3.2	--	--		

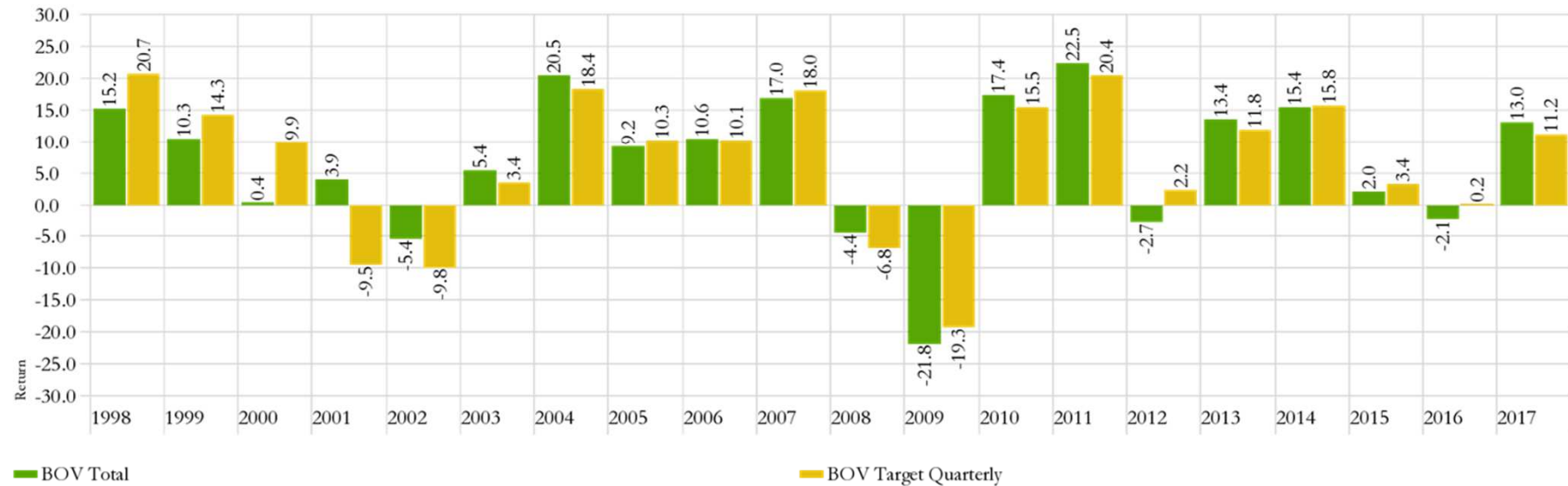
¹ Annualized

² From 11/1/09, 25% S&P 500, 12% Russ Midcap, 7% Russ 2000, 9% MSCI EAFE, 2% MSCI Emerging Mkts Free, 30% Barclays US Aggregate, 5% Citi World Government Bond, 5% JPM EMBI Global Diversified, 5% HFRI Index; From 1/1/03, 40% S&P 500, 12.5% Russ Midcap, 7.5% Russ 2000, 10% MSCI EAFE, 4% MSCI Emerging Mkts Free, 20% Barclays US Aggregate, 2.5% Citi World Government Bond, 2.5% JPM EMBI+; Prior to 1/1/03, 60% Russell 3000, 15% MSCI World Ex-US, 25% Barclays Aggregate

³ From 3/1/12, 44% Russell 3000, 35% Barclays US Aggregate, 11% MSCI World ex US, 10% HFRI; From 1/1/10, 44% Russell 3000, 40% Barclays US Aggregate, 11% MSCI World ex US, 5% HFRI; From 1/1/96 60% Russell 3000, 25% Barclays US Aggregate, 15% MSCI World Ex US

+ Quarterly performance results prior to the third quarter of 2002, were provided by Delaware Investments Advisors and Lazard Asset Management. There were no calculations by Wells Fargo Advisors to ensure the accuracy of the results. Based on information provided by SunTrust, Wells Fargo Advisors began calculating quarterly results starting in the 4th quarter of 2002. There is no guarantee as to the accuracy of our calculations for the managers or the Total BOV Account.

Fiscal Year Returns



Fiscal Year Returns

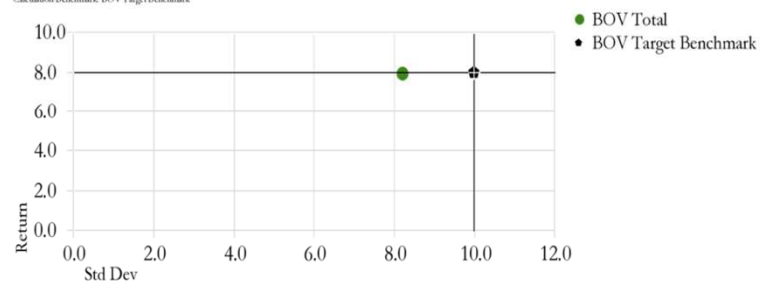
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
BOV Total	15.20	10.35	0.37	3.89	-5.38	5.38	20.46	9.20	10.56	17.01	-4.38	-21.82	17.37	22.53	-2.71	13.44	15.41	2.04	-2.15	12.98
BOV Target Quarterly	20.72	14.34	9.87	-9.50	-9.82	3.40	18.40	10.31	10.15	18.03	-6.76	-19.29	15.50	20.44	2.20	11.77	15.78	3.36	0.20	11.21

Since Changes

Risk-Reward

Time Period: 1/1/2003 to 9/30/2017

Calculation Benchmark: BOV Target Benchmark



Risk

Time Period: 1/1/2003 to 9/30/2017 Calculation Benchmark: BOV Target Benchmark

	Return	Std Dev	Alpha	Beta	R2	Sharpe Ratio (arith)	Number of Observations
BOV Total	7.94	8.22	2.70	0.58	50.40	0.81	177.00
BOV Target Benchmark	7.96	9.99	0.00	1.00	100.00	0.67	177.00

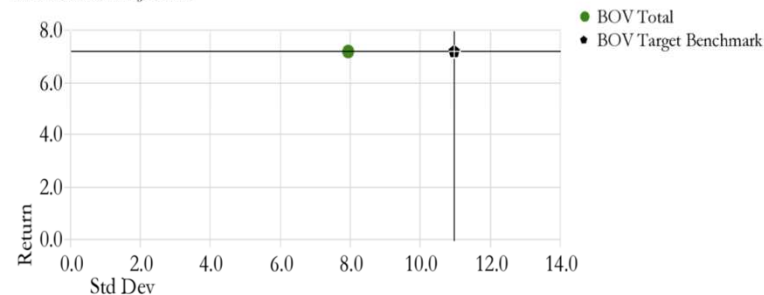
Source: Morningstar Direct

Since Inception

Risk-Reward

Time Period: 7/1/1996 to 9/30/2017

Calculation Benchmark: BOV Target Benchmark



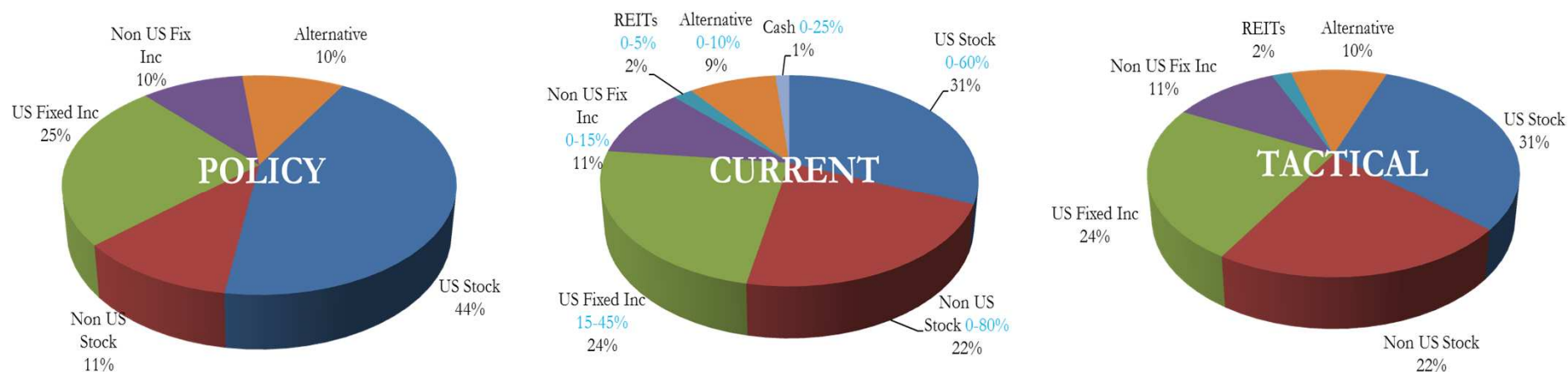
Risk

Time Period: 7/1/1996 to 9/30/2017 Calculation Benchmark: BOV Target Benchmark

	Return	Std Dev	Alpha	Beta	R2	Sharpe Ratio (arith)	Number of Observations
BOV Total	7.20	7.95	2.49	0.48	43.89	0.62	255.00
BOV Target Benchmark	7.19	10.99	0.00	1.00	100.00	0.45	255.00

Source: Morningstar Direct

* BOV Target Benchmark = From 1/1/03, 40% S&P 500, 12.5% Russell Midcap, 7.5% Russell 2000, 10% MSCI EAFE, 4% MSCI Emerging Mkts Free, 20% Barclays Capital U.S. Aggregate, 6% Citi World Government Bond Index. Prior to 1/1/03, 60% Russell 3000, 15% MSCI World Ex-US, 25% Barclays Capital U.S. Aggregate Bond Index. From 11/1/09, 25% S&P 500, 12% Russell Midcap, 7% Russell 2000, 9% MSCI EAFE, 2% MSCI Emerging Mkts Free, 30% Barclays Capital U.S. Aggregate, 5% Citi World Government Bond Index, 5% JPM EMBI Global Diversified, 5% HFRI FoF Index.



Manager	Domestic Fixed Income	Global Fixed Income	Domestic Equity	REITs	Non-US Equity	Alternative	Cash Equiv.	Total
Goldman Sachs Large Growth	0	0	9,736	0	0	0	0	9,736
Vanguard Russell 1000 Growth ETF	0	0	4,198,290	0	0	0	0	4,198,290
Blackrock Large Value	0	0	4,257,900	0	0	0	0	4,257,900
JP Morgan Midcap Value	0	0	4,208,747	0	0	0	0	4,208,747
iShares Russell Mid Growth ETF	0	0	4,232,627	0	0	0	0	4,232,627
Mass Mutual Small Cap	0	0	4,616,881	0	0	0	0	4,616,881
Dreyfus Small Cap	0	0	4,812,969	0	0	0	0	4,812,969
Dodge & Cox International	0	0	0	0	5,424,238	0	0	5,424,238
MFS International Value	0	0	0	0	5,487,389	0	0	5,487,389
Oppenheimer Developing Mkts	0	0	0	0	4,930,797	0	0	4,930,797
Fidelity Int'l Small Cap Eq	0	0	0	0	2,526,514	0	0	2,526,514
Dodge & Cox Income Fund	9,997,349	0	0	0	0	0	0	9,997,349
Templeton & Dreyfus Global Bond	0	5,005,534	0	0	0	0	0	5,005,534
Grantham, Mayo EMD	0	4,184,391	0	0	0	0	0	4,184,391
Nuveen REIT	0	0	0	836,589	0	0	0	836,589
Brookfield Global REIT	0	0	0	835,139	0	0	0	835,139
Pioneer Strategic Income	10,040,609	0	0	0	0	0	0	10,040,609
Cash & Equivalents	0	0	0	0	0	0	1,177,909	1,177,909
Combined Alternatives	0	0	0	0	0	7,461,073	0	7,461,073
Total BOV Account	20,037,958	9,189,926	26,337,149	1,671,728	18,368,937	7,461,073	1,177,909	84,244,680
% of Total Fund	23.8%	10.9%	31.3%	2.0%	21.8%	8.9%	1.4%	100%

* Values (except "Alternatives") are reflected at market as reported by SunTrust; Alternatives are reported by Wells Fargo Advisors; beginning and ending market values include accrued income on fixed income assets only.

July 1, 2017 – September 30, 2017

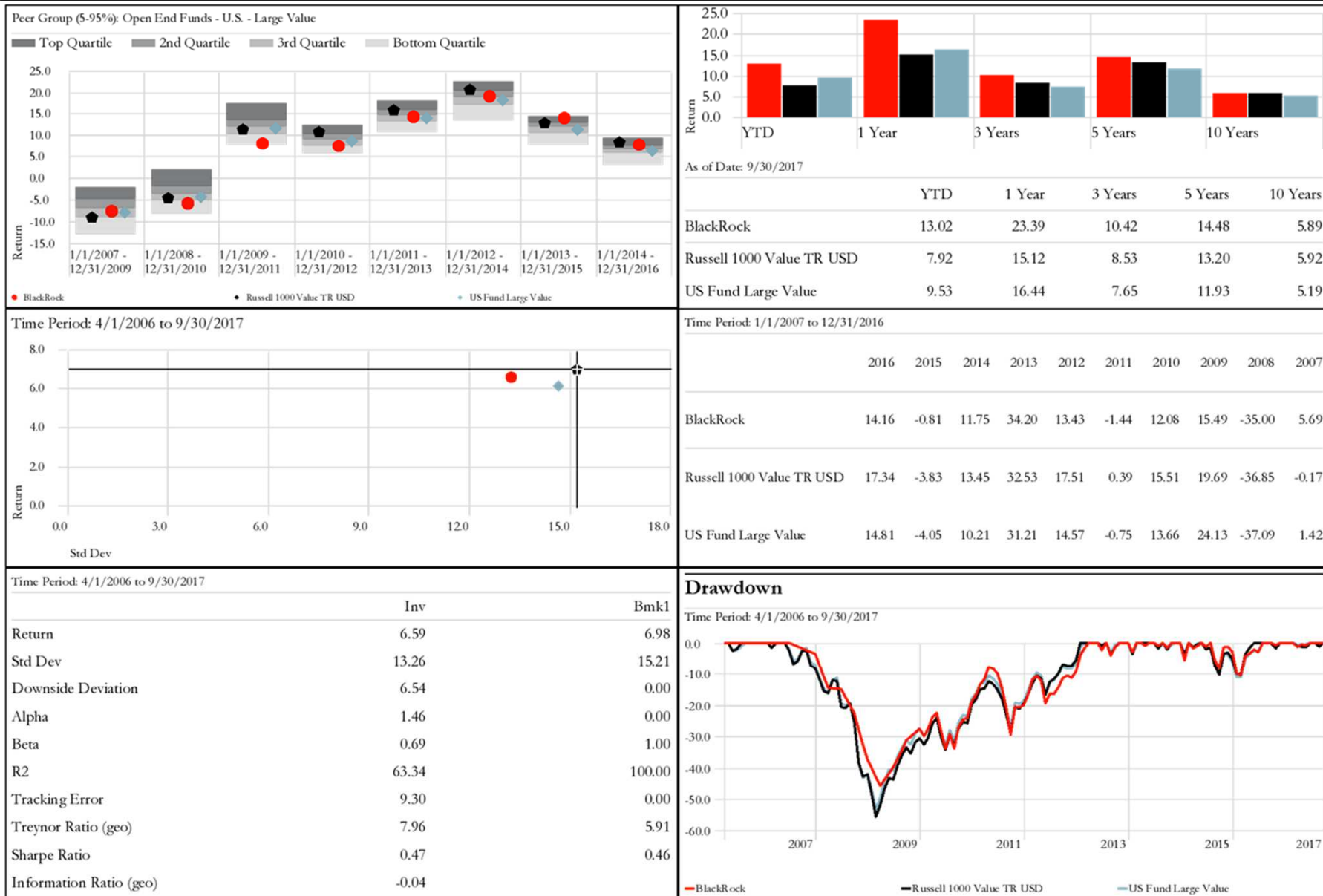
**William & Mary
BOV Endowment**

6/30/17 Market Value	81,516,176
Expenses	<u>(27,690)</u>
<i>Net Cash Flow</i>	<i>(27,690)</i>
Net Income	338,903
Net Realized Gain/(Loss)	4,814,868
Change Unrealized Gain/(Loss)	<u>(2,397,577)</u>
<i>Total Investment Gain/(Loss)</i>	<i>2,756,194</i>
9/30/17 Market Value	84,244,680

• *All account values (excluding “Alternatives”) are reported by SunTrust; “Alternative values are reported by Wells Fargo Advisors; to comply with GIPS Performance reporting standards, beginning and ending market values include fixed income accruals.*

II. Equity Sector (Large-Cap Value*)

Periods Ending September 30, 2017 - Performance



Source: Morningstar Direct

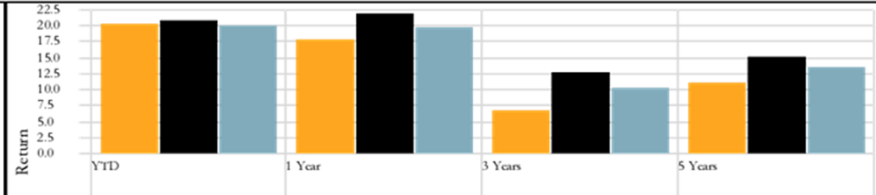
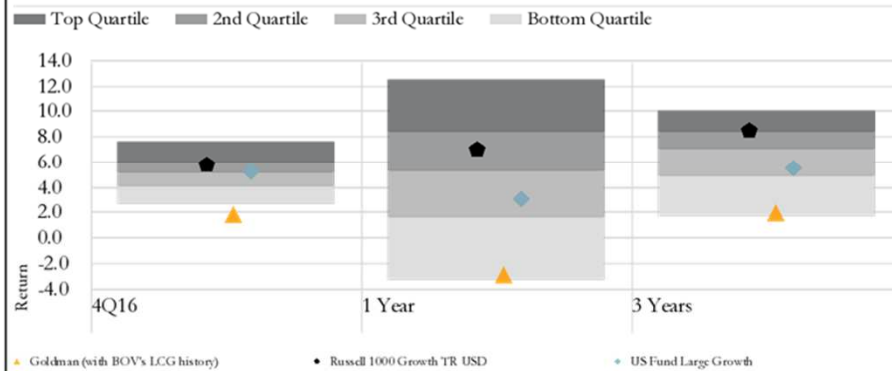
* Please note that we have linked BlackRock's composite historical returns for periods prior to 5/1/06 with BOV actual results starting on May 1, 2006.

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Equity Sector (Large-Cap Growth)

Periods Ending September 30, 2017 – Performance **(*Manager Terminated*)**

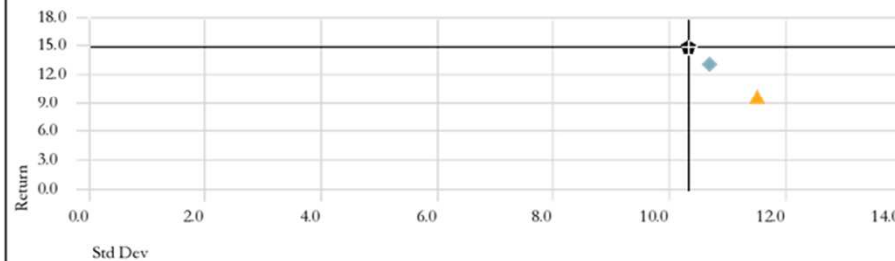
Peer Group (5-95%): Separate Accounts/CITs - U.S. - Large Growth



As of Date: 9/30/2017

	YTD	1 Year	3 Years	5 Years
Goldman (with BOV's LCG history)	20.40	17.91	6.91	11.13
Russell 1000 Growth TR USD	20.72	21.94	12.69	15.26
US Fund Large Growth	20.14	19.77	10.26	13.46

Time Period: 5/1/2013 to 9/30/2017



Time Period: 1/1/2013 to 12/31/2016

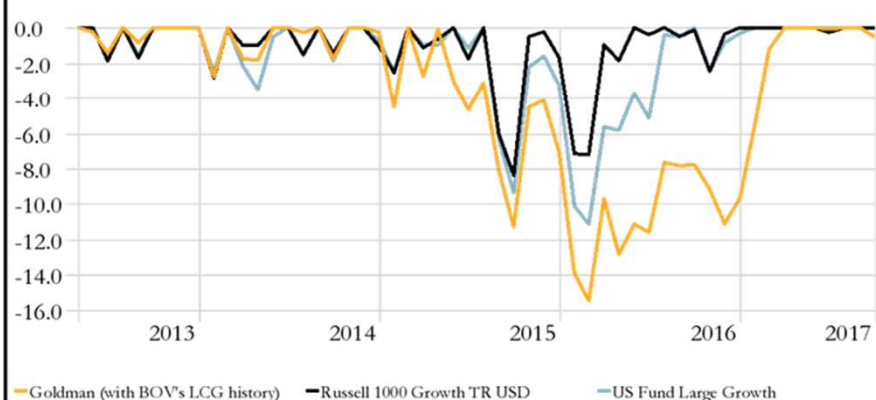
	2016	2015	2014	2013
Goldman (with BOV's LCG history)	-2.80	-3.74	13.45	33.09
Russell 1000 Growth TR USD	7.08	5.67	13.05	33.48
US Fund Large Growth	3.23	3.60	10.00	33.92

Time Period: 5/1/2013 to 9/30/2017

	Inv	Bmk1
Return	9.61	14.84
Std Dev	11.53	10.35
Downside Deviation	4.43	0.00
Alpha	-4.77	0.00
Beta	1.01	1.00
R2	82.61	100.00
Tracking Error	4.81	0.00
Treynor Ratio (geo)	9.21	14.55
Sharpe Ratio	0.83	1.37
Information Ratio (geo)	-0.95	

Drawdown

Time Period: 5/1/2013 to 9/30/2017



Source: Morningstar Direct

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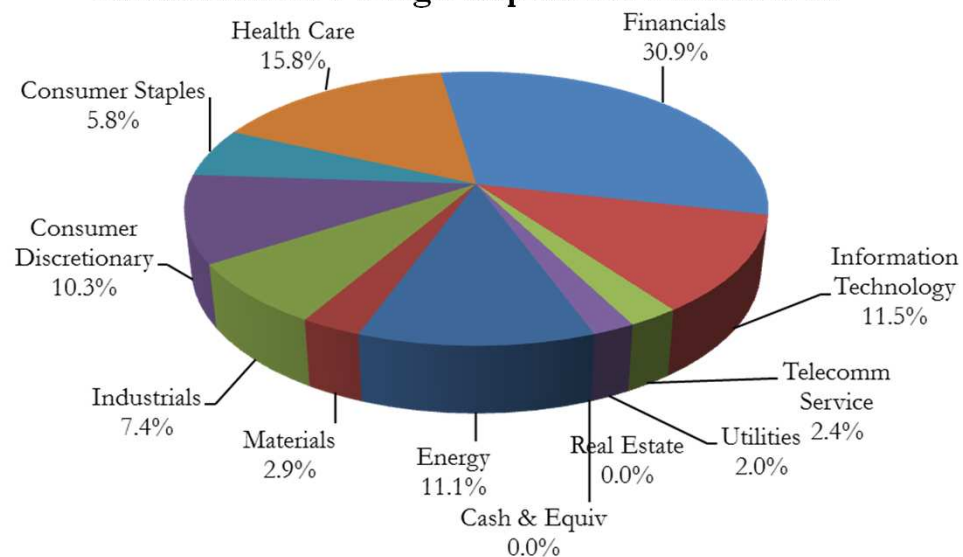
Characteristic	Blackrock	Russell 1000 Value	Over/(Under) Weight
Median Cap (\$MM)	54,140	8,540	45,600
Avg Cap (\$MM)	144,950	112,840	32,110
Yield (%)	2.24	2.42	(0.18)
P/E Ratio	19.44	21.28	(1.84)
Price / Book	2.76	2.61	0.15
# of Stocks	59	716	(657)

Blackrock

Top Ten Equity Holdings	% of Portfolio
JPMorgan Chase	5.8
Federated Money Market	4.5
Citigroup	3.8
Chevron	3.8
Cisco Systems	3.1
Pfizer	2.9
Dow Dupont Inc.	2.9
Comcast 'A'	2.8
Goldman Sachs	2.7
Suntrust Banks	2.5

Data Source: Blackrock, InvestorForce

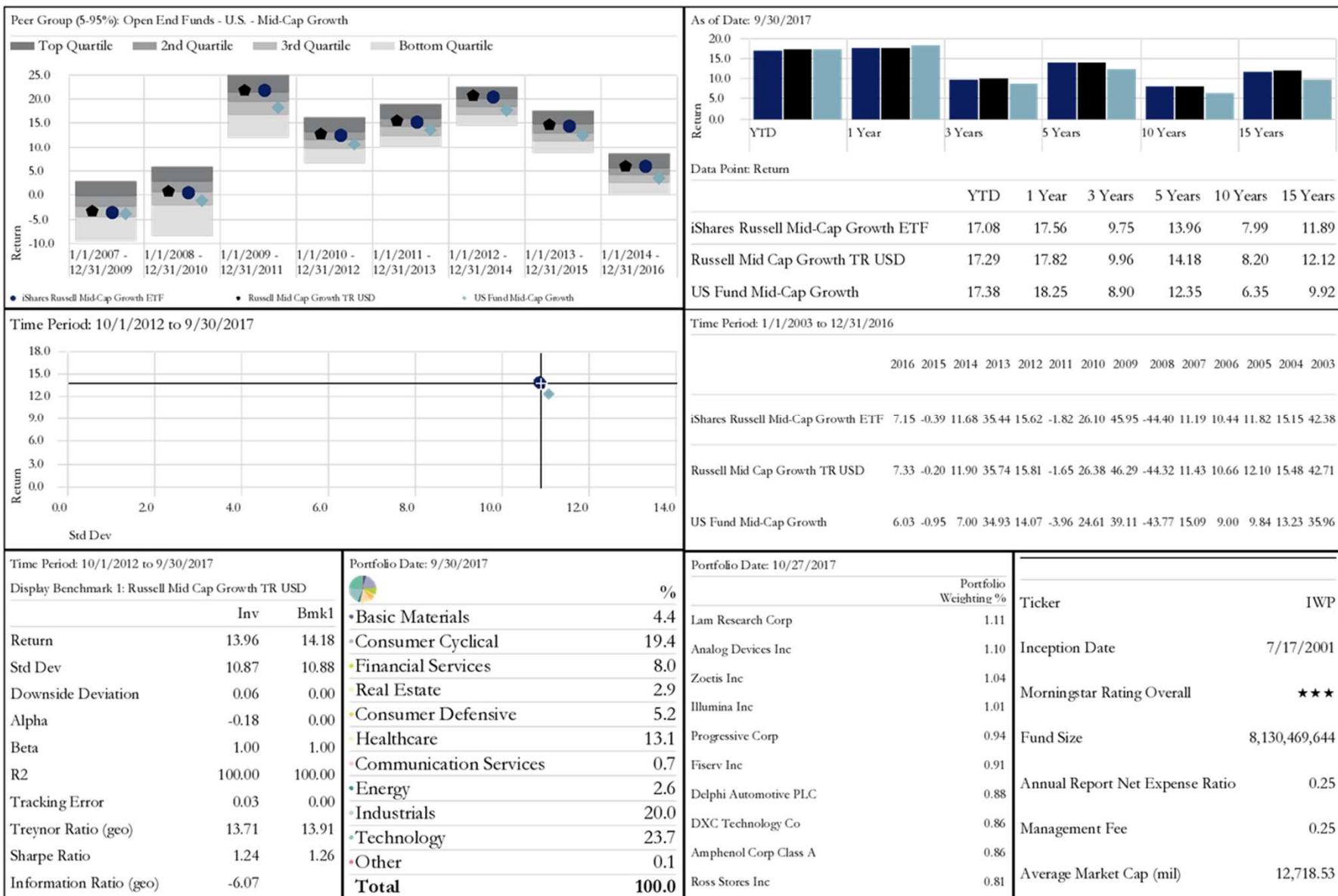
Combined BOV Large-Cap Sector Distribution



	Blackrock Weight	Russell 1000 Value	Over / (Under)
Energy	11.1%	11.0%	0.1%
Materials	2.9%	2.1%	0.8%
Industrials	7.4%	8.6%	-1.2%
Consumer Discretionary	10.3%	6.8%	3.5%
Consumer Staples	5.8%	8.8%	-3.0%
Health Care	15.8%	14.0%	1.8%
Financials	30.9%	26.2%	4.7%
Information Technology	11.5%	8.2%	3.3%
Telecomm Service	2.4%	3.2%	-0.8%
Utilities	2.0%	6.2%	-4.2%
Real Estate	0.0%	4.9%	-4.9%
Cash & Equiv	0.00%	0.0	0.0%

Data Source: Blackrock, InvestorForce

Equity Sector (Mid Cap Growth)

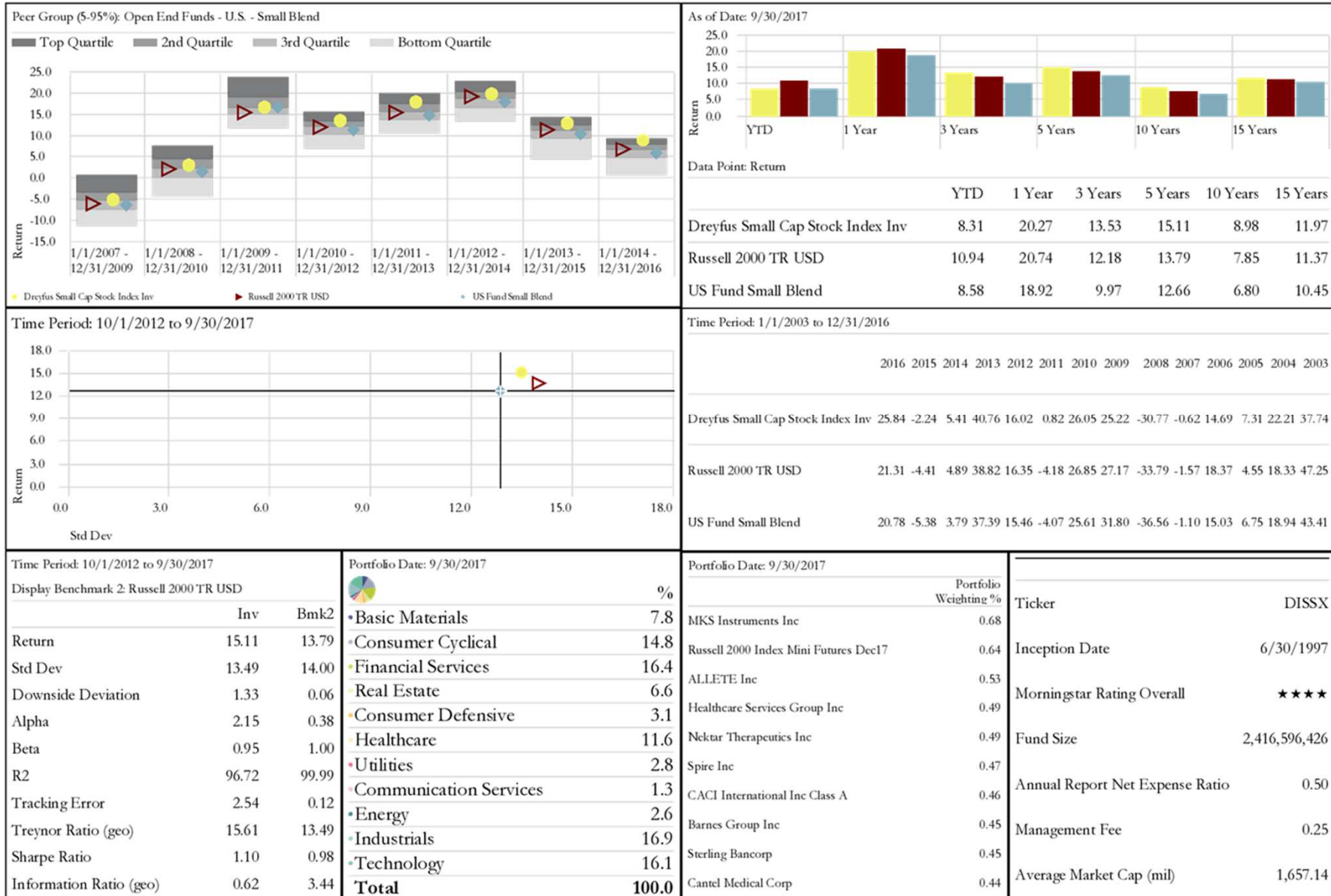


Source: Morningstar Direct

Equity Sector (Mid Cap Value) (*Manager Terminated*)

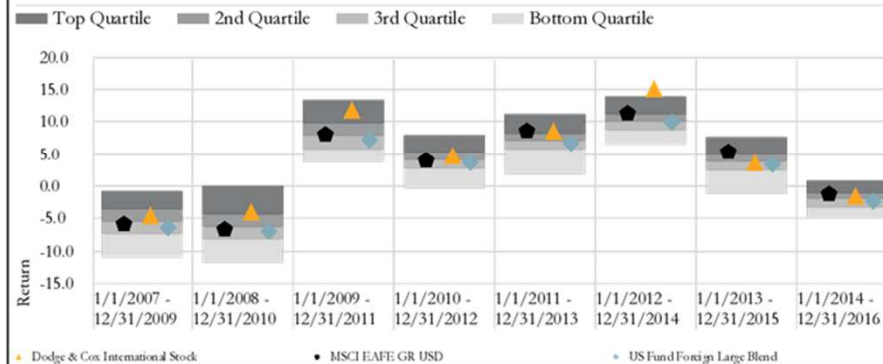


Equity Sector (Small Cap)

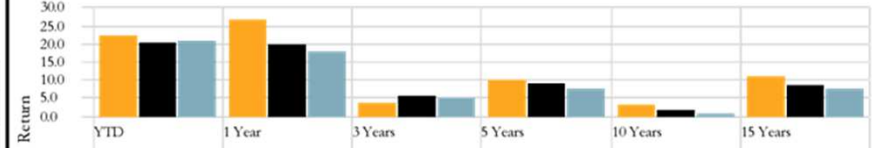


Equity Sector (International Developed)

Peer Group (5-95%): Open End Funds - U.S. - Foreign Large Blend



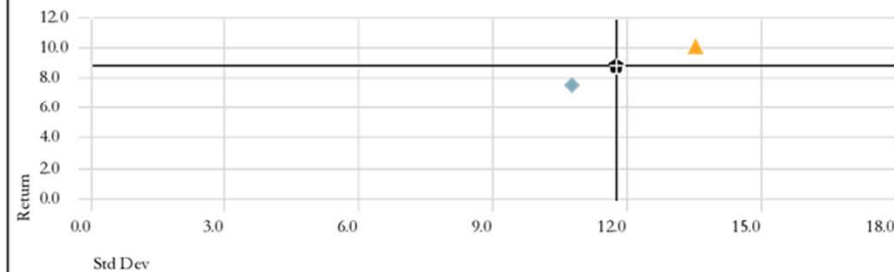
As of Date: 9/30/2017



Data Point: Return

	YTD	1 Year	3 Years	5 Years	10 Years	15 Years
Dodge & Cox International Stock	22.47	26.58	3.87	10.13	2.98	11.19
MSCI EAFE GR USD	20.47	19.65	5.53	8.87	1.82	8.75
US Fund Foreign Large Blend	20.65	17.90	4.97	7.55	0.92	7.54

Time Period: 10/1/2012 to 9/30/2017



Time Period: 1/1/2003 to 12/31/2016

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Dodge & Cox International Stock	8.26	-11.35	0.08	26.31	21.03	-15.97	13.69	47.46	-46.69	11.71	28.01	16.75	32.46	49.42
MSCI EAFE GR USD	1.51	-0.39	-4.48	23.29	17.90	-11.73	8.21	32.46	-43.06	11.63	26.86	14.02	20.70	39.17
US Fund Foreign Large Blend	0.79	-1.59	-4.98	19.44	18.29	-13.97	10.24	31.24	-43.99	12.71	24.77	14.72	17.39	33.58

Time Period: 10/1/2012 to 9/30/2017

Display Benchmark 1: MSCI EAFE GR USD

	Inv	Bmk1
Return	10.13	8.87
Std Dev	13.51	11.75
Downside Deviation	3.16	0.00
Alpha	0.75	0.00
Beta	1.07	1.00
R2	86.77	100.00
Tracking Error	4.98	0.00
Treynor Ratio (geo)	9.22	8.61
Sharpe Ratio	0.77	0.76
Information Ratio (geo)	0.23	

Portfolio Date: 9/30/2017

	%
Brazil	4.8
China	3.4
France	12.5
Germany	6.0
India	3.2
Japan	11.7
South Africa	5.4
Switzerland	10.5
United Kingdom	14.8
United States	7.2
Other	20.5
Total	100.0

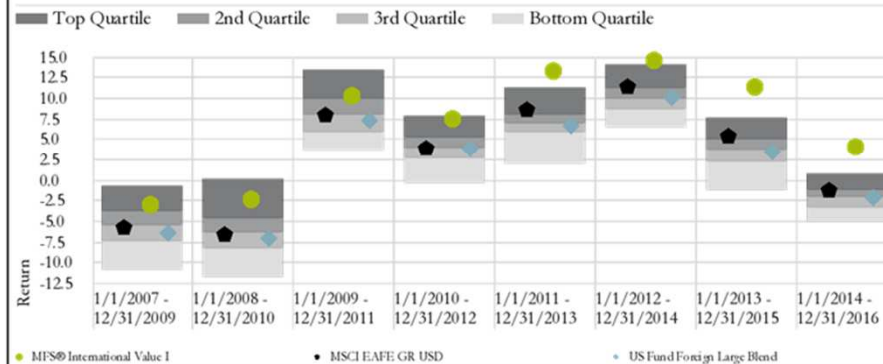
Portfolio Date: 9/30/2017

	Portfolio Weighting %
Sanofi SA	3.81
Naspers Ltd Class N	3.52
Itau Unibanco Holding SA	2.69
Schneider Electric SE	2.64
BNP Paribas	2.52
Samsung Electronics Co Ltd	2.51
ICICI Bank Ltd	2.47
Bayer AG	2.31
UniCredit SpA	2.21
Schlumberger Ltd	2.10

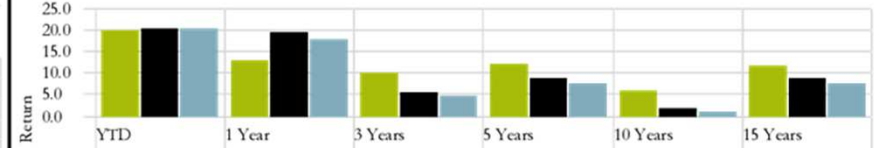
Ticker	DODFX
Inception Date	5/1/2001
Morningstar Rating Overall	★★★★
Fund Size	65,743,906,097
Annual Report Net Expense Ratio	0.64
Management Fee	0.60
Average Market Cap (mil)	49,140.93

Equity Sector (International Developed)

Peer Group (5-95%): Open End Funds - U.S. - Foreign Large Blend



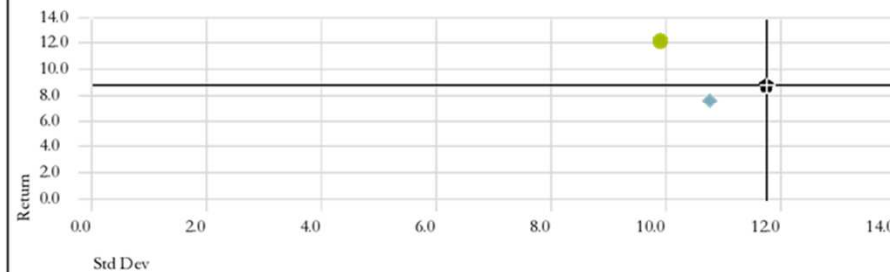
As of Date: 9/30/2017



Data Point: Return

	YTD	1 Year	3 Years	5 Years	10 Years	15 Years
MFS® International Value I	20.03	13.20	10.22	12.16	6.12	11.71
MSCI EAFE GR USD	20.47	19.65	5.53	8.87	1.82	8.75
US Fund Foreign Large Blend	20.65	17.90	4.97	7.55	0.92	7.54

Time Period: 10/1/2012 to 9/30/2017



Time Period: 1/1/2003 to 12/31/2016

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
MFS® International Value I	4.18	6.77	1.52	27.66	16.10	-1.69	9.42	24.94	-31.67	7.54	28.52	14.63	27.46	32.75
MSCI EAFE GR USD	1.51	-0.39	-4.48	23.29	17.90	-11.73	8.21	32.46	-43.06	11.63	26.86	14.02	20.70	39.17
US Fund Foreign Large Blend	0.79	-1.59	-4.98	19.44	18.29	-13.97	10.24	31.24	-43.99	12.71	24.77	14.72	17.39	33.58

Time Period: 10/1/2012 to 9/30/2017

Display Benchmark 1: MSCI EAFE GR USD

	Inv	Bmk1
Return	12.16	8.87
Std Dev	9.91	11.75
Downside Deviation	2.97	0.00
Alpha	5.07	0.00
Beta	0.75	1.00
R2	78.58	100.00
Tracking Error	5.46	0.00
Treynor Ratio (geo)	15.91	8.61
Sharpe Ratio	1.19	0.76
Information Ratio (geo)	0.55	

Portfolio Date: 6/30/2016



	%
*North America	11.8
*United Kingdom	16.6
Europe dev	42.4
*Australasia	3.8
*Japan	23.1
*Asia dev	2.3
Total	100.0

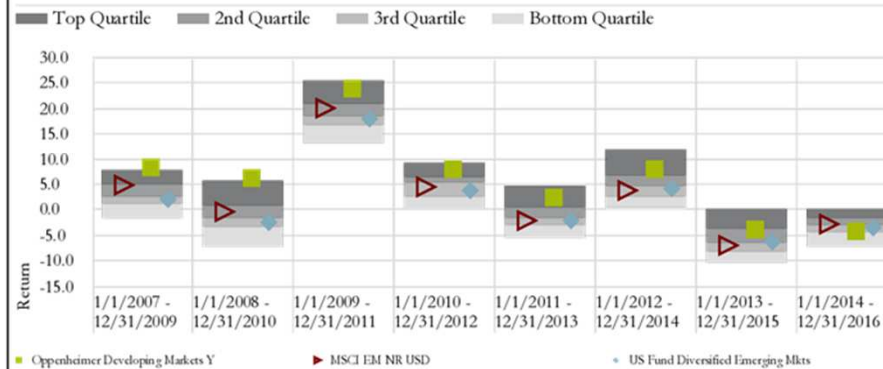
Portfolio Date: 9/30/2017

	Portfolio Weighting %
Nestle SA	4.25
Danone SA	2.74
Reckitt Benckiser Group PLC	2.73
Compass Group PLC	2.44
Taiwan Semiconductor Manufacturing Co Ltd ADR	2.35
Henkel AG & Co KGaA Pfd Shs - Non-voting	2.30
Colgate-Palmolive Co	2.30
Givaudan SA	2.28
Pernod Ricard SA	2.11
Kao Corp	2.02

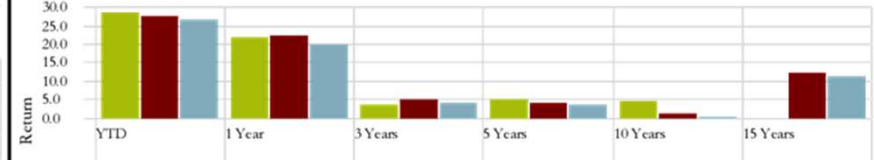
Ticker	MINIX
Inception Date	1/2/1997
Morningstar Rating Overall	★★★★★
Fund Size	29,109,041,610
Annual Report Net Expense Ratio	0.75
Management Fee	0.63
Average Market Cap (mil)	23,240.56

Equity Sector (Emerging Markets)

Peer Group (5-95%): Open End Funds - U.S. - Diversified Emerging Mkts



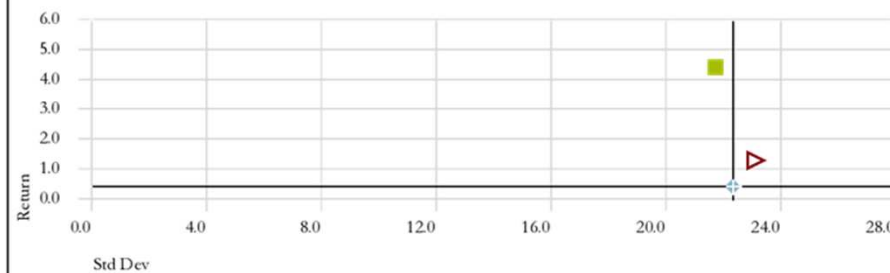
As of Date: 9/30/2017



Data Point: Return

	YTD	1 Year	3 Years	5 Years	10 Years	15 Years
Oppenheimer Developing Markets Y	28.56	21.99	3.47	5.19	4.43	
MSCI EM NR USD	27.78	22.46	4.90	3.99	1.32	12.49
US Fund Diversified Emerging Mkts	26.75	19.94	3.93	3.84	0.44	11.22

Time Period: 10/1/2007 to 9/30/2017



Time Period: 1/1/2003 to 12/31/2016

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Oppenheimer Developing Markets Y	7.17	-13.84	-4.55	8.68	21.29	-17.85	27.39	82.10	-47.84	34.30	25.70			
MSCI EM NR USD	11.19	-14.92	-2.19	-2.60	18.22	-18.42	18.88	78.51	-53.33	39.42	32.14	34.00	25.55	55.82
US Fund Diversified Emerging Mkts	8.47	-13.79	-3.01	-0.14	18.15	-19.86	19.26	73.81	-54.44	36.68	32.06	31.54	23.54	55.19

Time Period: 10/1/2012 to 9/30/2017

Display Benchmark 2: MSCI EM NR USD

	Inv	Bmk2
Return	5.19	3.99
Std Dev	13.76	14.40
Downside Deviation	11.90	12.91
Alpha	-0.42	-0.47
Beta	0.47	0.39
R2	22.34	14.22
Tracking Error	14.23	15.82
Treynor Ratio (geo)	10.63	9.63
Sharpe Ratio	0.42	0.33
Information Ratio (geo)	-0.51	-0.52

Portfolio Date: 9/30/2017

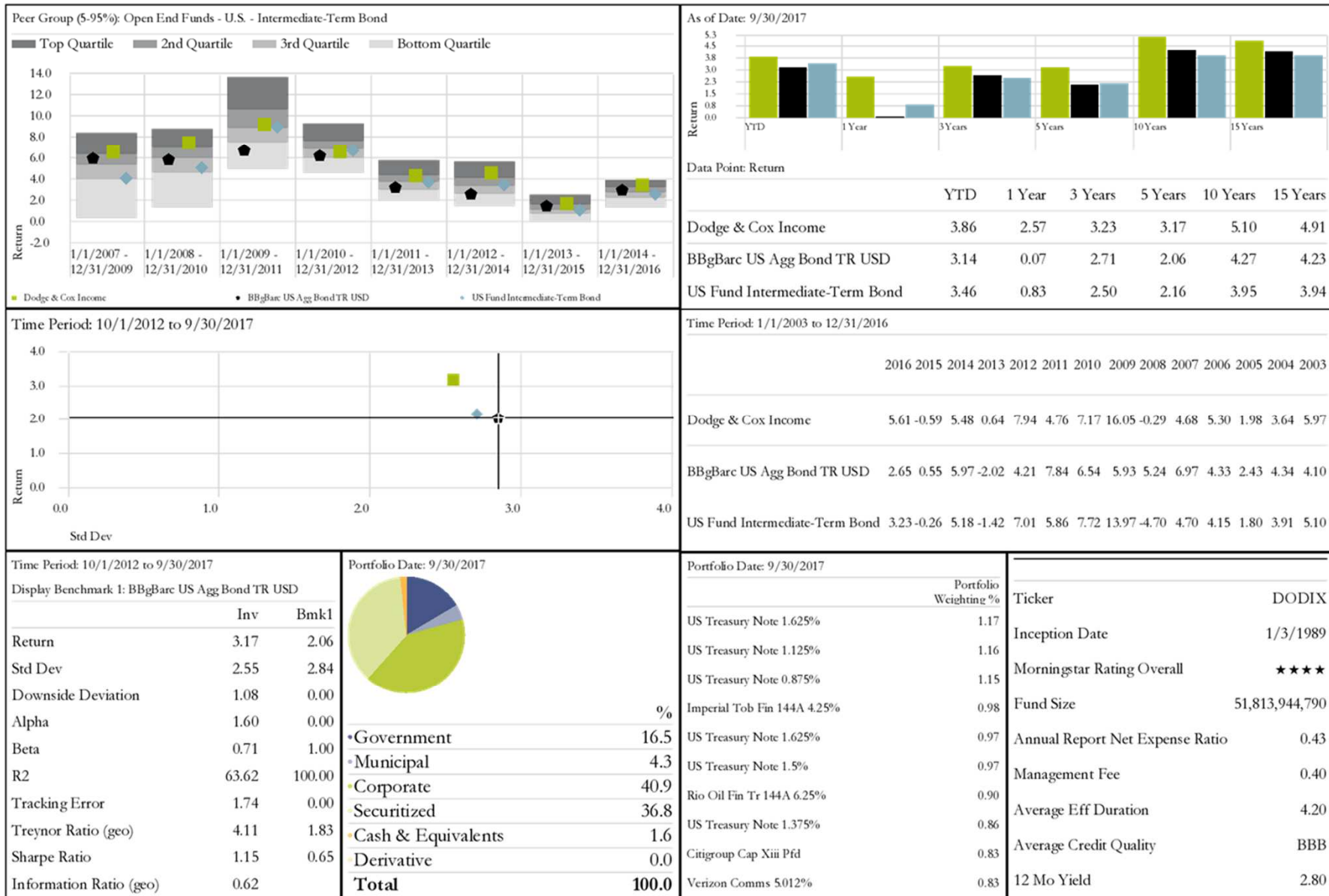
	%
Basic Materials	5.9
Consumer Cyclical	24.5
Financial Services	22.3
Real Estate	2.8
Consumer Defensive	12.8
Healthcare	5.3
Utilities	0.0
Communication Services	0.0
Energy	2.8
Industrials	4.4
Technology	19.2
Total	100.0

Portfolio Date: 9/30/2017

	Portfolio Weighting %
Tencent Holdings Ltd	6.44
Taiwan Semiconductor Manufacturing Co Ltd	5.66
Alibaba Group Holding Ltd ADR	5.46
Housing Development Finance Corp Ltd	4.54
Oppenheimer Institutional Govt MM E	3.19
Master China Series 1	2.99
AIA Group Ltd	2.67
Magnit PJSC	2.57
NOVATEK PJSC GDR	2.48
Glencore PLC	2.42

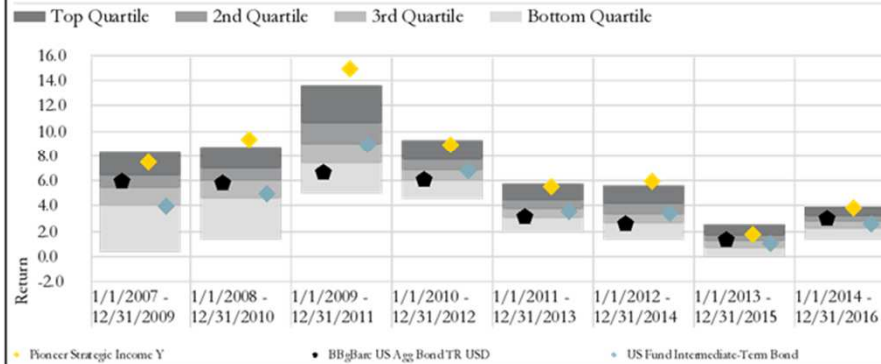
Ticker	ODVYX
Inception Date	9/7/2005
Morningstar Rating Overall	★★★★
Fund Size	38,318,749,723
Annual Report Net Expense Ratio	1.06
Management Fee	0.78
Average Market Cap (mil)	35,381.52

III. Fixed Income Sector (US Bonds)

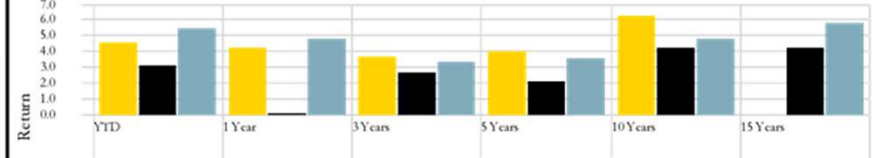


Fixed Income Sector (US Bonds)

Peer Group (5-95%): Open End Funds - U.S. - Intermediate-Term Bond



As of Date: 9/30/2017



Data Point: Return

	YTD	1 Year	3 Years	5 Years	10 Years	15 Years
Pioneer Strategic Income Y	4.63	4.23	3.69	3.98	6.26	
BBgBarc US Agg Bond TR USD	3.14	0.07	2.71	2.06	4.27	4.23
US Fund Intermediate-Term Bond	3.46	0.83	2.50	2.16	3.95	3.94

Time Period: 10/1/2012 to 9/30/2017



Time Period: 1/1/2003 to 12/31/2016

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Pioneer Strategic Income Y	7.97	-1.15	4.92	1.80	11.49	3.54	11.97	31.06	-10.87	6.33	6.68	2.81		
BBgBarc US Agg Bond TR USD	2.65	0.55	5.97	-2.02	4.21	7.84	6.54	5.93	5.24	6.97	4.33	2.43	4.34	4.10
US Fund Intermediate-Term Bond	3.23	-0.26	5.18	-1.42	7.01	5.86	7.72	13.97	-4.70	4.70	4.15	1.80	3.91	5.10

Time Period: 10/1/2012 to 9/30/2017

Display Benchmark 1: BBgBarc US Agg Bond TR USD

	Inv	Bmk1
Return	3.98	2.06
Std Dev	2.94	2.84
Downside Deviation	1.65	0.00
Alpha	2.61	0.00
Beta	0.60	1.00
R2	33.38	100.00
Tracking Error	2.66	0.00
Treynor Ratio (geo)	6.26	1.83
Sharpe Ratio	1.27	0.65
Information Ratio (geo)	0.71	

Portfolio Date: 9/30/2017



	%
*Government	10.6
*Municipal	1.4
*Corporate	43.9
Securitized	42.2
*Cash & Equivalents	1.9
Derivative	0.0
Total	100.0

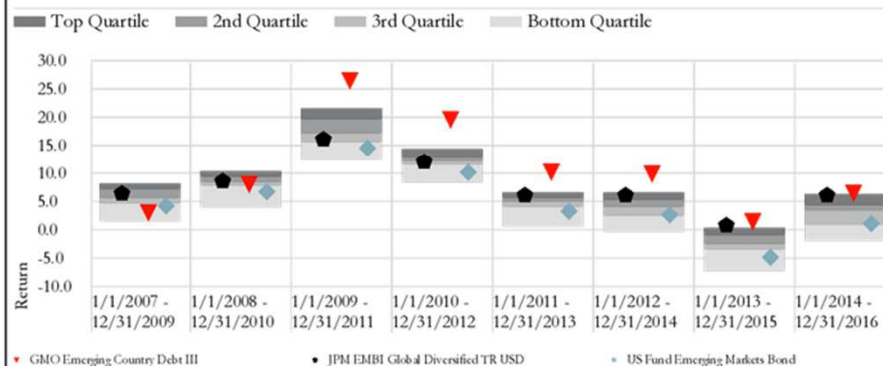
Portfolio Date: 9/30/2017

	Portfolio Weighting %
US Treasury Bond	2.00
US Treasury Bond	1.12
Intl Bk Recon&Dv 3.5%	0.71
Wells Fargo & Co, San Francisco Ca Pfd	0.71
New Zealand(Govt) 5.5%	0.66
Bk Amer Pfd	0.52
Intl Fin 6.3%	0.52
FNMA 5%	0.47
Edf S A 144A 6%	0.44
FNMA 3.5%	0.44

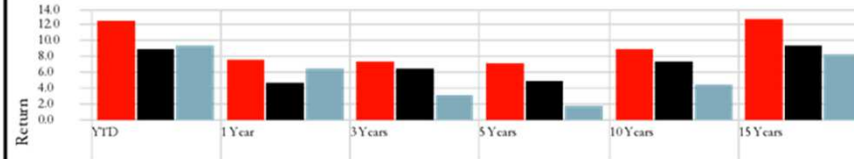
Ticker	STRYX
Inception Date	9/9/2004
Morningstar Rating Overall	★★★★
Fund Size	5,926,897,171
Annual Report Net Expense Ratio	0.73
Management Fee	0.56
Average Eff Duration	4.51
Average Credit Quality	BB
12 Mo Yield	3.56

Fixed Income Sector (EM Debt)

Peer Group (5-95%): Open End Funds - U.S. - Emerging Markets Bond



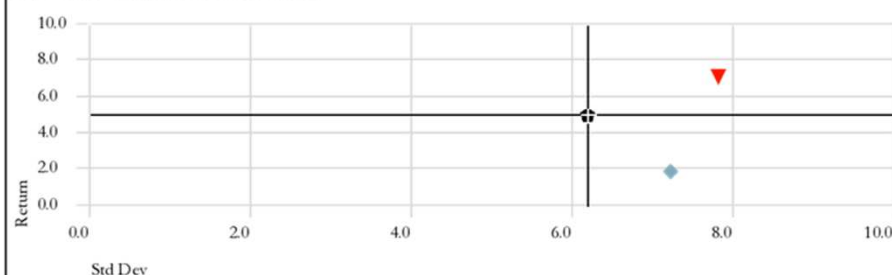
As of Date: 9/30/2017



Data Point: Return

	YTD	1 Year	3 Years	5 Years	10 Years	15 Years
GMO Emerging Country Debt III	12.46	7.64	7.30	7.10	8.98	12.84
JPM EMBI Global Diversified TR USD	8.99	4.61	6.50	4.91	7.46	9.42
US Fund Emerging Markets Bond	9.34	6.48	3.12	1.81	4.48	8.32

Time Period: 10/1/2012 to 9/30/2017



Time Period: 1/1/2003 to 12/31/2016

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
GMO Emerging Country Debt III	13.86	0.02	5.98	-1.18	26.73	7.50	25.64	50.17	-33.25	9.19	14.81	15.77	19.00	36.39
JPM EMBI Global Diversified TR USD	10.15	1.18	7.43	-5.25	17.44	7.35	12.24	29.82	-12.03	6.16	9.86	10.25	11.62	22.21
US Fund Emerging Markets Bond	10.51	-5.99	-0.80	-7.27	17.95	1.98	12.34	32.43	-17.64	5.36	10.99	11.50	12.31	30.83

Time Period: 10/1/2012 to 9/30/2017

Display Benchmark 1: JPM EMBI Global Diversified TR USD

	Inv	Bmk1
Return	7.10	4.91
Std Dev	7.81	6.19
Downside Deviation	1.81	0.00
Alpha	1.29	0.00
Beta	1.19	1.00
R2	88.37	100.00
Tracking Error	2.90	0.00
Treynor Ratio (geo)	5.77	4.67
Sharpe Ratio	0.89	0.77
Information Ratio (geo)	0.72	

Portfolio Date: 5/31/2017

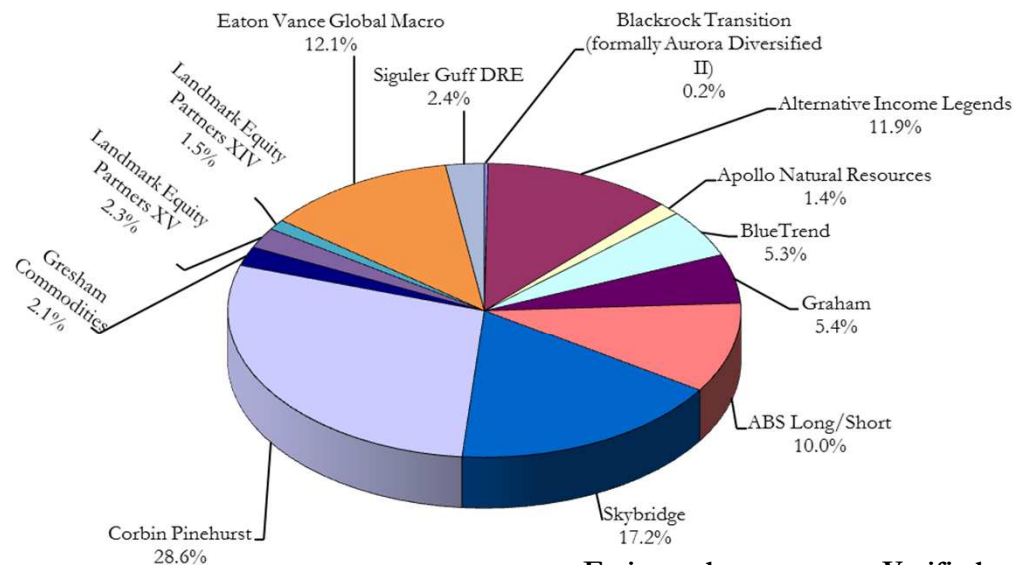
	%
*Argentina	5.9
*Colombia	2.4
*Indonesia	4.5
*Mexico	4.2
Philippines	3.4
*Russia	2.4
*Turkey	6.1
*United States	16.9
*Venezuela	8.4
Other Countries	36.5
Other	9.2
Total	100.0

Portfolio Date: 5/31/2017

	Portfolio Weighting %
United Mexican States, 5.75%	4.24
Argentine Republic 2.26%	2.84
Republic Of Turkey 6%	2.23
GMO US Treasury	1.99
US Treasury Note	1.86
Republic Venezuela 9%	1.86
Petrobras Global Finance Bv, 6.85%	1.78
Russian Fedn 5.875%	1.78
Petroleos De Venezuela Sa 6%	1.69
Republic Of Congo 4%	1.69

Ticker	GMCDX
Inception Date	4/19/1994
Morningstar Rating Overall	★★★★★
Fund Size	4,137,687,253
Annual Report Net Expense Ratio	0.54
Management Fee	0.35
Average Eff Duration	
Average Credit Quality	
12 Mo Yield	6.97

Alternative Breakdown (%)



<u>Manager</u>	<u>% of Account</u>	<u>Estimated Statment Value</u>	<u>Verified Values</u>	<u>Verified As Of</u>
Blackrock Transition (formally Aurora Diversified II)	0.2%	\$16,915	\$42,942	6/30/2017
Alternative Income Legends	11.9%	\$888,836	\$864,650	6/30/2017
Apollo Natural Resources	1.4%	\$101,788	\$85,697	6/30/2017
BlueTrend	5.3%	\$393,820	\$377,591	6/30/2017
Graham	5.4%	\$402,195	\$394,815	6/30/2017
ABS Long/Short	10.0%	\$745,756	\$727,704	6/30/2017
Skybridge	17.2%	\$1,284,468	\$1,284,468	8/31/2017
Corbin Pinehurst	28.6%	\$2,134,286	\$2,097,870	6/30/2017
Gresham Commodities	2.1%	\$157,853	\$153,621	6/30/2017
Landmark Equity Partners XV	2.3%	\$168,595	\$131,316	6/30/2017
Landmark Equity Partners XIV	1.1%	\$84,960	\$80,683	6/30/2017
Eaton Vance Global Macro	12.1%	\$900,000	\$900,000	9/30/2017
Siguler Guff DRE	2.4%	<u>\$181,603</u>	<u>\$181,603</u>	3/31/2017
Total	100.0%	\$7,461,073	\$7,322,961	

Data Source: Wells Fargo Advisors

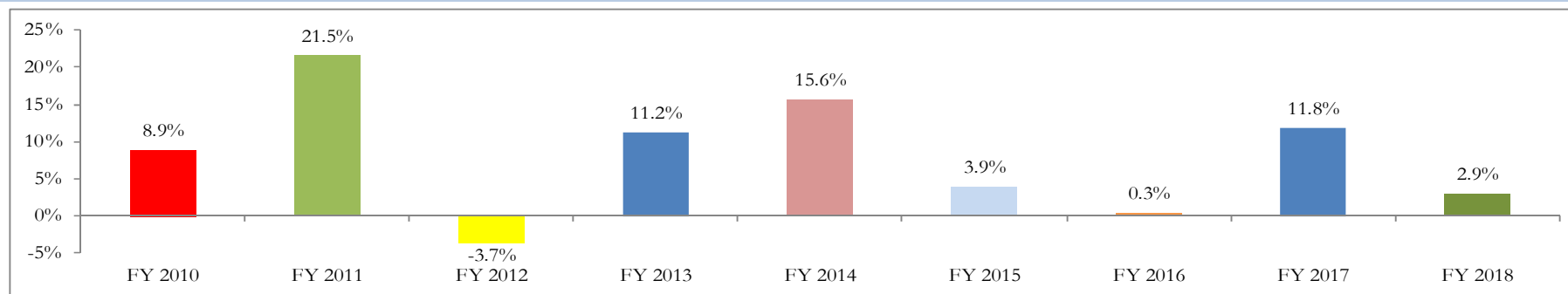
	3q17	FYTD	One Year	Three Years*	Five Years*	Incept (Mgr)*	Incept Bench*
<i>Combined Alternatives (1 mo lag)</i>	<i>1.1</i>	<i>1.1</i>	<i>5.9</i>	<i>1.4</i>	<i>2.4</i>	<i>2.0</i>	<i>2.9</i>
<i>HFRI FoF Index (1 mo lag)</i>	<i>1.8</i>	<i>1.8</i>	<i>6.5</i>	<i>2.1</i>	<i>4.0</i>		
<u>Lower Volatility</u>							
Blackrock Transition (formerly Aurora)	3.6	3.6	8.5	2.0	3.7	2.1	2.4
<i>HFRI Conservative Index</i>	<i>0.8</i>	<i>0.8</i>	<i>4.7</i>	<i>1.7</i>	<i>3.5</i>		
<u>Diversified</u>							
Corbin Pinehurst	3.7	3.7	8.8	3.2	5.3	5.1	2.9
Alternative Income Legends	1.3	1.3	7.5	--	--	0.9	2.4
SkyBridge	1.8	1.8	8.3	--	--	(0.3)	2.1
<i>HFRI Fund of Funds</i>	<i>1.8</i>	<i>1.8</i>	<i>6.5</i>	<i>2.1</i>	<i>4.0</i>		
<u>Hedged Equity</u>							
ABS Global L/S (K2 prior to 12/12)	2.7	2.7	9.4	3.8	6.8	4.5	5.0
<i>HFRI Equity Hedge</i>	<i>3.2</i>	<i>3.2</i>	<i>10.8</i>	<i>3.5</i>	<i>6.4</i>		
<u>Managed Futures</u>							
BlueTrend	(0.6)	(0.6)	(15.4)	(4.2)	(4.1)	(2.9)	(0.5)
Graham	0.4	0.4	(0.9)	4.9	2.0	(0.6)	(0.5)
<i>CS Tremont Managed Futures Index</i>	<i>1.3</i>	<i>1.3</i>	<i>(8.6)</i>	<i>(0.2)</i>	<i>(0.0)</i>		
<u>Commodities</u>							
Gresham Commodities	3.2	3.2	4.1	(13.7)	--	(8.4)	(9.3)
<i>Bloomberg Commodity</i>	<i>2.5</i>	<i>2.5</i>	<i>(0.3)</i>	<i>(10.4)</i>			
<u>Private Equity</u>							
Apollo Natural Resources						19.8	
Landmark Equity Partners XIV						5.4	
Landmark Equity Partners XV						12.5	
Sigular Guff DRE						11.8	

All returns are on a one-month lag. Performance greater than 1 year is annualized.

Data Source: Wells Fargo Advisors

Performance for
College of William and Mary Green Fund

Rates of Return



Performance Inception Date: January 23, 2009

Since Inception ROR: 9.38%

Fiscal Year-To-Date 2018 ROR: 2.93%

Beginning Market Value (July 1, 2017): \$ 516,834

Quarter

Contributions

Withdrawals

3Q17

4Q17

1Q18

2Q18

Total Net Flows FYTD \$ -

Invested Capital FYTD \$ 516,834

Appreciation/Depreciation \$ 14,990

Ending Market Value (September 30, 2017) \$ 531,824

Returns are calculated net of transaction costs and net of management fees.

Returns greater than one year are annualized.

Account data is on a trade date basis and accrued income is included in beginning and ending values. Performance is based on current market prices, as available.

Certain assets are excluded from Beginning and Ending Values and are not included in performance calculations. Selected annuities, certain types of direct investments, mutual funds held outside the firm, precious metals, coins, bullion, or any assets subject to tax- withholding (TEFRA) are among the assets not included in values or performance calculations.

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PAST PERFORMANCE: Past performance is not an indication of future results.

DATA SOURCES: Information found in this document was derived from the following sources: Zephyr Associates, Investor Force/MSCI, Barclays Capital, Standard & Poor's, Morningstar, Thomson Reuters, direct material from managers/funds, and other sources we deem reliable.

Dow Jones Industrial Average - This index is comprised of 30 "blue-chip" US stocks selected for their history of successful growth and wide interest among investors. The DJIA represents about 20% of the total market value of all US stocks and about 25% of the NYSE market capitalization. It is a price-weighted arithmetic average, with the divisor adjusted to reflect stock splits and the occasional stock switches in the index.

NASDAQ Composite - A cap-weighted index comprised of all common stocks that are listed on the NASDAQ Stock Market (National Association of Securities Dealers Automated Quotation system).

S&P 500 - A broad-based measurement of changes in stock market conditions based on the average performance of 500 widely held common stocks. This index does not contain the 500 largest companies nor the most expensive stocks traded in the U.S. While many of the stocks are among the largest, this index also includes many relatively small companies. This index consists of approximately 380 industrial, 40 utility, 10 transportation and 70 financial companies listed on U.S. market exchanges. It is a capitalization-weighted index (stock price times number of shares outstanding), calculated on a total return basis with dividends reinvested.

Russell 1000 - The 1000 largest companies in the Russell 3000 index, based on market capitalization.

Russell Mid Cap - The index consisting of the bottom 800 securities in the Russell 1000 as ranked by total market capitalization, and it represents over 35% of the Russell 1000 total market cap.

Russell 2000 - The 2000 smallest companies in the Russell 3000 index.

MSCI EAFE - A market capitalization-weighted index representing all of the MSCI developed markets outside North America. It comprises 20 of the 22 countries in the MSCI World. These 20 countries include the 14 European countries in the MSCI Europe and the 6 Pacific countries in the MSCI Pacific. This index is created by aggregating the 20 different country indexes, all of which are created separately.

MSCI World - This market capitalization-weighted index represents all 22 of the MSCI developed markets in the world. It is created by aggregating the 22 different country indexes, all of which are created separately.

MSCI Emerging Markets Free (EMF) - A market capitalization-weighted index representing 26 of the emerging markets in the world. Several factors are used to designate whether a country is considered to be emerging vs. developed, the most common of which is Gross Domestic Product Per Capita. The "Free" aspect indicates that this index includes only securities that are allowed to be purchased by global investors. This index is created by aggregating the 26 different country indexes, all of which are created separately.

Barclays Government/Credit - This index includes all bonds that are in the Barclays Capital Government Bond and the Barclays Capital Credit Bond indices.

Barclays Aggregate Bond - This index is made up of the Barclays Capital Government/Credit, the Mortgage-Backed Securities, and the Asset-Backed Securities indices. All issues in the index are rated investment grade or higher, have at least one year to maturity, and have an outstanding par value of at least \$100 million.

EXECUTIVE COMMITTEE

November 15, 2017

4:00 – 5:30 p.m.

Board Conference Room - Blow Memorial Hall

Todd A. Stottlemeyer, Chair
H. Thomas Watkins III, Vice Chair
Sue H. Gerdelman, Secretary

- I. Introductory Remarks – Mr. Stottlemeyer

- II. Approval of Minutes – September 13, 2017

- III. Closed Session (if necessary)

- IV. Adjourn

EXECUTIVE COMMITTEE
MINUTES – SEPTEMBER 13, 2017

MINUTES
Executive Committee
September 13, 2017
Board Conference Room – Blow Memorial Hall

Attendees: Todd A. Stottlemeyer, Chair; H. Thomas Watkins III, Vice Chair; Sue H. Gerdelman, Thomas R. Frantz; William H. Payne II, Lisa E. Roday and Karen Kennedy Schultz. Other Board members attending: John E. Littel and Christopher M. Little. Others in attendance: President W. Taylor Reveley III, Michael J. Fox and Deborah A. Love.

Chair Todd A. Stottlemeyer called the meeting to order at 4:00 p.m.

Recognizing that a quorum was present, Mr. Stottlemeyer moved adoption of the minutes of the meeting of April 19, 2017. Motion was seconded by Mr. Frantz and approved by voice vote of the Committee.

In his opening remarks, Mr. Stottlemeyer welcomed members of the Committee and asked Secretary to the Board Michael Fox to briefly review the Board schedule for the next few days. A brief discussion ensued.

At Mr. Stottlemeyer's request, Ms. Gerdelman moved that the Executive Committee of the Board of Visitors of the College of William and Mary convene in Closed Session for the purpose of discussing prospective candidates for employment; evaluation of the performance of departments or schools where such evaluation will necessarily involve discussion of the performance of specific individuals; consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation; consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel; discussion or consideration of grants and contracts for services or work to be performed by the College; discussion of the award of a public contract involving the expenditure of public funds, and discussion of the terms or scope of such contract, where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the public body, as provided for in Section 2.2-3711.A.1., 7., 8., 9, and 29. of the Code of Virginia. Motion was seconded by Ms. Roday and approved by voice vote of the Committee. The observers were asked to leave the room and the Committee went into closed session at 4:07 p.m.

The Executive Committee reconvened in open session at 5:22 p.m. Mr. Stottlemeyer reviewed the topics discussed during closed session, then moved to adopt the Resolution certifying that the closed session was held in compliance with the Freedom of Information Act. Motion was seconded by Ms. Gerdelman and approved by roll call vote of the Committee members conducted by Secretary of the Board Sue Gerdelman. (**Certification Resolution** is appended.)

A brief discussion ensued regarding the Deferred Action for Childhood Arrivals (DACA) program, which is slated to be phased out in March 2018, and its impact on William & Mary students. Members of the Executive Committee expressed interest in having a Board resolution in support of William & Mary DACA students.

There being no further business, the Committee adjourned at 5:30 p.m.

September 13, 2017

CERTIFICATION OF CLOSED SESSION

WHEREAS, the Board of Visitors Executive Committee has convened a closed session on this date pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

WHEREAS, §2.2-3712.D. of the Code of Virginia requires a certification by this Committee that such closed session was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED, That the Executive Committee, reconvening in open session, hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed session to which this certification applies, and (ii) only such public business matters as were identified in the motion convening the closed session were heard, discussed or considered by the Executive Committee.

VOTE

AYES: 7

NAYS: 0

ABSENT DURING CLOSED SESSION:


Todd A. Stottlemeyer
Chair
Executive Committee

COMMITTEE ON AUDIT AND COMPLIANCE

November 16, 2017

8:00 – 9:30 a.m.

Board Room - Blow Memorial Hall

Christopher M. Little, Chair

Brian P. Woolfolk, Vice Chair

- I. Introductory Remarks – Mr. Little
- II. Approval of Minutes – September 14, 2017
- III. Report from Director of Internal Audit – Kent B. Erdahl
 - A. Approval of 2018 Internal Audit Work Plan- **Resolution 3**.
- IV. Report from Chief Compliance Officer – Kiersten L. Boyce
- V. Enterprise Risk Management - Samuel E. Jones
- VI. Information Technology Security Discussion- Courtney M. Carpenter
- VII. Closed Session (if necessary)
- VIII. Discussion
- IX. Adjourn

COMMITTEE ON AUDIT AND COMPLIANCE
MINUTES – SEPTEMBER 14, 2017

MINUTES
Committee on Audit and Compliance
September 14, 2017
Board Room—Blow Memorial Hall

Attendees: Christopher M. Little, Chair; Brian P. Woolfolk, Vice Chair; Mirza Baig, Barbara L. Johnson, and John E. Littel, Board members present; Rector Todd A. Stottlemeyer, Sue H. Gerdelman, William H. Payne II, Lisa E. Roday, and Karen Kennedy Schultz. Others present: Virginia M. Ambler, Kiersten L. Boyce, Henry R. Broaddus, Deborah Cheesebro, Kate Conley, Kent B. Erdahl, Michael J. Fox, Penelope G. Howard, Samuel E. Jones, Jennifer Latour, Kenneth LaTessa, Deborah A. Love, Jeremy Martin, Pamela H. Mason, John M. Poma, Amy S. Sebring, Ann Marie Stock, Debbie Sydow, Marjorie Thomas, Sandra J. Wilms, Brian W. Whitson, and other William and Mary and Richard Bland staff. Eric Sandridge and Jenny Schoeller of the Auditor of Public Accounts office were in attendance.

Chair Christopher Little called the meeting to order at 7:46 a.m.

Recognizing that a quorum was present, Mr. Little asked for a motion to approve the minutes of the meeting of April 20, 2017. Motion was made by Mr. Woolfolk, seconded by Mr. Littel, and approved by voice vote.

Mr. Little introduced Eric Sandridge and Jenny Schoeller of the Auditor of Public Accounts office and asked for their report on the June 30, 2016 audit. Mr. Sandridge reported their audit of the consolidated June 30, 2016 financial statements is complete and their opinion is unmodified. He reminded the Committee that one audit opinion is now issued for both William and Mary and Richard Bland College.

Mr. Sandridge discussed their report on internal controls and communicated that two material weaknesses were identified at Richard Bland College. Mr. Sandridge described a material weakness as the most severe internal control deficiency and noted that these were identified in the Financial Reporting and Information Technology areas. Mr. Sandridge provided an explanation of the rationale for the material weakness designations and noted that the Information Technology designation was based on the aggregation of four significant deficiencies. Mr. Sandridge then described an additional eight significant deficiencies identified at Richard Bland College, and four significant deficiencies identified at William and Mary.

Mr. Sandridge provided standard communications, noting no issues or disagreements with management during the audit. He indicated that all audit adjustments were recorded by management.

Following a brief discussion, Mr. Little moved that the Committee on Audit and Compliance of the Board of Visitors of the College of William & Mary convene in Closed Session for the purpose of discussing the evaluation of the performance of departments or schools where such evaluation will necessarily involve discussion of the performance of specific individuals, as provided for in Section 2.2-3711.A. 1., of the Code of Virginia. Motion was seconded by Mr. Littel and approved

Committee on Audit and Compliance
MINUTES
Page 2

by voice vote of the Committee. Observers were asked to leave the room and the Committee went into closed session at 8:22 a.m.

The Committee reconvened in open session at 9:25 a.m. Mr. Little reviewed the topics discussed in closed session and moved the adoption of the **Resolution** certifying that the closed session was held in accordance with the Freedom of Information Act. Motion was seconded by Mr. Woolfolk and approved by roll call vote conducted by Mr. Little. (Certification **Resolution** is appended.)

Mr. Little asked Chief Compliance Officer Kiersten Boyce for her report.

Ms. Boyce reported that a new compliance curriculum has been developed to enhance the onboarding process for faculty and staff hires. She also provided an overview of compliance reports that are published or updated annually in the August and September period: the Sexual Misconduct Prevention and Response Report, the Annual Security Report, which is mandated by the Clery Act, and the Affirmative Action Plans. Ms. Boyce reported that Secretary of Education Betsy DeVos had presented remarks regarding Title IX and campus sexual assault at George Mason University earlier in September. Changes are anticipated to guidance provided by the Office of Civil Rights of the U.S. Department of Education, although the timing and specifics of the changes are unknown. Discussion followed regarding how the campus may work with students to prepare for and respond to these changes.

Mr. Little asked Director of Internal Audit Kent Erdahl for his report.

Mr. Erdahl provided a status update on recently completed audits. Mr. Erdahl discussed the Sport Clubs audit and indicated that Campus Recreation and the Student Affairs Office have committed to developing a method for allocating funding to students who need financial support to participate. The additional funding for this purpose was approved by the Board for FY 2017. A discussion ensued regarding allocating Board of Visitors funding and regarding insurance for sport club vehicular travel. Mr. Erdahl provided an overview of the VIMS Eastern Shore Lab audit.

Mr. Erdahl reported that several audits are underway and the audit department is on schedule to substantially complete the annual audit plan. Mr. Erdahl reported solid progress on follow-up testing, noting that many audits not fully remediated have only one or two items to correct.

Mr. Little moved that the Committee on Audit and Compliance of the Board of Visitors of the College of William & Mary convene first in Closed Session for the purpose of discussing specific personnel matters; discussing internal investigations involving identifiable students and/or employees, for consultation with legal counsel regarding specific legal matters; and then in Executive Session for the purpose of discussing personnel matters pertaining to the performance and evaluations of specific executive employees, as provided for in Section 2.2-3711.A. 1., 2., and 7., of the Code of Virginia. Motion was seconded by Mr. Little and approved by voice vote of the Committee. Observers were asked to leave the room and the Committee went into closed session at 9:48 a.m.

Committee on Audit and Compliance

MINUTES

Page 3

The Committee reconvened in open session at 10:00 a.m. Mr. Little reviewed the topics discussed in closed session and moved the adoption of the **Resolution** certifying that the closed session was held in accordance with the Freedom of Information Act. Motion was seconded by Mr. Littel and approved by roll call vote conducted by Mr. Little. (Certification **Resolution** is appended.)

There being no further business, the Committee adjourned at 10:00 a.m.

September 14, 2017

CERTIFICATION OF CLOSED SESSION

WHEREAS, the Board of Visitors Committee on Audit and Compliance has convened a closed session on this date pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

WHEREAS, §2.2-3712.D. of the Code of Virginia requires a certification by this Committee that such closed session was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED, That the Committee on Audit and Compliance, reconvening in open session, hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed session to which this certification applies, and (ii) only such public business matters as were identified in the motion convening the closed session were heard, discussed or considered by the Committee on Audit.

VOTE

AYES: 5

NAYS: 0

ABSENT DURING CLOSED SESSION:

0



Christopher M. Little
Chair
Committee on Audit and Compliance

September 14, 2017

CERTIFICATION OF CLOSED SESSION

WHEREAS, the Board of Visitors Committee on Audit and Compliance has convened a closed session on this date pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

WHEREAS, §2.2-3712.D. of the Code of Virginia requires a certification by this Committee that such closed session was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED, That the Committee on Audit and Compliance, reconvening in open session, hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed session to which this certification applies, and (ii) only such public business matters as were identified in the motion convening the closed session were heard, discussed or considered by the Committee on Audit.

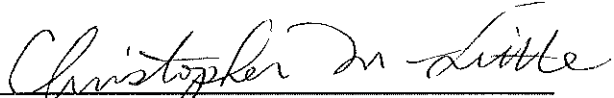
VOTE *5* *aml*

AYES: *5* *aml*

NAYS: *0*

ABSENT DURING CLOSED SESSION:

0



Christopher M. Little
Chair
Committee on Audit and Compliance

COLLEGE OF WILLIAM & MARY and RICHARD BLAND COLLEGE
APPROVAL OF 2018 INTERNAL AUDIT WORK PLAN

As provided in the Office of Internal Audit Charter, the Director is responsible for preparing an annual risk-based work plan.

The proposed 2018 Work Plan for the Office of Internal Audit includes the following audits:

- Information Technology Disaster Recovery Plan review
- Foundation/College working arrangement and compliance review
- School of Education Centers audit
- Student employment audit
- Advancement finance and accounting internal control audit
- Dining Services audit (cycle approach)
- Retirement Plan book transfer testing
- Fleet vehicle gas card process review
- VIMS Budget Office operational and internal control audit
- Richard Bland College Athletic Department and sponsored camps audit
- Richard Bland College Finance/Accounting transition support

Recurring Audit Activities:

- Quarterly/monthly small purchase charge card monitoring
- Commonwealth Fraud, Waste and Abuse Hotline Investigations

The 2018 Work Plan has been reviewed by the Committee on Audit and Compliance and management of the College of William & Mary and Richard Bland College, and is hereby recommended to the Board of Visitors.

THEREFORE, BE IT RESOLVED, That the 2018 Work Plan for the Office of Internal Audit is approved by the Board of Visitors.

COMMITTEE ON ACADEMIC AFFAIRS

November 16, 2017

9:15 – 10:00 a.m.

Blow Memorial Hall – Room 201

Karen Kennedy Schultz, Chair

S. Douglas Bunch, Vice Chair

- I. Introductory Remarks – Ms. Schultz
- II. Approval of Minutes – September 14, 2017
- III. Report from Provost Michael R. Halleran
- IV. Report from Faculty Liaison Committee Chair Jack B. Martin
- V. Closed Session (if necessary)
- VI. Action Materials - Provost Michael R. Halleran
 - 1. Award of Academic Tenure **Resolution 4**
 - 2. Designated Professorships **Resolution 5**
 - 3. Retirement of Richard J. Ash
Raymond A. Mason School of Business **Resolution 6**
 - 4. Retirement of Howard J. Busbee
Raymond A. Mason School of Business **Resolution 7**
 - 5. Retirement of Deborah S. Noonan, Department of
Computer Science **Resolution 8**
- VII. Discussion
- VIII. Adjourn

COMMITTEE ON ACADEMIC AFFAIRS
MINUTES – SEPTEMBER 14, 2017

MINUTES
Committee on Academic Affairs
September 14, 2017
Room 201– Blow Memorial Hall

Attendees: Karen Kennedy Schultz, Chair; S. Douglas Bunch, Vice Chair; Warren W. Buck III, James A. Hixon; Anne Leigh Kerr, John E. Littel, J.E. Lincoln Saunders, and student committee representative Elijah S. Levine. Others present: Provost Michael R. Halleran, Henry Broaddus, Kate Conley, Carrie Cooper, Michael J. Fox, Matthew T. Lambert, Jack Martin, Jeremy P. Martin, Linda Schaffner, Ann Marie Stock, John T. Wells, Brian Whitson, Timothy Wolfe and other College staff.

Chair Karen Kennedy Schultz called the Committee to order at 9:32 a.m. Recognizing that a quorum was present, Ms. Schultz asked for a motion to approve the minutes of the meeting of April 20, 2017. Motion was made by Ms. Kerr, seconded by Mr. Bunch and approved by voice vote of the Committee.

Following brief welcoming remarks, Provost Halleran commented on the start of the new year, and a successful Convocation, which welcomed a strong and socio-economically diverse first year class. Integration of NTE faculty into faculty governance continues. The Provost provided an update on the diversity initiative and faculty hiring, noting six hires last year (with one deferring a start to next year). This initiative will continue this year and beyond. COLL 300 rollout is underway and a very successful Swem faculty/staff writing “boot camp” was held in May. A brief discussion ensued.

Associate Provost for Enrollment and Dean of Admission Tim Wolfe reported on undergraduate admissions, noting the continuing high quality of incoming first year students, with 30% from underrepresented groups, including a 20% increase in Pell-eligible students, both freshmen and transfers, compared to last year. A brief discussion ensued.

Faculty Liaison Committee Chair Professor Jack Martin provided an update on Faculty Assembly projects, including revisions to the Faculty Handbook. A brief discussion ensued.

Ms. Schultz asked for a motion that the Committee on Academic Affairs convene in Executive Session for the purpose of discussing and/or approving personnel actions pertaining to the appointments, promotions, leaves and tenure of instructional faculty, as provided for in Section 2.2-3711.A.1., of the Code of Virginia. Motion was made by Ms. Kerr, seconded by Mr. Hixon and approved by voice vote. The Committee went into executive session at 10:02 a.m.

The Committee reconvened in open session at 10:07 a.m. Ms. Schultz reviewed the topics discussed during closed session, and then moved to adopt the Resolution certifying the closed session was held in compliance with the Freedom of Information Act. Motion was seconded by Mr. Bunch and approved by roll call vote of the Committee members conducted by Secretary to the Board Michael Fox. (Certification **Resolution** is appended.)

Committee on Academic Affairs

MINUTES

Page 2

Ms. Schultz asked for a motion to adopt as a block **Resolution 6**, Appointments to Fill Vacancies in the Instructional Faculty; **Resolution 7**, Designated Professorships; **Resolution 8**, Faculty Leaves of Absence; and **Resolution 9**, Award of Academic Tenure. Motion was made by Mr. Buck, seconded by Ms. Kerr and approved by voice vote.

There being no further business, the Committee adjourned at 10:09 a.m.

September 14, 2017

CERTIFICATION OF CLOSED SESSION

WHEREAS, the Board of Visitors Committee on Academic Affairs has convened a closed session on this date pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

WHEREAS, §2.2-3712.D. of the Code of Virginia requires a certification by this Committee that such closed session was conducted in conformity with Virginia law;

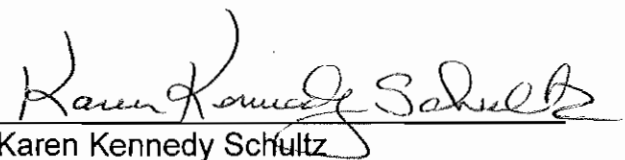
NOW, THEREFORE, BE IT RESOLVED, That the Committee on Academic Affairs, reconvening in open session, hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed session to which this certification applies, and (ii) only such public business matters as were identified in the motion convening the closed session were heard, discussed or considered by the Committee on Academic Affairs.

VOTE

AYES: 7

NAYS: 0

ABSENT DURING CLOSED SESSION:


Karen Kennedy Schultz
Chair
Committee on Academic Affairs

COLLEGE OF WILLIAM & MARY
AWARD OF ACADEMIC TENURE

The following members of the Instructional Faculty at the College of William & Mary have been recommended for the award of academic tenure by the appropriate departmental committees and chairs, the appropriate deans, and by the Provost and President.

BE IT RESOLVED, That upon recommendation of the President, the Board of Visitors of the College of William & Mary approves the following members of the Faculty be awarded academic tenure, effective with the beginning of the indicated academic year:

SIMON MIDDLETON, Associate Professor of History
Effective 2017-2018

ADRIENNE M. PETTY, Associate Professor of History
Effective 2017-2018

Board of Visitors

Resolution 5

November 15-17, 2017

Page 1 of 1

COLLEGE OF WILLIAM & MARY
DESIGNATED PROFESSORSHIPS

The following members of the Instructional Faculty of the College of William & Mary have been recommended for designated professorships.

BE IT RESOLVED, That upon recommendation of the President, the Board of Visitors of the College of William & Mary approves the designated professorships for the following members of the Faculty of the College, effective with the 2017-18 academic year:

JULIE A. AGNEW, Richard C. Kraemer Term Professor of Business

ELIZABETH A. CANUEL, Chancellor Professor of Marine Science

RONALD J. MONARK, Charles & Mari Ann Banks Clinical Professor of Entrepreneurship

COLLEGE OF WILLIAM & MARY
RETIREMENT OF RICHARD J. ASH
RAYMOND A. MASON SCHOOL OF BUSINESS

Richard J. Ash, Charles and Mari Ann Banks Clinical Professor of Business and the Executive Director of the Alan B. Miller Center for Entrepreneurship at the Raymond A. Mason School of Business, earned his undergraduate degree from Boston University (cum laude). He earned his law degree from Fordham University and became a member of the New York and Federal Bar. He joined the faculty of William & Mary in 1999.

Clinical Professor Ash has extensive teaching experience including at Hofstra University and the Darden School of Business at the University of Virginia. He was the creator and CEO of such firms as Dillon Technologies, Inc., a medical device company; Chairman and Chief Financial Officer of Mentech Advisors, Inc.; President and Chief Executive Officer of Roan Venture LP, a venture capital innovation incubator company; Managing Partner of Janus Group LTD; Managing Director of VenCap, Inc., a venture capital SBIC; and President & Chief Executive Officer of Mentor Technology Ventures, LLC, a venture capital firm.

Clinical Professor Ash also served as Senior Officer in the Corporate Finance Division at J. P. Morgan, Morgan Guaranty Trust Company of New York, and at Drexel Harriman Ripley. While at W&M he has served as an advisor to NASA and the Department of Energy (Jefferson Lab) and a commercialization advisor to the National Science Foundation. He has received several major teaching awards at the W&M Mason School of Business including the student-selected MBA Outstanding Professor Award in 2005 and the Alfred N. Page Teaching Award in 2006.

BE IT RESOLVED, That the Board of Visitors acknowledges the retirement of Richard J. Ash; expresses its appreciation for his many contributions to the College of William & Mary; and approves with deep gratitude for his seventeen years of service, a change in status from the Charles and Mari Ann Banks Clinical Professor of Business to the Charles and Mari Ann Banks Clinical Professor of Business, Emeritus.

BE IT FURTHER RESOLVED, That this resolution be spread upon the minutes of the Board and that a copy of the same be delivered to Clinical Professor Richard J. Ash with best wishes for continuing and creative work in the years ahead.

COLLEGE OF WILLIAM & MARY
RETIREMENT OF HOWARD J. BUSBEE
RAYMOND A. MASON SCHOOL OF BUSINESS

Howard J. Busbee earned a B.A. degree in Accounting from the College of William & Mary, and J.D. and Master of Law and Taxation degrees from the William & Mary Law School. Professor Busbee is a CPA and a member of the Virginia Bar. As Clinical Professor of Business at the Raymond A. Mason School of Business his teaching interests have focused on taxation and accounting. Clinical Professor Busbee joined the Mason School of Business in 2001 as Assistant Dean of the Master of Accounting and Undergraduate Business programs. He held that position for four years, until becoming a full-time instructor in 2005.

Prior to joining the Business School, he was a Tax Partner with 33 years of experience in the Philadelphia, Atlanta and Richmond offices of PricewaterhouseCoopers, and served as the firm's Southeast Regional Tax Director and on its Board of Partners. In addition to significant teaching and publication experience while a member of the firm, he provided tax planning services to a variety of publicly-held and middle market companies, in such areas as corporate federal and state taxation, international tax planning, mergers and acquisitions, closely-held business entities and personal financial planning for executives.

Clinical Professor Busbee serves as Vice Chair of the William & Mary Real Estate Foundation, Co-Chair of the Robert Boyle Legacy Society, Chair-elect of the Olde Guard Council, member of the Richmond regional For the Bold Campaign Committee, and a member of various giving societies at the College. He is past Chair of the William & Mary Foundation, past President of the W&M Alumni Association, and past co-director of the W&M Tax Conference Advisory Council. He is the recipient of the Alumni Association's Alumni Medallion, the Order of the Coif and the Citizen Lawyer Award from the Law School, and various teaching and service awards from the School of Business. His professional and community activities have included service as President or Chair of the Atlanta Tax Forum, Atlanta Estate Planning Council, Academy Theatre, Theatre Virginia Board and the Richmond Private Business Study Group. He is an Emeritus Trustee of the Williamsburg Community Health Foundation and Vice President of the Foundation for Hospital Art. His other activities have included the United Way of Greater Richmond and Virginia Special Olympics.

BE IT RESOLVED, That the Board of Visitors acknowledges the retirement of Howard Busbee; expresses its appreciation for his many contributions to the College of William & Mary; and approves with deep gratitude for his thirteen years of service, a change in status from Clinical Professor of Business to Clinical Professor of Business, Emeritus.

Board of Visitors

Resolution 7

November 15-17, 2017

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BE IT FURTHER RESOLVED, That this resolution be spread upon the minutes of the Board and that a copy of the same be delivered to Clinical Professor Busbee with best wishes for continuing and creative work in the years ahead.

COLLEGE OF WILLIAM & MARY
RETIREMENT OF DEBORAH S. NOONAN
DEPARTMENT OF COMPUTER SCIENCE

Deborah S. Noonan has retired as Senior Lecturer after 33 years of teaching in the Department of Computer Science. She received a B.A. in German from the University of Maryland in 1973 and an M.S. in Computer Science from the College of William & Mary in 1981. Debbie has helped lead the way for NTE faculty, from her start at the College in 1983, when there were few long-term NTE faculty, to the present, when the contributions of fully instructional faculty are crucial to the College's success.

Ms. Noonan has taught generations of students in our introductory computer science classes. Positive experiences in her classes have led many students to pursue a major in Computer Science. In addition to her contributions as a teacher, and freshman and major advisor, she has been a long-serving member of the department's undergraduate curriculum committee and served as the faculty sponsor for the Association for Computing Machinery student chapter. In the latter capacity, she accompanied a William & Mary team to the world finals of the 2012 ACM International Collegiate Programming Contest in Warsaw, Poland.

Ms. Noonan's contributions to the College extend beyond her department, as she has served on the Parking Advisory Committee, the Goldwater Selection Committee, and has been the chair of the Special Interest Housing Committee for many years, of which she is a founding member. Most recently, she was elected to the Committee on Academic Status.

In sum, Debbie Noonan's commitment to the College and its students exemplifies the best of the College of William & Mary and the Computer Science department.

BE IT RESOLVED, That the College of William & Mary acknowledges the retirement of Deborah S. Noonan; expresses its appreciation for her many contributions to the College; and approves, with deep gratitude for her 33 years of service, a change in status from Senior Lecturer to Senior Lecturer, Emerita.

BE IT FURTHER RESOLVED, That the resolution be spread upon the minutes of the Board and a copy of the same be delivered to Ms. Noonan with best wishes for continuing and creative work in the years ahead.

COMMITTEE ON UNIVERSITY ADVANCEMENT

November 16, 2017

10:00 – 10:40 a.m.

Board Room - Blow Memorial Hall

Sue H. Gerdelman, Chair

Christopher M. Little, Vice Chair

- I. Opening Remarks – Ms. Gerdelman
- II. Approval of Minutes
 1. September 14, 2017
 2. October 21, 2017 – Campaign Steering Committee
- III. University Advancement Report – Vice President Matthew T. Lambert
- IV. Closed Session (if necessary)
- V. Discussion
- VI. Adjourn

COMMITTEE ON UNIVERSITY ADVANCEMENT
MINUTES – SEPTEMBER 14, 2017

CAMPAIGN STEERING COMMITTEE
MINUTES – OCTOBER 21, 2017

MINUTES
Committee on University Advancement
September 14, 2017
Board Room - Blow Memorial Hall

Attendees: Sue H. Gerdelman, Chair, Christopher M. Little, Vice Chair. Board members present: Rector Todd A. Stottlemeyer, Warren W. Buck III, S. Douglas Bunch, James A. Hixon, Barbara L. Johnson, Anne Leigh Kerr, Lisa E. Roday, J. E. Lincoln Saunders, Karen Kennedy Schultz, H. Thomas Watkins III, Brian P. Woolfolk, Faculty Representative Eric D. Chason, Staff Liaison Terence A. Fassanella.

Others attending: President W. Taylor Reveley III, Virginia M. Ambler, Mark L. Begly, Kate Conley, Carrie L. Cooper, Aaron H. DeGroft, Davison M. Douglas, Kent B. Erdahl, Lee J. Foster, Michael J. Fox, Daniel H. Frezza, Heather E. Golden, Earl T. Granger III, Matthew T. Lambert, Jennifer B. Latour, Deborah A. Love, Jeremy P. Martin, Jennifer J. Morgan, Spencer G. Niles, John M. Poma, Jennifer Shimp-Bowerman, John T. Wells, Brian W. Whitson and Sandra J. Wilms.

Chair Sue Gerdelman called the meeting to order at 10:15 a.m. and welcomed those present and noted she was looking forward to sharing great news about the ***For the Bold*** Campaign.

Recognizing that a quorum was present, Ms. Gerdelman moved to adopt the minutes of the April 20, 2017, meeting, Motion was seconded by Mr. Little and approved by voice vote of the Committee.

Ms. Gerdelman asked Vice President Matthew T. Lambert to share news on the progress of the Campaign.

Vice President Lambert reminded the Board of Visitors of the three campaign goals - strengthen alumni engagement; achieve 40 percent alumni participation; and raise \$1 billion.

- Highlights were shared from the William & Mary weekend in New York in May 2017 and he announced that the next William & Mary weekend would be in Chicago in June 2018.
- The MBA 50th Anniversary was held in June 2017 and the largest gathering of MBA alumni to date. Dean Pulley announced more than \$10 million had been raised for the MBA program in honor of the occasion.
- Admission Network now has 112 confirmed volunteers, including alumni and parents. The goal is to engage alumni and parents in William & Mary recruitment efforts through enhanced outreach to prospective students and families.
- Alumni Admission weekend is designed for rising high school juniors and seniors of William & Mary alumni.
- The Hulon Willis Association 25th Anniversary was held in Washington, DC in June 2017.

Ms. Gerdelman announced the William & Mary Women's Weekend Summit will be held in Williamsburg September 21-23, 2018. The goal of the Society of 1918 is to recruit 100 women to donate \$10,000. Currently 75 women have made this commitment to create the endowment.

Mr. Lambert discussed plans for Homecoming 2017, highlighted events for the weekend and announced that this year there are more affinity groups involved in the weekend.

Mr. Lambert discussed the second campaign goal to achieve 40% alumni participation. He announced that the participation rate for FY'17 was 29.9% and this year's goal is 34%. Mr. Lambert shared the status ranking in the U.S. News and World Report, in which William & Mary ranked 17th among the top 35 Universities by alumni giving rate. This represents a 39% increase in the number of undergraduate alumni annual donors since the campaign began. a 62% increase over the past decade.

Dan Frezza discussed the William & Mary directional compass. A five-year giving report showed 43.7% of undergraduate alumni gave and produced a retention & reactivation approach. The two largest populations lapsing were young alumni and reunion donors not completing five-year pledges. A student philanthropy arm was created and moved retention from 11% in 2012 to near 40% in 2016 & 2017. The Class Ambassadors program was created to engage in class affinity and there has been success in consecutive year giving growth as well as pledge fulfillment. Mr. Frezza explained that retention rates have increased from 64% to 74%.

Mr. Frezza announced that the second annual Class Ambassador Academy was held on campus June 2017. The Young Guard Class Ambassadors contacted over 1000 alumni who had not yet made a gift. The Class of 2016 brought in the most gifts and won the Class Ambassador Cup.

The Students for University Advancement helped host over 50+ events throughout the year in partnerships with the Alumni Association and various campus partners.

Mr. Lambert announced One Tribe One Day will be held on April 10, 2018. He also discussed the plans for the last two years of the campaign and how William & Mary plans to get to 40% participation. He explained alumnae initiatives have already created an alumnae participation challenge; engaged philanthropy and partnership with the Society of 1918; potential ways to include crowd-sourced funding initiatives or impact-driven philanthropy; and website tracking. The homestretch to the final year of the campaign offers a unique opportunity to thank all those that have supported and ask renewed energy, creatively begin celebrating leading groups and create a yearlong celebration and competition pushing everyone to the finish line.

Mr. Lambert shared statistics for the close of FY 2017:

- \$134.8M raised in FY'17 (second largest fundraising year ever)
- 29.9% undergraduate alumni participation
- 19,273 undergraduate alumni donors
- 45,199 total number of FY'17 donors
- \$48.8M raised for scholarships
- 884 class ambassadors engaged over 10,000 classmates

As of June 30, 2017 - \$712.2M has been raised *For the Bold* Campaign.

Mr. Lambert advised that the groundbreaking ceremony for the new McLeod Tyler Wellness Center was held in June 2017. The new facility will provide important physical space befitting the university's commitment to health and wellness. The event provided an opportunity to recognize Bee McLeod and Goody Tyler for their role in advancing the health and wellness of students on and off campus, and for their generous gifts to fund the center. The building is projected to open in the fall of 2018 and will be located near the Sadler Center. The new building will contain the university's health promotion team, counseling center, health center, campus recreations wellness programming and a Center for Mindfulness and Authentic Excellence.

The Shenkman Jewish Center will have a groundbreaking in early 2018 and will be located at the corner of Jamestown Road and Cary Street. This new facility for Jewish students to participate in cultural, spiritual, social and educational activities/programming is expected to be completed in Fall 2018.

Mr. Lambert announced upcoming Campaign Celebrations:

- October 5, 2017 Atlanta, GA
- March 27, 2018 Richmond, VA
- May 31, 2018 Chicago, IL

Ms. Gerdelman thanked the presenters and added that the Board of Visitors are ambassadors of the campaign and they need to be knowledgeable.

Ms. Gerdelman moved that the Committee on University Advancement convene in closed session pursuant to Section 2.2-3711.A.8., of the Code of Virginia, in order to discuss specific recommendations related to future fundraising strategies as well as current development activities. Motion was seconded by Mr. Little and approved by voice vote. The observers were asked to leave the room and the Committee went into closed session at 11:04 a.m.

The Committee reconvened in open session at 11:16 a.m. Ms. Gerdelman reviewed the topics discussed during closed session for the benefit of the observers, then moved to adopt the **Resolution** certifying that the closed session was held in compliance with the Freedom of Information Act. Motion was seconded by Mr. Little and approved by roll call vote conducted by Secretary to the Board Michael Fox. (Certification **Resolution** is appended).

Mr. Lambert shared the Scholarship Impact video with the Board.

There being no further business, the Committee adjourned at 11:22 a.m.

September 14, 2017

CERTIFICATION OF CLOSED SESSION

WHEREAS, the Committee on University Advancement has convened a closed session on this date pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

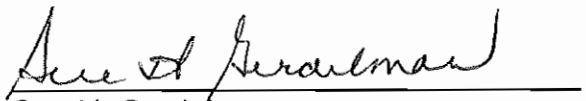
WHEREAS, §2.2-3712.D. of the Code of Virginia requires a certification by this Committee that such closed session was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED, That the Committee on University Advancement, reconvening in open session, hereby certifies that, to the best of each Board of Visitors member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed session to which this certification applies, and (ii) only such public business matters as were identified in the motion convening the closed session were heard, discussed or considered by the Committee on University Advancement.

VOTE

AYES: 17

NAYS: 0



Sue H. Gerdelman
Chair, Committee on University Advancement

MINUTES
Campaign Steering Committee
October 21, 2017
Leadership Hall, Alumni House

Board of Visitors Attendees:

Sue H. Gerdelman and Jim A. Hixon

Others attending: President W. Taylor Reveley III, Provost Michael R. Halleran, Matthew T. Lambert, Mark L. Begly, Janet R. Atwater, Peter W. Atwater, David T. Croall, Lynn M. Dillon, Teri D. Dungan, Tom F. Dungan, Rob W. Estes, Jean Estes, Mike P. Foradas, John W. Gerdelman, Glenne H. Harding, Audra L. Mallow, Sue P. Manix, Chip Mason, Nancy W. Mathews, Bee McLeod, Ed E. Moreland, Devin I. Murphy, Charlie J. Natale, Luke M. Schwenke, Alyssa W. Scruggs, Jeff B. Trammell, J. Goody Tyler III, Jim E. Ukrop, Brooke T. Weinmann, Monique D. Dandridge, Lee J. Foster, Dan Frezza, Amy E. Fisher, Heather E. Golden, Earl T. Granger III, Rebecca A. Murray, Jennifer Shimp-Bowerman, and John T. Wells.

Chair Sue Gerdelman called the meeting to order at 9:05 a.m. and expressed her thanks to those attending.

Ms. Gerdelman moved that the Campaign Steering Committee convene in Closed Session to discuss specific recommendations related to scholarships, campaign progress and strategy for the remainder of the Campaign as provided for in Section 2.2-3711.A.8, of the Code of Virginia. Motion was seconded by Mrs. Janet R. Atwater and approved by voice vote. The observers were asked to leave the room and the Campaign Steering Committee went into closed session at 9:12 a.m.

The Campaign Steering Committee reconvened in open session at 10:42 a.m. Ms. Gerdelman reviewed the topics discussed during closed session for the benefit of the observers, then moved adoption of the **Resolution** certifying that the closed session was held in compliance with the Freedom of Information Act. Motion was seconded by Mr. Hixon and approved by voice vote of the Campaign Steering Committee conducted by Ms. Gerdelman. (Certification **Resolution** is appended.)

There being no further business, the Campaign Steering Committee adjourned at 10:47 p.m.

Advancement Working Group

Resolution DWG-1

October 21, 2017

CERTIFICATION OF CLOSED SESSION

WHEREAS, the Advancement Working Group has convened a closed session on this date pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

WHEREAS, '2.2-3712.D. of the Code of Virginia requires a certification by this Committee that such closed session was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED, That the Advancement Working Group, reconvening in open session, hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed session to which this certification applies, and (ii) only such public business matters as were identified in the motion convening the closed session were heard, discussed or considered by the Advancement Working Group.

VOTE

(AYES:) 2

NAYS:



Sue H. Gerdelman
Chair, Advancement Working Group

COMMITTEE ON ADMINISTRATION, BUILDINGS AND GROUNDS

November 16, 2017

10:50 – 11:40 a.m.

Board Room - Blow Memorial Hall

William H. Payne II, Chair
Anne Leigh Kerr, Vice Chair

- I. Introductory Remarks – William H. Payne II
- II. Approval of Minutes – September 14, 2017
- III. Report from College Building Official – David W. Rudloff. Enclosure F.
- IV. Report from Virginia Institute of Marine Science – Dean/Director John T. Wells
 - A. Capital Outlay Projects Progress Report. Enclosure G.
 - B. Resolution to Approve Property Acquisition: 1317 Vernon Street. **Resolution 9**.
 - C. Resolution to Approve Demolition of Hoxton Hall. **Resolution 10**.
 - D. Resolution to Approve Naming of Donald W. Davis Hall. **Resolution 11**.
- V. Report from Senior Vice President for Finance and Administration – Samuel E. Jones
 - A. Capital Outlay Projects Progress Report. Enclosure H.
 - B. Resolution to Approve Proposed Amended Regulation Regarding Weapons on Campus. **Resolution 12**.
 - C. Resolution to Approve Proposed Regulation Regarding Open Flames. **Resolution 13**.
 - D. Resolution to Approve Transfer of 406 & 410 Jamestown Road to the William & Mary Real Estate Foundation. **Resolution 14**.
 - E. Resolution to Appoint the Chief Facilities Officer as the Maintenance Code Official. **Resolution 15**.
 - F. Resolution to Approve the FY 2018 Transportation Alternatives Set-Aside Project. **Resolution 16**.

COMMITTEE ON ADMINISTRATION, BUILDINGS AND GROUNDS
November 16, 2017

- G. Resolution to Approve Non-General Fund Capital Project: Construct Busch Field House. **Resolution 17**.

VI. Closed Session (if necessary)

VII. Discussion

VIII. Adjourn

COMMITTEE ON ADMINISTRATION,
BUILDINGS AND GROUNDS
MINUTES – SEPTEMBER 14, 2017

MINUTES
Committee on Administration, Buildings and Grounds
September 14, 2017
Board Room - Blow Memorial Hall

Attendees: William H. Payne II, Chair; Anne Leigh Kerr, Vice Chair; Warren W. Buck III; James A. Hixon; Barbara L. Johnson, J.E. Lincoln Saunders, Karen Kennedy Schultz; student representative Annalise Yackow, and faculty committee representative Christopher J. Abelt.

Board members present: Mirza Baig, S. Douglas Bunch, Sue H. Gerdelman, Lisa E. Roday, Todd A. Stottlemyer, and staff liaison Terence A. Fassanella.

Others present: President W. Taylor Reveley III, Henry R. Broaddus, Courtney Carpenter, Kent Erdahl, Michael J. Fox, Samuel E. Jones, Jennifer Latour, Deborah Love, John Poma, Amy Sebring, Dean John T. Wells, Brian T. Whitson, Sandra J. Wilms, and other College and VIMS staff.

Chair William Payne called the meeting to order at 4:45 p.m. Recognizing that a quorum was present, Mr. Payne requested a motion to approve the minutes of the April 21, 2017, meeting. Motion was made by Mr. Hixon, seconded by Ms. Johnson, and approved by voice vote of the Committee.

Mr. Payne welcomed the new members to the Committee, and noted several items, including recent actions of the Design Review Board and Fran Bradford's work with the General Assembly.

The Building Code Official provided a written report of work in progress, detailed in Enclosure F. The Committee had no questions.

Dean John T. Wells provided highlights from VIMS' written report on capital outlay projects, as detailed in Enclosure G. He provided an overview of the three VIMS' campuses for new members. Of particular note was the update on the research vessel RV Virginia, to be launched in September 2018. The Committee had no questions.

Senior Vice President for Finance and Administration Samuel E. Jones reviewed the primary responsibilities of the committee for new members. He then introduced John Poma of HR who provided an update on the Optional Retirement plan (ORP), a defined contribution plan, for professional faculty and staff. Mr. Poma covered the history to date of the university's progress to opt-out of the Virginia Retirement System (VRS) control of the ORP. The primary goal of opting out is to improve the employee experience by providing enhanced retirement services. GMU, VT, UVA and VCU have all opted out ahead of the university. HR will conduct town hall meetings to review and prepare employees for the asset transfer, which will occur January 1, 2018. The committee had several questions. The approximate value of assets in the ORP program is \$300 M.

Committee on Administration, Buildings and Grounds
MINUTES
Page 2

Mr. Jones provided capital project highlights from the written report, detailed in Enclosure H. He broke down the projects by those under construction, in design or preplanning. The Committee had several questions.

Mr. Jones reviewed the following resolutions and Mr. Payne requested a motion to approve the resolutions as a block:

Resolution 10, Resolution to Approve Participation in the 9d Sale Pooled Bond Program

Resolution 11, Resolution to Approve Participation in the 9c Revenue Bond Program

Resolution 12, Resolution to Approve Capital Outlay Process for Construction Procurement

Resolution 13, Resolution to Approve Revised Scope and Budget for McLeod-Tyler
Wellness Center

Motion was made by Mr. Hixon, seconded by Ms. Kerr and approved by voice vote of the Committee.

The reports being completed, and there being no further business, the Committee adjourned at 5:35 p.m.

Board of Visitors

Enclosure F

November 15-17, 2017

Page 1 of 1



To: Mr. Will Payne, Chairman - Committee on Administration, Buildings and Grounds

From: David W. Rudloff, College Building Official

Date: October 27, 2017

Re: College Building Official Report - September 2017

All business is proceeding smoothly; there are no significant issues to report.

Since the previous Board meeting of September 2017, we have completed Code review of the construction documents and issued a building permit for the following projects:

- Campus Center Marketplace – Electrical Shutoff for Burger Press Grill
- Integrative Wellness Center – New Building
- VIMS - Watermen's Hall Statue Foundation
- VIMS – Watermen's Hall Statue Lights

Final construction completion documents have been issued for the following projects:

- Barrett Hall Structural Repairs
- Campus Center Marketplace – Electrical Shut-off for Burger Press Grill
- Campus Police Modifications – Dispatch, Corridor and Lobby

Please let me know if there are any questions I might answer. If not, thank you for the opportunity to report.

**VIRGINIA INSTITUTE OF MARINE SCIENCE
CAPITAL OUTLAY PROJECT PROGRESS REPORT**

268-18320 Eastern Shore Laboratory Education, Administration and Research Complex

Appropriation Amount: \$1,626,000
Design Team: VIA Design Architects, PC
Fund Sources: VCBA Bonds

Biennium: 2016-2018
Obligated to Date: \$0
Contractor: TBD

Description: This appropriation funds the detailed planning for a new building complex totaling 22,218 square-feet that includes a new Administration Building, Education Building, Visiting Scientist/Student Center, Shellfish Aquaculture Hatchery, Maintenance Shop, and two Storage Shops.

Progress: VIA Design Architects, PC has been selected as the project design team. The design services contract is being negotiated. Design will begin in December 2017 and we anticipate that construction will commence in the Winter of 2018.

268 - 18281 Chesapeake Bay Hall HVAC & Envelope Replacement

Appropriation Amount: \$932,000
Design Team: RMF Engineers
Fund Sources: VCBA Bonds

Biennium: 2016-2018
Obligated to Date: \$169,095
Contractor: Kjellstrom and Lee, Inc.

Description: This appropriation funds the detailed planning of the replacement of the heating and ventilation systems and repair of the exterior envelope of Chesapeake Bay Hall.

Progress: The design team has performed an analysis of various options for system replacement while maintaining continuity of operations. Scope and budget requirements are being coordinated with Bureau of Capital Outlay Management (BCOM). VIMS is currently in contract negotiations with Kjellstrom and Lee Construction to provide Construction Management preconstruction services.

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268 - 18088 Facilities Management Building

Appropriation Amount: \$7,074,000

Design Team: RRMM

Fund Sources: VCBA Bonds

Biennium: 2014-2016

Obligated to Date: \$6,388,167

Contractor: Daniel & Company

Description: This appropriation funds the planning and construction of a new 15,000 square-foot building to provide space for the Facilities Management Department, Safety and Environmental Programs, and Shipping/Receiving/Mail Room to include administrative offices, trade shops, vehicle repair, grounds, housekeeping and storage.

Progress: Daniel & Company has installed the major storm water systems for the site and is working on developing the parking area and construction of the building pad. We anticipate that project substantial completion will be July 2018.

268 - 17950 Research Vessel

Appropriation Amount: \$10,050,000

Design Team: JMS Naval Architects

Fund Sources: VCBA Bonds

Biennium: 2012-2014

Obligated to Date: \$9,864,561

Contractor: Meridian Maritime
Reparation

Description: This appropriation funds the planning and construction of a new custom designed research vessel to replace the R/V Bay Eagle.

Progress: Construction continues with the assembly of the hull which is approximately 65% complete. Piping fabrication has started and installation of the propulsion shaft train is underway. Design modeling of the vessel hydraulic and carbon dioxide operating systems are in progress. Steel preparation and plasma cutting has begun for the top deck. Delivery is scheduled for July 2018.

268 - 17993 Consolidated Scientific Research Facility

Appropriation Amount: \$14,403,021

Design Team: Moseley Architects

Fund Sources: VCBA Bonds

Biennium: 2012-2014

Obligated to Date: \$13,541,621

Contractor: Barton Malow Company

Description: This appropriation funds the planning and construction of a new 32,000 square-foot building to provide research, study, office, and technology space for the following units: Information Technology, Marine Advisory Services, Virginia Sea Grant, Center for Coastal Resources Management, and the Communications Center.

Progress: The Exterior envelope is complete and final trim out is being installed. Interior systems are complete and major systems are being energized and commissioned. Interior finishes has begun. Site restoration started in August and will be finished at the end of November. Project substantial completion is scheduled for January 2018.

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268 - 16634 Property Acquisition: VA-NERRS

Appropriation Amount: \$350,000

Biennium: 2000-2002

Fund Source: Federal Funds

Obligated to Date: \$193,000

Description: This appropriation funds the purchase of properties by the Virginia Estuarine & Coastal Research Reserve System using federal grants.

Progress: No current properties available. The appropriation remains open for future acquisitions.

268 - 16299 Property Acquisition: Master Plan Properties

Appropriation Amount: \$1,100,000

Biennium: 2000-2002

Fund Sources: VCBA Bonds

Obligated to Date: \$1,099,781

Higher Education Operating

Description: This appropriation funds the purchase of properties contiguous to the Gloucester Point campus.

Progress: The property located at 1317 Vernon Street has become available and VIMS is currently in the process of acquiring the property.

268 - 16149 Property Acquisition: Wachapreague

Appropriation Amount: \$778,026

Biennium: 1998-2000

Fund Sources: Private Funds

Obligated to Date: \$763,878

Higher Education Operating

Description: This appropriation funds the purchase of properties contiguous to the Eastern Shore Laboratory campus at Wachapreague, Virginia.

Progress: No current properties available. The appropriation remains open for future acquisitions.

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Page 4 of 4 **268-12331 Maintenance Reserve**

Funding Sources: VCBA (0817)

E&G (0100)

2017	Carry Over:	\$ 415,837
2018	Appropriation:	\$ 578,436
	Total:	\$ 994,273

Spent-to-date	(\$ 97,031)
	\$ 897,242

Remaining Project Commitments	(\$153,048)
Maintenance Reserve Fund Balance	\$ 744,194

2017 Projects

Projects Completed:

- Replace Turbocor Compressor at Chesapeake Bay Hall – Phase 2
- Replace Various HVAC Units-Chesapeake Bay Hall Controls Compressor
- Replace Various HVAC Units-Wilson House
- Replace Various HVAC Units-Kauffman Aquaculture Center

2018 Projects

Projects in Design:

- Replace Turbocor Compressor at Chesapeake Bay Hall – Phase 3
- Replace Boilers in Three Buildings (Andrews Hall-Phase II, Fisheries Science Laboratory, and Seawater Research Laboratory)
- Dredging of the Boat Basin
- Various HVAC Replacements
- Various Roof Replacements

Projects in Progress:

- Repair Sewer Pump Station #1 and #2 (out for bid)

Projects Completed:

- Replace Rooftop HVAC/Roof at Fisheries Science Building

**VIRGINIA INSTITUTE OF MARINE SCIENCE
RESOLUTION TO APPROVE PROPERTY ACQUISITION:
1317 VERNON STREET**

WHEREAS, from time to time, the Virginia Institute of Marine Science has the opportunity to purchase property that is adjacent to the campus, of strategic interest to the Virginia Institute of Marine Science, at a bargain price to the institution, or for some other equally compelling reason; and

WHEREAS, the 2006 Management Agreement (the "Agreement"), governed by the restructured Higher Education Financial and Administrative Operations Act of 2005, Chapter 4.10 of the Title 23 of the Code of Virginia, as renewed in 2009 and 2013, allows the Board of Visitors to use its non-general funds to purchase property without the approval of the Governor, the General Assembly, or any other Commonwealth agency; and

WHEREAS, the Agreement authorized the Virginia Institute of Marine Science to establish its own policies and procedures for the purchase of property, using the Commonwealth's due diligence policies as a model template; and

WHEREAS, the Virginia Institute of Marine Science has been negotiating with the owners of 1317 Vernon Street and have come to agreement on purchase price; and

WHEREAS, the property is adjacent to Virginia Institute of Marine Science holdings and of strategic interest to the Virginia Institute of Marine Science to allow a buffer from private homes along the Boat Basin boundary; and

WHEREAS, the Virginia Institute of Marine Science is performing its due diligence on the property and has determined the land is in good condition and also is in the process of obtaining a secure title; and

WHEREAS, the Virginia Institute of Marine Science has determined to use indirect cost recoveries, a non-general fund source to purchase the land; and

WHEREAS, the Dean/Director of the Virginia Institute of Marine Science recommends approval of the property acquisition, with an anticipated closing date in the Winter 2017;

THEREFORE, BE IT RESOLVED, by the Rector and the Board of Visitors of The College of William and Mary in Virginia, that approval is given to the Virginia Institute of Marine Science to purchase 1317 Vernon Street at the agreed-upon price, and in accordance with all authorities, policies, and procedures in force and necessary under the Agreement; and

BE IT FURTHER RESOLVED, That the Senior Vice President for Finance and Administration, the VIMS Chief Financial and Administrative Officer, the VIMS Chief Operations Officer, and the University General Counsel are authorized to execute any and all documents pertaining to the acquisition.

**VIRGINIA INSTITUTE OF MARINE SCIENCE
RESOLUTION TO APPROVE DEMOLITION OF
HOXTON HALL**

WHEREAS, the Virginia Institute of Marine Science hereby requests The College of William & Mary Board of Visitors' approval to demolish Hoxton Hall (FAACS #268-00B15), to allow for future development on the Gloucester Point Campus. This building is in very poor condition and not suitable for renovation and reuse; and

WHEREAS, the College and the Commonwealth entered into a 2006 Management Agreement (the "Agreement"), governed by the restructured Higher Education Financial and Administrative Operations Act of 2005, Chapter 4.10 of the Title 23 of the *Code of Virginia* as amended and renewed in 2009 and 2013; and

WHEREAS, the Agreement authorizes the College's Board of Visitors to approve demolition of buildings subject to review by the Commonwealth's Art and Architectural Review Board and the Department of Historic Resources; and

WHEREAS, under the Management Agreement, the Virginia Institute of Marine Science will follow established policies and procedures for the demolition of buildings and structures;

THEREFORE, BE IT RESOLVED, by the Rector and the Board of Visitors of The College of William and Mary in Virginia, that the proposed demolition of Hoxton Hall is approved in accordance with established policies and procedures; and

BE IT FURTHER RESOLVED, That the Senior Vice President for Finance and Administration, the VIMS Chief Operations Officer, the College Building Official and their respective staffs, are authorized to take all actions necessary to remove the building, in accordance with established policies and procedures.

**VIRGINIA INSTITUTE OF MARINE SCIENCE
RESOLUTION TO APPROVE
NAMING OF DONALD W. DAVIS HALL**

Dr. Donald W. Davis, a former Department Chair for Biology in Arts and Sciences, is considered to be the founder of the Virginia Institute of Marine Science. Dr. Davis believed there needed to be separation between state regulation and marine research, and after 10 years of tireless efforts, the Virginia Fisheries Laboratory, the precursor to VIMS, opened on July 6, 1940 in Yorktown.

In recognition of his early persistence to promote marine science and to his efforts to establish a marine laboratory at William & Mary, it is recommended that the new state-of-the-art Consolidated Scientific Research Facility on VIMS' Gloucester Point campus be named Donald W. Davis Hall.

Donald Davis earned both bachelor's and Ph.D. degrees from Harvard University. He served on the College's biology faculty from 1916-1950. In 1930, he began a year of intense activity including an amendment to Senate Bill 121 that would have provided that "The College of William & Mary shall establish a laboratory for the study and experimentation with oysters and other seafoods with a view to conserving and increasing such oysters and other seafood".

Although that bill did not pass, continued lobbying centered around the importance of separation of scientific and educational programs from regulatory ones. Davis stated, "These contrasting functions being highly divergent in type and method it is appropriate that the formal investigational and educational function be separated from the regulatory duties of the Commissioner of Fisheries and assigned to the College of William & Mary." Recognition of the importance of that separation eventually led to the establishment of VIMS and development of its tripartite mission of research, education, and advisory service.

The new Consolidated Scientific Research Facility was made possible through Virginia's College Building Authority during the 2012-2014 biennium. The 32,000 square-foot building is designed to house VIMS' multiple advisory service centers, the Virginia Sea Grant program, Information Technology, and the News & Media office.

THEREFORE, BE IT RESOLVED, That the Board of Visitors of The College of William and Mary in Virginia approves the recommendation of the President and the Dean and Director of the Virginia Institute of Marine Science to name the new building Donald W. Davis Hall; and

BE IT FURTHER RESOLVED, That an appropriate plaque be placed in the building to recognize this designation; and

BE IT FINALLY RESOLVED, That a copy of this resolution be presented to Virginia Davis Faulconer, daughter of Donald W. Davis, with an expression of appreciation for Dr. Davis' vision for establishing an institution that provides unbiased scientific advice concerning the status of the Commonwealth's marine resources.

**COLLEGE OF WILLIAM & MARY
CAPITAL OUTLAY PROJECTS PROGRESS REPORT**

204 – 18002 Improve Accessibility Infrastructure

Design Team: Clark-Nexsen

Budget: \$2,889,456

Funding Source: state

Biennium: 2012-2014

Contractor: Pembroke

Const/JW Enochs

Obligated to date: \$2,488,789

Description: The project supports review, design, and construction of improvements to remedy accessibility issues at facilities not currently targeted for renovation within the next decade, and at various other campus locations.

Progress: Construction of the Adair Hall elevator and the west Sunken Garden pathways are under construction at this time. Estimated completion is August 2018. Additional outdoor pathways may be added if funding permits.

204 – 18003 Improve Lake Matoaka Dam Spillway

Design Team: Draper Aden

Budget: \$3,169,182

Funding Source: state

Biennium: 2012-2014

Contractor: TBD

Obligated to date: \$275,834

Description: State Dam Safety Regulations currently require that the spillways of all high-hazard dams must pass 90% of the probable maximum flood. This results in 7 foot overtopping of existing earthen dam.

Progress: The Department of Environmental Quality Division of Dam Safety has approved the use of Roller Compacted Concrete on the downstream face of the dam to meet the new spillway requirement. Additionally, the design team has determined that the toe of the dam must be extended in order to ensure stability of the embankment. These modifications require approximately \$2.796M in additional state funds. The university has provided cost data to BCOM and requested permission to proceed with preliminary design. Construction is contingent upon authorization of additional funding.

204 – 18004 Improve Campus Stormwater Infrastructure

Design Team: Draper Aden

Budget: \$3,391,198

Funding Source: state

Biennium: 2012-2014

Contractor: Branscome

Obligated to date: \$2,811,800

Description: Create a new Stormwater Management Plan to achieve compliance with state regulations and federal Chesapeake Bay Total Maximum Daily Limit pollutant guidelines. Planning includes inventory of existing stormwater structures, and the identification, design and construction of projects to achieve regulatory compliance. The university must achieve a 5% contaminant reduction during 2013 – 2018; 40% during 2019 – 2024; and 100% during 2025 – 2030.

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Progress: Improvements to the Wildflower and Health Center ponds are underway. The Crim Dell work will begin this winter, and the service lane behind Ewell, Washington, and McGlothlin Street and Landrum Halls will be improved in summer 2018. Estimated completion is August 2018.

204 – 18100 – 006 Renovate Landrum Hall

Design Team: Clark Nexsen

Budget: \$19,463,177

Funding Source: CWM debt

Biennium: 2016–2018

Contractor: W.M. Jordan

Obligated to Date: \$17,481,173

Description: The residential space in the 1958 era, 221 bed facility will be renovated in order to bring the facility into compliance with current building code, replace 59 year old building systems and replace interior finishes with modern materials and design, similar to the work achieved in Chandler Hall.

Progress: Interior demolition is about 75% complete. Estimated completion is August 2018.

204 – 18192 Construct Integrative Wellness Center

Design Team: EYP

Budget: \$19,000,000

Funding Source: CWM debt/Aux/private funds

Biennium: 2016-2018

Contractor: Whiting-Turner

Obligated to Date: \$17,093,963

Description: Construct a 31,500 gsf wellness center to house, integrate and enhance the functions of the existing Student Health Center, the Counseling Center (currently in Blow Hall), Health Promotions and select recreational activities (yoga, massage, expressive movement, etc.). The center will promote proactive holistic wellness.

Progress: Full building permit has been issued. Site work, utilities, and foundations are under construction. The GMP has been accepted. Estimated completion date is July 2018.

204 – 18202 Construct West Utility Plant

Design Team: RMF Engineering

Budget: \$30,264,000

Funding Source: state, CWM debt

Biennium: 2016-2018

Contractor: DPR

Obligated to Date: \$2,078,381

Description: **(Phase I)** Construct a 11,500 gsf utility plant building that will house three 1200 ton chillers and three 9,900 MBH (million British Thermal Units / hour) boilers and connect to existing underground distribution networks. This connection will provide a backup loop from the existing distribution system. The plant will be sized to accommodate one additional chiller and three boilers for future capacity demand. **(Phase II)** As the budget allows, chilled water and hot water lines will be piped to the West Campus area so that future projects may use this plant.

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Progress: Working drawings to be completed in December of 2017 with CRT review to follow. Anticipate construction to begin in February of 2018. First phase of construction will last 14 months with a completion date of April 2019.

204 – 18292 Construct Fine and Performing Arts Complex, Ph 1 and 2

Design Team: Moseley/HGA

Biennium: 2016-2018

Budget: \$118,503,000

Contractor: Holder Construction

Funding Source: state

Obligated to Date: \$3,607,334

Description: Design and construct two phases of a three phase "Arts Quarter" program. Major project components are:

Music Building – New construction of 66,200 gsf of new teaching and performance space for Music. Key program elements include four classrooms/seminar rooms, 15 teaching studios, 33 practice rooms, 60-person choral and 45-person instrument practice rooms, a 139 seat recital hall and a 441 seat recital hall.

PBK Addition/Renovation - Adaptive reuse of Phi Beta Kappa Hall for Theater, Speech and Dance which will produce a 95,200 gsf facility (78,550 sf new + 16,650 gsf renovation). Key components will be a 73 seat dance recital studio, 98 seat student laboratory, a 219 seat black box theater, and a 499 seat renovated main theater.

Progress: Construction for both program elements will be performed simultaneously or as nearly simultaneous as practical in order to reduce the impact of escalation. Temporary program space is being developed in the Campus Center Little Theater, the Colonial Williamsburg Kimball Theater, and at Dillard (costume construction and set design). Construction is expected to start in summer 2018 and be completed in December 2020.

204 – 18329 Design Integrated Science Center, Ph 4

Design Team: TBD

Biennium: 2018-2020

Budget: TBD (\$67,584,000 estimated)

Contractor: TBD

Funding Source: CWM/state

Obligated to Date: \$0

Description: Using institutional funds, design schematics of Phase 4 of the Integrated Science Complex (ISC), which will house Mathematics, Computer Science, Kinesiology and Design/Engineering. The project will construct 124,000 gsf of new space and renovate 10,000 gsf of existing space in order to connect to the adjacent ISC.

Status: The Building Committee has been established and designer selection has commenced. Planning funds will be subsequently reimbursed as funds are received from the State.

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Page 4 of 6 **204 – 90011 Design Sadler West Addition Pre-Planning Study**

Design Team: Grimm & Parker/William Rawn

Biennium: 2018 -2020

Budget: TBD (\$37,742,000 estimated)

Contractor: TBD

Funding Source: CWM aux/debt

Obligated to Date: \$294,370

Description: Perform a pre-planning study to determine the program, location(s), associated budget, and massing for an estimated 46,000 gsf addition to the Sadler Center space program. The addition will house administrative space for Student Affairs and student organization offices currently in Campus Center. The program will take into consideration unused assembly space at One Tribe Place and potential reuse of the Student Health Center.

Progress: The Building Committee has been established and the study began in May 2017. Several user programming workshops have been held. Study completion is scheduled for November 2017.

204 – 17811-009 Design Green & Gold Village Pre-Planning Study

Design Team: Glave & Holmes

Biennium: 2018-2020

Budget: \$201,000

Contractor: TBD

Funding Source: aux/CWM debt

Obligated to Date: \$119,726

Description: Perform a pre-planning study to determine the recommended space program, massing, and design intent, identify significant code compliance issues, and develop the associated conceptual budget. The study will cover options for village renovation and/or replacement.

Progress: An architect has been selected, and the building committee added the DuPont site to the preplanning study to investigate the potential to build replacement housing while maintaining bed count.

0101-002-17 Wren Building ADA Ramp – Design Only

Design Team: Mesick Cohen Wilson Baker

Biennium: 2016 -2018

Budget: \$64,440

Contractor: TBD

Funding Source: private funds

Obligated to Date: \$23,940

Description: Complete design of a simple ADA ramp along the south side of the Wren building. Develop cost estimate for construction.

Progress: An architect has been selected, and design is underway. Upon completion of design, the university will determine the source of funds for construction.

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Page 5 of 6**"For the Bold" Capital Campaign Projects:****204 – 90010 Plan Martha Wren Briggs Center for Visual Arts**

Design Team: Odell/Pelli Clarke Pelli

Biennium: 2016-2018

Budget: \$40.0M

Contractor: TBD

Funding Source: private funds

Obligated to Date: \$284,858

Description: Develop a renovation and expansion of the existing museum to create a state of the art facility.

Progress: User workshops are underway. A draft programming study was delivered in September with final preplanning expected by the end of the calendar year. A leadership decision is pending on whether to demolish or renovate the existing facility.

204 – 90009 Design & Construct: Alumni House Addition/Renovation

Design Team: Glave & Holmes

Biennium: 2016-2018

Budget: \$20.698M

Contractor: Kjellstrom & Lee

Funding Source: private funds

Obligated to Date: \$2,221,437

Description: 35,000 GSF expansion of the Alumni Center will include a welcome center, event spaces, and seated dining for 400 guests (900+ seats for lecture seating).

Progress: Preliminary Design workshops are underway. Construction is expected to start in May 2018 and be completed in September 2019.

204-12713 Maintenance Reserve - Funding Source: VCBA (0817) & GOB (0100)

2017 Carry Over: \$3,392,908

2018 Appropriation: \$2,452,332

Total: \$5,845,240

Project Commitments thru 2018 (\$5,513,205)

Maintenance Reserve Fund Balance **\$332,035**

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Page 6 of 6 **2018 Projects**

Projects Planned:

- 204 – 17002 McGlothlin Street Hall Fire Alarm Replacement
- 204 – 17003 School of Education & Dillard Library Storage BMP Repair
- 204 – 17004 Adair Hall Pool Sand Filter
- 204 – 17005 Swem Library Humidifier Replacement
- 204 – 17006 Wren Pathways
- 204 – 17XXX Morton Air Compressor/HVAC Controls Repair
- 204 – XXXXX James Blair Flood Prevention Design and Repair
- 204 – XXXXX McGlothlin-Street Hall Fire Pump/Controller Replacement
- 204 – 18XXX Elevator Controls - Washington Hall, McGlothlin-Street, Blow Hall, Admissions, Bell Hall
- 204 – XXXXX Washington Hall Water Intrusion Design & Repair
- 204 – 18XXX McGlothlin Street Hall Door Replacement
- 204 – 18XXX Ewell Hall Sprinkler Riser Configuration Design & Repair
- 204 – 18XXX Fire Alarm Cable Repair – Blow to Swem, Blow to Law School, Jamestown Row Plus
- 204 – 18XXX Law School VAV/FCU Replacement (Original Bldg)
- 204 – 18XXX Law School Chiller Compressor Replacement
- 204 – 18XXX Pop Lab Boiler/FCU/Piping Replacement
- 204 – 18XXX McGlothlin Street Air Compressor HVAC Controls
- 204 – XXXXX Wren Bldg Exterior Wood Repair
- 204 – 18XXX James Blair EPDM Roof Replacement
- 204 – 18XXX School of Education Chiller Repair
- 204 – 18002 Main Plant Boiler Controls Repair
- 204 – 18001 Swem Plant Boiler Controls Repair
- 204 – 18XXX Swem Pump Station Repairs
- 204 – 18XXX McGlothlin St & Law School Pump Station Repairs
- 204 – 18XXX Washington Hall HVAC Controls Repair
- 204 – 18XXX College Apartments Fire Alarm Design
- 204 – 18XXX Washington Hall Fire Alarm Design
- 204 – 18XXX Blow Hall Generator Repairs/Replacement
- 204 – 18XXX Wren Building Water Infiltration Design and Repair

**COLLEGE OF WILLIAM & MARY
RESOLUTION TO APPROVE PROPOSED
AMENDED REGULATION REGARDING WEAPONS ON CAMPUS**

WHEREAS, protecting the safety of the campus community is of utmost importance to the Board of Visitors of The College of William and Mary in Virginia;

WHEREAS, § 23.1-1301.A.1 of the Code of Virginia authorizes the Board of Visitors to make rules and regulations concerning the College;

WHEREAS, in 2011 the Board promulgated the Weapons on Campus Regulation;

WHEREAS, the Board of Visitors deems important to amend the Regulation to address possession of weapons inside all buildings controlled by the College, at outdoor locations where people congregate, and at events on property controlled by the College; and

WHEREAS, the Board of Visitors has reviewed the proposed amendments to its Weapons on Campus Regulation;

THEREFORE, BE IT RESOLVED, That, upon recommendation of the President, the Board approves the amendments to the Weapons on Campus Regulation, a copy of which is attached hereto, as a proposed regulation to be published in the Virginia Register, and to be considered for final adoption at the February meeting of the Board.

TITLE 8. EDUCATION
COLLEGE OF WILLIAM AND MARY
Chapter 20
Proposed Amended Regulation

REGISTRAR'S NOTICE: The College of William and Mary is exempt from the Administrative Process Act in accordance with § 2.2-4002 A 6 of the Code of Virginia, which exempts educational institutions operated by the Commonwealth.

Title of Regulation: **8VAC115-20. Weapons on Campus** (amending **8VAC115-20-10, 8VAC115-20-20, 8VAC115-20-30**).

Statutory Authority: § 23.1-1301.A.1 of the Code of Virginia.

Effective Date:

Agency Contact: Kiersten Boyce, Compliance and Policy Officer, College of William & Mary, P.O. Box 8795, Williamsburg, VA 23187, telephone (757) 221-2743, or email kboyce@wm.edu.

Summary:

The regulation establishes the weapons limitation policy at the College of William & Mary; proposed changes are noted.

CHAPTER 20
WEAPONS ON CAMPUS

8VAC115-20-10. Definitions.

The following words and terms when used in this chapter shall have the following meanings unless the context clearly indicates otherwise:

"Police officer" means law-enforcement officials appointed pursuant to Article 3 (§ 15.2-1609 et seq.) of Chapter 16 and Chapter 17 (§ 15.2-1700 et seq.) of Title 15.2, Article 3 (§ 23.1-809) of Chapter 8 (§ 23.1-800 et seq.) of Title 23.1, Chapter 2 (§ 29.1-200 et seq.) of Title 29.1, or Chapter 1 (§ 52-1 et seq.) of Title 52 of the Code of Virginia or sworn federal law-enforcement officers.

"University property" means any property, vehicle, or vessel owned, leased, or controlled by the College of William & Mary in Virginia, including the Virginia Institute of Marine Science.

"Weapon" means any instrument of combat, or any object not designed as an instrument of combat but carried for the purpose of inflicting or threatening bodily injury. Examples include but are not limited to:

(1) firearms, including any pistol, revolver, rifle, shotgun, air-pistol, paintball gun, or other weapon designed or intended to propel a bullet, cartridge, or missile of any kind by action of an explosion of any combustible material;

(2) knives, including any dirk, bowie knife, switchblade knife, ballistic knife, butterfly knife, sword, machete, razor, spring stick, or other bladed weapon with a blade longer than four inches;

(3) razors or metal knuckles;

(4) blackjacks, foils, or hatchets;

(5) bows and arrows, crossbows, and slingshots;

(6) nun chakhas, including any flailing instrument consisting of two or more rigid parts connected in such a manner as to allow them to swing freely, which may also be known as a nun chuck, nunchaku, shuriken, or fighting chain;

(8) throwing stars, including any disc, of whatever configuration, having at least two points or pointed blades which is designed to be thrown or propelled and which may be known as an oriental dart

(9) stun guns, including any device that emits a momentary or pulsed output that is electrical, audible, optical, or electromagnetic in nature and that is designed to temporarily incapacitate a person; or

(8) any explosive or incendiary device, including fireworks or other devices relying on any combination of explosives and combustibles to be set off to generate lights, smoke, or noise any firearm or any other weapon listed in § 18.2-308 A of the Code of Virginia.

"Weapon" does not include: (1) knives or razors commonly used for domestic or academic purposes; or pen or folding knives with blades less than four inches in length; or (2) mace, pepper spray, and other such items carried for use in accordance with the purpose intended by the original manufacturer.

8VAC115-20-20. Possession of weapons prohibited.

Possession, storing, or carrying of any weapon by any person, except a police officer or an individual authorized pursuant to university policy, is prohibited on university property in any university building, in outdoor spaces where people regularly congregate or are congregating (including the Sunken Garden, Wren Yard, Wren Courtyard, Barksdale Field, vicinity of Swem Sundial, and athletic practice fields (whether intercollegiate, campus recreation, or intramural), academic buildings, administrative buildings, student residence and student life buildings, or dining or athletic facilities, or while attending an official university event, such as an athletic, academic, social, recreational or educational event, or on vehicles or vessels that are university property.

Entry upon such university property in violation of this prohibition is expressly forbidden. Persons violating this prohibition are subject to arrest. Members of the university community are also subject to disciplinary action.

8VAC115-20-30. Person lawfully in charge.

In addition to individuals authorized by university policy, College of William & Mary police officers are lawfully in charge for the purposes of forbidding entry upon or remaining upon university property while possessing or carrying weapons in violation of this prohibition.

**COLLEGE OF WILLIAM & MARY
RESOLUTION TO APPROVE PROPOSED
REGULATION REGARDING OPEN FLAMES**

WHEREAS, protecting the safety of the campus community is of utmost importance to the Board of Visitors of The College of William and Mary in Virginia;

WHEREAS, § 23.1-1301.A.1 of the Code of Virginia authorizes the Board of Visitors to make rules and regulations concerning the College;

WHEREAS, existing College policy requires a permit before igniting any open flame on College property;

WHEREAS, third parties and visitors to campus may be unaware of College policy, but are responsible for awareness of regulations that have the force of law;

WHEREAS, the Board of Visitors deems it important to supplement existing College policy by adopting a regulation requiring a permit before the igniting or maintaining an open flame on property controlled by the College, including in its buildings; and

WHEREAS, the Board of Visitors has reviewed the proposed regulation governing Open Flames on Campus;

THEREFORE, BE IT RESOLVED, That, upon recommendation of the President, the Board approves the Open Flames on Campus Regulation, a copy of which is attached hereto, as a proposed regulation to be published in the Virginia Register, and to be considered for final adoption at the February meeting of the Board.

TITLE 8. EDUCATION

COLLEGE OF WILLIAM AND MARY

Chapter 40

Proposed Regulation

REGISTRAR'S NOTICE: The College of William and Mary is exempt from the Administrative Process Act in accordance with § 2.2-4002 A 6 of the Code of Virginia, which exempts educational institutions operated by the Commonwealth.

Title of Regulation: 8VAC115-40. Open Flames on Campus (adding 8VAC115-40-10, 8VAC115-40-20, 8VAC115-40-30),

Statutory Authority: § 23.1-1301.A.1 of the Code of Virginia.

Effective Date:

Agency Contact: Kiersten Boyce, Compliance and Policy Officer, College of William & Mary, P.O. Box 8795, Williamsburg, VA 23187, telephone (757) 221-2743, or email kboyce@wm.edu.

Summary:

The regulation establishes the limitations on the presence of open flame in university buildings or on university property, and imposes the requirement for a permit for certain activities involving open burning or open flames. This is the first regulation on this subject.

CHAPTER 40

OPEN FLAMES ON CAMPUS

8VAC115-40-10. Definitions.

The following words and terms when used in this chapter shall have the following meanings unless the context clearly indicates otherwise:

"Open flame" means any activity or device producing a flame, including, but not limited to candles, tiki torches, oil lanterns, butane burners, incense, campfires, bonfires, fire pits, and grills.

"University property" means any property, vehicle, or vessel owned, leased, or controlled by the College of William & Mary in Virginia, including the Virginia Institute of Marine Science.

8VAC115-20-30. Permit required for open burning and open flames; exceptions.

- A. *Open flames are prohibited on all university property, including within university buildings and facilities, except pursuant to a permit issued by the university.*
- B. *Exceptions to the requirement for a permit are:*
 1. *Activities taking place within the scope of academic coursework when under the supervision of the relevant faculty member;*

2. *Flames created for the transient purpose of lighting a cigarette, cigar, pipe, or similar smoking device, provided such activity is in an authorized location, is otherwise lawful, and the burning or smoking elements are safely and responsibly disposed; and*
3. *Small celebration candles used briefly and in an appropriate quantity in connection with a celebration, provided such activity is not left unattended, is in an authorized location, is otherwise lawful, and the smoking or burning elements are safely and responsibly disposed.*

8VAC115-40-30. Permits.

Persons seeking to ignite an open flame must apply to the office of Environmental Health & Safety (EH&S) for a permit to perform the activity. Permits may be issued on for one-time event or activity, or on a recurring or on-going basis.

Applicants must apply at least five working days in advance of the activity to ensure consideration. An applicant's history of compliance with previous permits will be considered in a decision to grant a permit.

Persons granted permits are required to comply with all conditions of the permit.

8VAC115-40-40. Person lawfully in charge.

In addition to individuals authorized by university policy, College of William & Mary police officers and representatives of the Office of Environmental Health & Safety are lawfully in charge for the purposes of forbidding entry upon or remaining upon university property while in violation of this prohibition.

8VAC115-40-50. Compliance with Policy.

Persons who fail to obtain a permit or to comply with its conditions are subject to arrest, and to prosecution under State law. Members of the university community are also subject to disciplinary action, including termination or expulsion.

**COLLEGE OF WILLIAM & MARY
RESOLUTION TO APPROVE
TRANSFER OF 406 & 410 JAMESTOWN ROAD TO THE
WILLIAM & MARY REAL ESTATE FOUNDATION**

WHEREAS, the College of William & Mary acquired the property at 406 Jamestown Road (City of Williamsburg tax map 495-01-01-003,4) in 2012 by use of non-general funds, and had previously acquired 410 Jamestown Road (495-01-01-001,2) in 1999 by non-general funds; and

WHEREAS, under the University's Management Agreement of 2006, as amended in 2009 and 2013, the Board of Visitors has authority to determine the disposition of property acquired with non-general funds, in accordance with section Code of Virginia §23.1-1019; and

WHEREAS, under Chapter 836 of the 2017 Acts of Assembly, the Commonwealth has authorized the University to "convey fee simple title in and to one or more parcels of land to the William and Mary Real Estate Foundation (WMREF)... for the purpose of developing and establishing...operational related facilities including...student services or other auxiliary-related activities;" and

WHEREAS, the property at 406 and 410 Jamestown Road is undeveloped; and

WHEREAS, the William & Mary Real Estate Foundation has developed plans for the property which support, among other purposes, student services and other auxiliary (or ancillary) activities; and

WHEREAS, it has become necessary to transfer 406 and 410 to the William & Mary Real Estate Foundation in order to effectuate its development; and

WHEREAS, upon completion, the William & Mary Real Estate Foundation will own and oversee operation of the facility or facilities for the benefit of William & Mary students; and

WHEREAS, the University will accomplish the property transfer via the granted authorities governing real property, as established by the Management Agreement and Chapter 836; and will follow all applicable real estate policies and procedures established under the Management Agreement, relating to property transfer; therefore,

BE IT RESOLVED, By the Rector and the Board of Visitors of The College of William and Mary in Virginia, that approval is given to the University to transfer 406 and 410 Jamestown Road to the William & Mary Real Estate Foundation, in accordance with all restructured authorities, policies, and procedures in force and necessary to accomplish same; and

BE IT FURTHER RESOLVED, By the Rector and the Board of Visitors of The College of William and Mary in Virginia, that the administrative officers of the College are authorized to execute any and all contracts and documents required and pertaining to the property transfer.

**COLLEGE OF WILLIAM & MARY
RESOLUTION TO APPOINT THE
CHIEF FACILITIES OFFICER AS THE
THE MAINTENANCE CODE OFFICIAL**

WHEREAS, the William & Mary Associate Vice President for Facilities Management also serves as the Chief Facilities Officer for the University and reports to the Senior Vice President for Finance and Administration; and

WHEREAS, the Chief Facilities Officer has responsibility and oversight of both the University's construction program and its physical plant maintenance programs; and

WHEREAS, the Commonwealth observes and enforces three main facilities management codes: Building Code, Fire Code and Maintenance Code; and

WHEREAS, under Tier 3 of the University's Management Agreement, the Board of Visitors has the authority to assign a building code official to oversee execution and enforcement of the Building Code; and

WHEREAS, the Commonwealth retains the authority of the Fire Marshal and execution of the Fire Code; and

WHEREAS, in keeping with its Tier 3 authority to assign a Building Code Official, the Senior Vice President for Finance and Administration has created the position of Maintenance Code Official, with the following responsibilities: to ensure buildings, structures, and exterior areas are maintained in good repair, provide a safe and sanitary environment, and conform to the codes under which they were constructed; and

WHEREAS, hiring a separate official to fulfill this task would be unnecessary, redundant and not in the best interest of the University; and

WHEREAS, the position of Chief Facilities Officer can and shall fulfill the responsibilities of the Maintenance Code Official position without conflict of interest;

THEREFORE, BE IT RESOLVED, That upon recommendation of the President, the Board of Visitors of the College of William & Mary hereby appoints the Chief Facilities Officer the University's Maintenance Code Official; and

BE IT FURTHER RESOLVED, That the Board of Visitors of The College of William & Mary hereby charges the Maintenance Code Official with administering the Maintenance Code of Virginia.

**COLLEGE OF WILLIAM & MARY
RESOLUTION TO APPROVE THE FY 2018
TRANSPORTATION ALTERNATIVES SET-ASIDE PROJECT**

WHEREAS, in 2014 the City of Williamsburg applied for a Transportation Alternative Program (TAP) grant from the Virginia Department of Transportation (VDOT), and were notified of their success in 2016, receiving \$1.0M towards a \$1.2M grant; and

WHEREAS, the successful project was a pedestrian and bike trail running from Treyburn Drive (see map) to Ironbound Road along College Woods and parallel to Monticello Avenue; and

WHEREAS, the City engineers collaborated and coordinated with the university on the City's project, using the university's own estimate of cost for the then-proposed "Monticello Avenue Multi-Use Trail;" and

WHEREAS, subsequent to the award of the TAP grant, the university has determined that it is eligible to apply for a similar grant from the Transportation Alternatives Set-Aside ("the Grant"), to support construction of a walkway and bike-path from Compton Drive to Monticello Avenue (see map) thereby providing the missing link to the Monticello Avenue Multi-Use trail; and

WHEREAS, the need for both projects is precipitated by unprotected student, pedestrian and bike traffic along Monticello Avenue, a major east-west corridor and thoroughfare through the City that includes only an in-road bike path and no lighting or other pedestrian traffic safety measures; and

WHEREAS, the total cost of the proposed Compton Drive Multi-Use Trail ("the Project") is estimated to be \$889,449 of which, according to the terms of the grant, the institution will be responsible for 20%, or \$179,890; and

WHEREAS, the Project is in accordance with the university's 2015 campus master plan (page 93) and with the university's Strategic Plan (Administration and Infrastructure, Goal 4) to provide a safe and secure environment; and

WHEREAS, in accordance with the Commonwealth Transportation Board construction allocation procedures, it is necessary that a resolution be received from the sponsoring local jurisdiction or agency requesting the Virginia Department of Transportation to establish a Transportation Alternatives project for the university.

THEREFORE BE IT RESOLVED, That the College of William & Mary requests that the Commonwealth Transportation Board establish a project for construction of the Compton Drive Multi-Use Trail; and

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BE IT FURTHER RESOLVED, That the College of William & Mary hereby agrees to provide the 20% matching contribution to this Project, which is estimated to be \$179,890; and

BE IT FURTHER RESOLVED, That the College of William & Mary hereby agrees to enter into a project administration agreement with the Virginia Department of Transportation and provide the necessary oversight to ensure the project is developed in accordance with all state and federal requirements for design, right of way acquisition, and construction of a federally funded transportation project; and

BE IT FURTHER RESOLVED, That the College of William & Mary will be responsible for maintenance and operating costs of any facility constructed with the Grant funds unless other arrangements have been made with VDOT; and

BE IT FURTHER RESOLVED, That if the College of William & Mary subsequently elects to cancel this project, the University hereby agrees to reimburse VDOT for the total amount of costs expended by the department through the date that the department is notified of such cancellation. The College of William & Mary also agrees to repay any funds previously reimbursed that are later deemed ineligible by the Federal Highway Administration; and

BE IT FURTHER RESOLVED, That the Board of Visitors of the College of William & Mary hereby grants authority to the Senior Vice President for Finance and Administration and his staff to apply for Transportation Alternative funds for FY 2018, and to execute project administration agreements, as well as any other documents necessary, for the approved Transportation Alternative projects.

BE IT FINALLY RESOLVED, That this resolution supercedes any previous resolutions.

This 17th day of November, 2017.

By: _____

Sue H. Gerdelman
Secretary, Board of Visitors

Attest: _____

Michael J. Fox
Secretary to the Board of Visitors

**COLLEGE OF WILLIAM & MARY
RESOLUTION TO APPROVE
NON-GENERAL FUND CAPITAL PROJECT:
CONSTRUCT BUSCH FIELD HOUSE**

WHEREAS, from time to time, the University requires the authorization of capital projects outside of the normal Commonwealth biennial cycle; and

WHEREAS, the 2006 Management Agreement (the "Agreement"), governed by the restructured Higher Education Financial and Administrative Operations Act of 2005, and Chapter 10 of the Title 23.1 of the Code of Virginia (the "Act"), as renewed, requires the Board of Visitors to approve any capital projects meeting the definition; and

WHEREAS, the Agreement allows the Board of Visitors to authorize at any time non-general fund projects without the approval of the Governor, the General Assembly, or any other Commonwealth agency, unless that approval requires debt authorization from the General Assembly; and

WHEREAS, under the Agreement, the University has established the appropriate policies and procedures to initiate, develop, manage and complete such projects; and

WHEREAS, in 2015, the University initiated a Preplanning Study to address the facility needs of the women's Field Hockey team and develop building options for private fund development; and

WHEREAS, the project option chosen provides a 2,900 GSF facility which includes locker room space for Field Hockey, Goalies' changing room, a trainer's room, public restrooms and filming platform; and

WHEREAS, the Athletics program is in the process of raising private funds to support the project budget of \$2.377M and has subsequently secured a lead gift; and

WHEREAS, the project will take approximately 8 months to design and 10 months to construct in conjunction with other projects occurring in the immediate area; and

WHEREAS, the University is indebted to the generosity of the donors who are making this project possible.

THEREFORE, BE IT RESOLVED, That the Rector and the Board of Visitors of The College of William and Mary in Virginia authorize the scope and budget for the capital project "Construct Busch Field House" as presented in accordance with all authorities, policies, and procedures in force and necessary under the Agreement; and

BE IT FURTHER RESOLVED, That the Board authorizes the Senior Vice President for Finance and Administration and his staff to pursue all necessary steps for the accomplishment of said project.

COMMITTEE ON ATHLETICS
November 16, 2017
11:40 a.m. – 12:15 p.m.
Board Room - Blow Memorial Hall

Sue H. Gerdelman, Chair
S. Douglas Bunch, Vice Chair

- I. Introductory Remarks and Welcome – Ms. Gerdelman
- II. Approval of Minutes – September 14, 2017
- III. Athletics Director Report – Samantha Huge
- IV. Tribe Club Updates – Samantha Huge
- V. Closed Session (if necessary)
- VI. Other Business
- VII. Adjourn

COMMITTEE ON ATHLETICS
MINUTES – SEPTEMBER 14, 2017

MINUTES
Committee on Athletics
September 14, 2017
Room 221 – Kaplan Arena

Attendees: Sue H. Gerdelman, Chair; S. Douglas Bunch; Vice Chair; J.E. Lincoln Saunders, H. Thomas Watkins III; and faculty committee representative Rex K. Kincaid. Board members present: Rector Todd Stottlemeyer, Mirza Baig, Warren W. Buck III, James A. Hixon, Barbara L. Johnson, Anne Leigh Kerr, John E. Littel, William F. Payne II, Lisa E. Roday, Karen Kennedy Schultz, Brian P. Woolfolk, student representative Elijah S. Levine and staff liaison Terence A. Fassanella. Others present: President W. Taylor Reveley III, Michael R. Halleran, Ginger Ambler, Henry Broaddus, Michael J. Fox, Samantha Huge, Samuel E. Jones, Matthew T. Lambert, Jennifer Latour, Jeremy P. Martin, John Poma, John T. Wells and other College staff members.

Chair Sue Gerdelman called the meeting to order at 1:15 p.m.

Recognizing that a quorum was present, Ms. Gerdelman moved to approve the minutes of the April 20, 2017 meeting. Motion was seconded by Mr. Bunch and approved by voice vote of the Committee.

Director of Athletics Samantha Huge commented on her first six months, and outlined her expectations for the department to continue building a culture of excellence. NCAA compliance and rules for booster and student-athlete interactions were reviewed, along with a general overview of recruiting including prospect interactions. A brief discussion ensued.

Associate Athletic Director for Academic Services Jason Simms introduced two student athletes – Zach Sims, Football, and Claire Williams, Women's Swimming – along with Head Field Hockey Coach Tess Ellis and Assistant Women's Basketball Coach Chanel Murchison. A brief discussion ensued between the Board members and the panelists.

Senior Assistant Athletic Director for Public Affairs Pete Clawson showed a video from TribeAthletics.com. The six-part series will give fans an inside look at each of W&M's upcoming fall sports. The 'It's Time' pieces, covering women's soccer, field hockey, volleyball, men's soccer, cross country and football, will include highlights and player interviews leading up to the start of the season.

Following brief discussion and there being no further business, the Committee adjourned at 2:00 p.m.

COMMITTEE ON STUDENT AFFAIRS

November 16, 2017

3:00 – 4:00 p.m.

Board Room - Blow Memorial Hall

Lisa E. Roday, Chair

William H. Payne II, Vice Chair

- I. Introduction Remarks – Ms. Roday
- II. Report from Vice President for Student Affairs – Virginia M. Ambler
- III. Report from Associate Vice President for Student Affairs (Campus Living) and Director of Residence Life – Maggie B. Evans
 - A. Residential Living at William & Mary
- IV. Report from Student Liaisons – Nicole Ng and Conor Rooney
- V. Adjourn

COMMITTEE ON STRATEGIC INITIATIVES AND NEW VENTURES

November 16, 2017

4:00 – 5:45 p.m.

Board Room - Blow Memorial Hall

Thomas R. Frantz, Chair

John E. Littel, Vice Chair

- I. Introductory Remarks – Mr. Frantz
- II. Strategic Planning Dashboard – Enclosure I
- III. W&M 2026 Update
- IV. Closed Session (if necessary)
- V. New Academic Programs Update
- VI. Adjourn



STRATEGIC PLANNING DASHBOARD

NEW DATA

UNAVAILABLE DATA

CHALLENGE : Leading Liberal Arts University										
MEASURES		10-yr Trend (up=positive)	10 Yrs Ago (2008-09)	2014-15	2015-16	2016-17	2017-18	TARGET	UVA	COMPARISONS BROWN
1	Undergraduate acceptance rate		34.1%	33.0%	34.5%	36.5%	35.9%	34%	30% (2016-17)	9% (2016-17)
2	Undergraduate yield rate		35.0%	31.4%	29.5%	28.7%	28.6%	34%	38% (2016-17)	56% (2016-17)
3	Undergraduate SAT scores: 25th - 75th percentile range		1250-1440	1270-1470	1260-1460	1250-1470	1300-1480*	1250-1450	1240-1460 (2016-17)	1370-1570 (2016-17)
4	Undergraduate graduation rate: completions within 6 years		91%	90%	91%	Available 4/2018	Available 4/2019	95%	94% (2010 cohort)	96% (2010 cohort)
5	Student-faculty ratio		11:1	12:1	12:1	12:1	Available 4/2018	12:1	15:1 (2016-17)	7:1 (2016-17)
6	Small undergraduate classes: percent with 2-19 students		45%	48%	49%	49%	Available 4/2018	50%	56% (2016-17)	68% (2016-17)
7	USNWR: Best Undergraduate Teaching		6	4	12	7	Available 4/2018	1	17 (tie) (2016-17)	3 (2016-17)
8	Gap between avg. faculty salary and 60th percentile of SCHEV peers		15.3%	15.7%	17.7%	Available 4/2018	Available 4/2019	60th pctl.	N/A	N/A
CHALLENGE : Diversity										
MEASURES		10-yr Trend (up=positive)	10 Yrs Ago (2008-09)	2014-15	2015-16	2016-17	2017-18	TARGET	UVA	COMPARISONS BROWN
9	Undergraduate students who are members of historically underrepresented groups		22%	29%	29%	29%	29%	N/A	30% (2016-17)	38% (2016-17)
10	Graduate/professional students who are members of historically underrepresented groups		13%	14%	16%	18%	20%	N/A	19% (2016-17)	24% (2016-17)
11	Undergraduate Pell grant recipients		9%	11%	11%	Available 3/2018	Available 3/2019	N/A	12% (2015-16)	15% (2015-16)



STRATEGIC PLANNING DASHBOARD

NEW DATA
UNAVAILABLE DATA

CHALLENGE : Global Engagement											COMPARISONS	
MEASURES	10-yr Trend (up=positive)	10 Yrs Ago (2008-09)	2014-15	2015-16	2016-17	2017-18	TARGET	UVA	BROWN			
12 Undergraduate students with international citizenship		2%	5%	6%	6%	6%	N/A	5% (2016-17)	12% (2016-17)			
13 Graduate students with international citizenship		10%	15%	14%	14%	13%	N/A	18% (2016-17)	30% (2016-17)			
14 Undergraduate students who study abroad		N/A	50%	51%	53%	Available 9/2018	60%	N/A	N/A			
15 Total international student enrollment		N/A	667	687	694	702	600	N/A	N/A			
16 Total countries with students enrolled		N/A	58	65	61	61	60	N/A	N/A			
CHALLENGE : Lifelong Connection											COMPARISONS	
MEASURES	10-yr Trend (up=positive)	10 Yrs Ago (2008-09)	2014-15	2015-16	2016-17	2017-18	TARGET	UVA	BROWN			
17 Alumni giving participation rate: undergraduates with degrees		22.4%	27.1%	28.6%	29.9%	Available 9/2018	40%	20% (2015-16)	28% (2015-16)			
CHALLENGE : Communications											COMPARISONS	
MEASURES	10-yr Trend (up=positive)	10 Yrs Ago (2008-09)	2014-15	2015-16	2016-17	2017-18	TARGET	UVA	BROWN			
18 USNWR: National Universities		33	34 (tie)	32 (tie)	32 (tie)	Available 9/2018	N/A	25 (2016-17)	14 (2016-17)			
19 USNWR: Public Universities		6	6	6	6	Available 9/2018	N/A	3 (2016-17)	N/A			



STRATEGIC PLANNING DASHBOARD

NEW DATA
UNAVAILABLE DATA

CHALLENGE : Business Plan										COMPARISONS	
MEASURES	10-yr Trend (up-positive)	10 Yrs Ago (2008-09)	2014-15	2015-16	2016-17	2017-18	TARGET	UVA	BROWN		
20 USNWR: Financial Resources		88	113	112	111	Available 9/2018	70	55 (2016-17)	22 (2016-17)		
21 Total sponsored program expenditures (in millions)		\$50	\$61	\$63	Available 4/2018	Available 4/2019	\$60	\$361 (2016-17)	\$116 (2016-17)		
22 Debt service as percent of operating expense		N/A	5.6%	7.2%	5.5%	Available 9/2018	7%	N/A	N/A		
23 Annual giving to the Fund for W&M plus expendable scholarships (in millions)		\$5.7	\$8.6	\$8.2	\$7.3	Available 9/2018	\$9	N/A	N/A		
24 Total annual giving not including gifts >\$100K (in millions)		\$13.9	\$20.6	\$21.3	\$21.2	Available 9/2018	\$22	N/A	N/A		
25 Total new private gifts and commitments (in millions)		\$62	\$106	\$143	\$135	Available 9/2018	\$100	N/A	N/A		
26 Endowment per student (year end)		\$65,711	\$100,572	\$99,381	\$106,143	Available 10/2018	\$175,000	\$262,079 (2016-17)	\$333,103 (2016-17)		
27 Total endowment (in millions)		\$495	\$811	\$804	\$874	Available 10/2018	\$1,500	\$5,852 (2016-17)	\$2,963 (2016-17)		
28 Average per-borrower cumulative undergraduate debt		\$18,410	\$26,017	\$26,400	Available 2/2018	Available 2/2019	\$20,000	\$24,598 (2016-17)	\$23,810 (2016-17)		
29 Undergraduate students who graduate with debt		40%	37%	35%	Available 2/2018	Available 2/2019	40%	33% (2016-17)	37% (2016-17)		
CHALLENGE : Administrative Resources and Infrastructure										COMPARISONS	
MEASURES	10-yr Trend (up-positive)	10 Yrs Ago (2008-09)	2014-15	2015-16	2016-17	2017-18	TARGET	UVA	BROWN		
30 All E&G Facilities Condition Index		11.0%	5.8%	4.8%	4.6%	Available 2/2018	10%	4.9% (2016-17)	N/A		

DASHBOARD NOTES

The dashboard contains selected measures keyed to challenge areas within the strategic plan. W&M tracks many of these measures against a set of 16 peer universities identified in the strategic planning process. This dashboard contains publicly available data for two of those schools for illustrative purposes. Comparisons with other schools are challenging to say the least, and require careful analysis. UVA and Brown, for example, both have engineering and medical schools and W&M does not.

Source Notes by Dashboard Measure Number

1	Integrated Postsecondary Education Data System (IPEDS) of US Dept. of Education Nat'l Center for Education Statistics (Data for required reports could vary among school by one year for some measures).
2	IPEDS. See note 1.
3	US News & World Report (USNWR): rankings published in September based on data submitted in previous spring. Reported for year data collected. Calculated by adding the 25th and 75th percentiles for Critical Reading and the percentiles for Math. *For 2017-18 data, we use NEW SAT scores. If a student only submits OLD scores, we convert the OLD to NEW based on College Board's concordance tables. If a student submits both OLD and NEW, we convert OLD to NEW (Old Critical Reading & Writing to New Evidence-Based Reading and Writing, and Old Math to New Math). Then we use whichever total is higher, the converted old scores or the new scores. W&M does superscore within the same SAT test but not across the OLD and NEW SAT. For example, we will not combine the highest converted old CRW with the new SAT M.
4	IPEDS. See note 1.
5	USNWR. See note 3. Does not include faculty or students in stand-alone graduate or professional programs (e.g., Law)
6	Common Data Set (or institutional website as available).
7	USNWR. See note 3.
8	IPEDS HR data reporting. Currently FY1415 W&M's average faculty salary is \$96,741 and 60th percentile of the peer group is \$111,956. The 15.7% gap in between in dollar amount is \$515,215.
9	IPEDS. See note 1. Underrepresented groups include American Indian or Alaska Native, Asian, Native Hawaiian/ Other Pacific Islander, Black or African American, Hispanic, Two or more races. Underrepresented groups do not include White, Unknown, Nonresident aliens.
10	IPEDS. See note 1. Underrepresented groups include American Indian or Alaska Native, Asian, Native Hawaiian/ Other Pacific Islander, Black or African American, Hispanic, Two or more races. Underrepresented groups do not include White, Unknown, Nonresident aliens.
11	IPEDS. See note 1. Calculated by dividing the number of Pell Grant recipients by the total number of undergraduates-financial aid cohort. Data unavailable prior to 2008-09, so percent receiving federal aid used as a proxy.
12	IPEDS. See note 1. This measure reflects the IPEDS variable "nonresident alien," which is defined as "a person who is not a citizen or national of the United States and who is in this country on a visa or temporary basis and does not have the right to remain indefinitely."
13	IPEDS. See note 12.
14	Institute of International Education, "Open Doors Data" reports. Since 2012-13, W&M has been using an internal calculation that includes both IIE's Open Doors number and adds international students who study abroad.
15	W&M records.
16	W&M records. Total number of countries represented by W&M students.

DASHBOARD NOTES

The dashboard contains selected measures keyed to challenge areas within the strategic plan. W&M tracks many of these measures against a set of 16 peer universities identified in the strategic planning process. This dashboard contains publicly available data for two of those schools for illustrative purposes. Comparisons with other schools are challenging to say the least, and require careful analysis. UVA and Brown, for example, both have engineering and medical schools and W&M does not.

Source Notes by Dashboard Measure Number

17	Council for Aid to Education/Voluntary Support of Education. Money received and irrevocable commitments only. Does not include all pledges. Annual rate based on Council for Aid to Education/Voluntary Support of Education (VSE). Uva data is not available from CAEVSE report. Uva data is from USNWR which reflects the average percentage of living alumni with bachelor's degrees who gave to their school during the previous two most recent years, e.g., USNWR 2016 release reflects the average percentage of 2013-2014 and 2014-2015.
18	USNWR/ See note 3.
19	USNWR/ See note 3.
20	USNWR/ See note 3.
21	IPEDS. See note 1.
22	National Association of College and University Business Officers (NACUBO).
23	W&M records. "Gifts" of \$100,000 and more are not included.
24	W&M records. Gifts of more than \$100,00 not included.
25	W&M records. New gifts plus new commitments.
26	National Association of College and University Business Officers (NACUBO).
27	(NACUBO). See not 26.
28	Common Data Set (or institutional website, as available). CDS_H5: Average cumulative principal borrowed by undergraduate borrowers who started as freshmen at the institution and who had earned bachelor's in the current year.
29	Common Data Set (or institutional website, as available). CDS_H5: Average cumulative principal borrowed by undergraduate borrowers who started as freshmen at the institution and who had earned bachelor's in the current year.
30	The Facilities Condition Index (FCI) is a fitness indicator for the College's facilities and infrastructure. The FCI is the ratio of known maintenance deficiencies to the current replacement value of academic facilities. Industry standards suggest that an FCI of 5% or less indicates good condition, 5% to 10% fair condition, and above 10% poor condition. "All E&G Facilities" are those facilities supported by General funds allocated by the Commonwealth. These facilities include "major" E&G facilities (classrooms, class lab facilities, Wren Building, Admissions, Blow Memorial Hall, Cohen Career Center) and "minor" E&G facilities (e.g., Jamestown Road Houses, Galt Houses, Quonset Huts, physical plant-related facilities). E&G facilities do not have a revenue generating component and exclude facilities that are self-supporting such as dormitories, athletic facilities, food service facilities.

COMMITTEE ON FINANCIAL AFFAIRS

November 17, 2017

8:45 – 10:00 a.m.

Board Room - Blow Memorial Hall

H. Thomas Watkins III, Chair

James A. Hixon, Vice Chair

- I. Introductory Remarks - Mr. Watkins
- II. Approval of Minutes - September 15, 2017
- III. Reports from Senior Vice President for Finance and Administration Samuel E. Jones and Chief Financial Officer Amy S. Sebring
 - A. Continuation: William & Mary Promise. **Resolution 18**.
 - B. Receipt of the Consolidated Financial Report of The College of William and Mary in Virginia, Virginia Institute of Marine Science, and Richard Bland College for the Fiscal Year Ended June 30, 2017 (*joint with Richard Bland College*). **Resolution 19**.
 - C. Receipt of the Financial Report of the Intercollegiate Athletic Department for the Fiscal Year Ended June 30, 2017. **Resolution 20**.
 - D. 2017-2018 Operating Budget Summary. Enclosure J.
- IV. Report from Virginia Institute of Marine Science Dean John T. Wells
 - A. 2017-2018 Operating Budget Summary. Enclosure K.
- V. Investments Subcommittee Report – Mr. Hixon
 - A. Revision to the Investment and Spending Policy for Endowment. **Resolution 2**.
- VI. Discussion
- VII. Adjourn

COMMITTEE ON FINANCIAL AFFAIRS
MINUTES – SEPTEMBER 15, 2017

MINUTES
Committee on Financial Affairs
September 15, 2017
Board Room - Blow Memorial Hall

Attendees: H. Thomas Watkins III, Chair; James A. Hixon, Vice Chair; Mirza Baig; S. Douglas Bunch, Thomas R. Frantz; Anne Leigh Kerr; Christopher M. Little; Brian P. Woolfolk; and Catherine Forestell, faculty representative. Board members present: Rector Todd A. Stottlemeyer; Sue H. Gerdelman; Barbara L. Johnson; John E. Littel; William H. Payne II; J. E. Lincoln Saunders; and Karen Kennedy Schultz. Others in attendance: President W. Taylor Reveley III; Provost Michael R. Halleran; Henry R. Broaddus; Davison M. Douglas; Kent B. Erdahl; Michael J. Fox; Samuel E. Jones; Matthew T. Lambert; Jeremy P. Martin; Amy S. Sebring; Virginia Institute of Marine Science Dean and Director John T. Wells; and other College and VIMS staff.

Chair Thomas Watkins convened the Committee on Financial Affairs in the Board Room at 10:19 a.m., extending a welcome to the new Board of Visitor members in attendance. Recognizing that a quorum was present, Mr. Watkins requested a motion to approve the minutes of the April 21, 2017 meeting. Motion was made by Mr. Woolfolk, seconded by Ms. Kerr and approved by voice vote of the Committee.

Chief Financial Officer Amy Sebring reviewed the Six-Year Plan submittal process, as required by the 2011 Higher Education Opportunity Act. The 2018-24 Six-Year Plan priorities for the College remain consistent with the continuation of the W&M Promise and ongoing support for competitive faculty and staff salaries, as well as funding to support academic initiatives and new facilities coming on-line in 2018-20. Updates to the draft plan submitted to SCHEV on July 1, 2017 assume no enrollment growth in FY19 and FY20, eliminating incremental funding; revise capital project timelines, reducing the amount of funding needed in FY20 to support operation and maintenance of new facilities; and push the hiring of additional faculty for the Engineering & Design initiative to FY20.

Senior Vice President Samuel Jones gave an update on the State budget, noting that FY 2017 ended with a surplus of \$136.6 million. Mr. Jones reviewed the Governor's priorities for FY 2018, which includes a focus on the Commonwealth's long-term economic health by developing a more qualified workforce and increasing growth and diversity in the Virginia economy.

The College proposes submitting the following operating budget requests to the Governor for 2018-20.

	<u>FY 2019</u>	<u>FY 2020</u>
1) Expand William & Mary's Delegated Authority to Richard Bland College	Language	Language
2) Create Hybrid Program to Support the Whole Of Government Center of Excellence	\$250,000 GF	\$200,000 GF
3) Create Specialized Programs in Veterans Counseling	\$160,050 GF	\$287,850 GF

Committee on Financial Affairs
MINUTES
Page 2

Mr. Jones reported that the College has received a one-time disbursement from the NCAA of \$600,544 to be used in direct support of student athletes in the areas of academics, life skills, career programs and athletic-focused diversity initiatives. The NCAA has granted approval to establish a quasi-endowment for these funds.

Mr. Watkins requested a motion to approve **Resolution 14**, 2018-2024 Six-Year Plan; **Resolution 15**, 2018-2020 Operating Budget Requests; and **Resolution 16**, Establishment of NCAA Quasi-Endowment. Motion was made by Mr. Hixon, seconded by Mr. Frantz, and approved by voice vote of the Committee.

John Wells, Dean and Director of the Virginia Institute of Marine Science, presented the 2018-2024 Six-Year Plan for VIMS. The Plan includes the following operating budget requests, which will be submitted to the Governor for 2018-20.

	<u>FY 2019</u>	<u>FY 2020</u>
1) Increase Graduate Financial Aid	\$425,000 GF	\$425,000 GF
2) Base Operating Support	\$912,533 GF	\$912,533 GF
	4.70 FTE	4.70 FTE
3) Enhance Chesapeake Bay Water Quality Modeling & Simulation	\$771,354 GF	\$471,354 GF
	3.55 FTE	3.55 FTE
4) Monitor Bay Grasses	\$294,575 GF	\$294,575 GF
	2.05 FTE	2.05 FTE

Mr. Watkins requested a motion to approve **Resolution 17**, 2018-2014 Six-Year Plan and **Resolution 18**, 2018-2020 Operating Budget Requests, for the Virginia Institute of Marine Science. Motion was made by Mr. Little, seconded by Mr. Frantz, and approved by voice vote of the Committee.

Investments Subcommittee Chair James Hixon reported that the BOV endowment reflected an investment return of 13 percent for FY 2017, which exceeded both the target and policy benchmarks. The Optimal Service Group recommended a change to the current asset allocation, within policy guidelines, to reflect the most current capital market assumptions. In support of the new allocation, the OSG also suggested a series of manager actions, as well as a rebalancing of the portfolio. Following discussion, the Subcommittee approved the recommendations. The current Investment and Spending Policy will be reviewed for any revisions prior to the November 2017 Board of Visitors' meeting.

There being no further business, the Committee on Financial Affairs adjourned at 10:42 a.m.

COLLEGE OF WILLIAM & MARY**CONTINUATION: WILLIAM & MARY PROMISE**

For fiscal year 2019 (FY 2019), the administration recommends that the University maintain the William & Mary Promise as the operating model for enhancing and sustaining quality, affordability and access. The tuition structure included in the Promise, in combination with its other elements, provides the University with the resources necessary to respond to state funding actions and implement aspects of its Six-Year Plan as submitted to the Commonwealth, while providing a four-year tuition guarantee for incoming Virginia undergraduates, reducing net tuition for the vast majority of middle-income Virginia families, and reducing the student loan debt burden for these students.

In April 2013, the Board of Visitors approved **Resolution 25, Approval and Implementation: William and Mary Promise**, setting tuition rates for incoming full-time in-state undergraduate students for fiscal years 2014 through 2016. A review of the program shows that the University has been able to increase in-state applicants and maintain the overall quality of the undergraduate student body while generating the resources necessary to improve faculty and staff salaries and implement other institutional initiatives. Setting FY 2019 tuition for incoming full-time in-state undergraduates now provides prospective Virginia students and their families with tuition information prior to accepting an offer of admission.

Tuition and fees for out-of-state undergraduate as well as in-state and out-of-state graduate and professional students will be set by the Board at its April 2018 meeting, reflecting State funding actions and market conditions for each student group.

Revenue generated from this tuition increase, in combination with other revenues and reallocated funds, will likely be used to address personnel costs, including the University's share of any state mandated fringe and health benefit changes, need-based financial aid, and institutional initiatives. The exact uses will be determined in part by budget actions taken by the Governor and General Assembly during the 2018 session.

THEREFORE, BE IT RESOLVED, That the Board of Visitors of The College of William and Mary in Virginia, on the recommendation of the President, approves continuation of the William & Mary Promise as the operating model for the University, and

BE IT FURTHER RESOLVED, That the Board of Visitors of The College of William and Mary in Virginia, on the recommendation of the President, approves the FY 2018 tuition for incoming in-state undergraduates at \$17,434.

**COLLEGE OF WILLIAM & MARY
RECEIPT OF THE CONSOLIDATED FINANCIAL REPORT OF
THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA,
VIRGINIA INSTITUTE OF MARINE SCIENCE, AND RICHARD BLAND COLLEGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The Consolidated Financial Report of The College of William and Mary in Virginia, Virginia Institute of Marine Science, and Richard Bland College for the fiscal year ended June 30, 2017, has been presented by the Senior Vice President for Finance and Administration and the Chief Financial Officer to the Presidents of the Colleges, who have approved it for presentation to the Rector and the Board of Visitors.

The statements included in this consolidated Financial Report provide a concise analysis of the College's financial affairs for fiscal year 2016-2017. The report is subject to a detailed audit to be conducted by the Auditor of Public Accounts.

RESOLVED, That the Unaudited Consolidated Financial Report for the Year Ended June 30, 2017 (*see separate booklet*) for The College of William and Mary in Virginia, Virginia Institute of Marine Science, and Richard Bland College is hereby received by the Board of Visitors.



WILLIAM & MARY

CHARTERED 1693

**Unaudited Consolidated Financial Report
For The Year Ended June 30, 2017**



WILLIAM & MARY

CHARTERED 1693

2016-2017 CONSOLIDATED FINANCIAL REPORT
FOR
THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA,
VIRGINIA INSTITUTE OF MARINE SCIENCE
AND
RICHARD BLAND COLLEGE

November 1, 2017

To the Board of Visitors of The College of William and Mary, Virginia Institute of Marine Science and Richard Bland College:

We are pleased to submit the following consolidated annual financial report for The College of William and Mary, Virginia Institute of Marine Science and Richard Bland College for the fiscal year ended June 30, 2017. Financial management has prepared and is responsible for the consolidated financial statements and all information in the financial report. The financial statements have been prepared in conformity with generally accepted accounting principles consistently applied.

The statements contained in this report are intended to provide a picture of the flow of financial resources during the fiscal year 2016-17 and the balances available for the future.

Management believes that the current internal control systems provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, and that the financial records are reliable for preparing financial statements and maintaining accountability for assets. These statements are augmented by written policies and organizational structure providing division of responsibilities, careful selection and training of the financial staff, and a program of internal audits.

The financial statements remain subject to audit by the State Auditor of Public Accounts.

Respectfully submitted,

Samuel E. Jones
Senior Vice President for Finance
and Administration
The College of William and Mary

Penelope G. Howard, CPA
Chief Financial Officer
Richard Bland College

**The College of William and Mary in Virginia
Richard Bland College**

June 30, 2017

The Board of Visitors

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H. Thomas Watkins III - Vice Rector
Sue H. Gerdelman - Secretary

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S. Douglas Bunch
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David J. Snyder IV - Richard Bland College

Faculty Representatives

Eric D. Chason - College of William and Mary
D. Jill Mitten - Richard Bland College

Staff Liaison

David N. Morales – College of William and Mary

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Michael R. Halleran, Provost
Virginia M. Ambler, Vice President for Student Affairs
Henry R. Broaddus, Vice President for Strategic Initiatives
Samuel E. Jones, Senior Vice President for Finance and Administration
Matthew T. Lambert, Vice President for University Advancement

Richard Bland College

Debbie L. Sydow, President

**THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA,
VIRGINIA INSTITUTE OF MARINE SCIENCE
AND RICHARD BLAND COLLEGE**

ANNUAL FINANCIAL REPORT 2016 - 2017

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**The College of William & Mary in Virginia,
Virginia Institute of Marine Science
and Richard Bland College
Consolidated Financial Statements**

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

This Management's Discussion and Analysis (MD&A) is required supplemental information to the consolidated financial statements designed to assist readers in understanding the accompanying financial statements. The following information includes a comparative analysis between the current fiscal year ended June 30, 2017 and the prior year ended June 30, 2016. Significant changes between the two fiscal years and important management decisions are highlighted. The summarized information presented in the MD&A should be reviewed in conjunction with both the financial statements and associated footnotes in order for the reader to have a comprehensive understanding of the institution's financial status and results of operations for fiscal year ended June 30, 2017. William & Mary's management has prepared the MD&A, along with the financial statements and footnotes. W&M's management is responsible for all of the information presented for The College of William and Mary (W&M), the Virginia Institute of Marine Science (VIMS), and their affiliated foundations. Richard Bland College's (RBC) management is responsible for all of the information presented for RBC and its affiliated foundation.

The financial statements have been prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement Number 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, as amended by GASB Statement Numbers 37 and 38, and 63. Accordingly, the three financial statements required are the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The aforementioned statements are summarized and analyzed in the MD&A.

These financial statements are consolidated statements that include The College of William and Mary in Virginia (W&M), the Virginia Institute of Marine Science (VIMS) and Richard Bland College (RBC). All three entities are agencies of the Commonwealth of Virginia reporting to the Board of Visitors of the College of William and Mary and are referred to collectively as the "University" within the MD&A as well as in the financial statements under the columns titled "University", unless otherwise indicated.

The institutions' affiliated foundations are also included in these statements consistent with *GASB Statement No. 61, The Financial Reporting Entity: Omnibus- An Amendment of GASB Statements No. 14 and 34*, however they are excluded from this MD&A, except where noted. The University has a total of nine foundations, of which the financial information for eight of the foundations is presented in the statements under the column titled "Component Units". While affiliated foundations are not under the direct control of the Board of Visitors, this presentation provides a more holistic view of resources available to support the University and its mission. Additional information and detail related to the foundations can be found in the Component Unit Financial Information footnote. The ninth foundation, Intellectual Properties, was established FY08 and is presented as blended in the University column as required by GASB 61, because W&M has a voting majority of the board.

Financial Summary

Statement of Net Position

The Statement of Net Position provides a snapshot of the University's financial position, specifically the assets, deferred outflows of resources, liabilities, deferred inflows of resources and resulting net position as of June 30, 2017. The information presented for FY 16 for comparative purposes has been restated for FY 16 beginning Net Position adjustments. The information allows the reader to determine the University's assets available for future operations, amounts owed by the University and the categorization of net position as follows:

- (1) Net Investment in Capital Assets – reflects the University’s capital assets net of accumulated depreciation and any debt attributable to their acquisition, construction or improvements.
- (2) Restricted – reflects the University’s endowment and similar funds whereby the donor has stipulated that the gift or the income from the principal, where the principal is to be preserved, is to be used to support specific programs. Donor restricted funds are grouped into generally descriptive categories of scholarships, research, departmental uses, etc.
- (3) Unrestricted – reflects a broad range of assets available to the University that may be used at the discretion of the Board of Visitors for any lawful purpose in support of the University’s primary mission of education, research and public service. These assets are derived from student tuition and fees, state appropriations, indirect cost recoveries from grants and contracts, auxiliary services sales and gifts.

Summary Statement of Net Position

	<u>FY 2017</u>	<u>FY 2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<u>Assets:</u>				
Current	\$ 71,719,421	\$ 70,530,880	\$ 1,188,541	1.69%
Capital, net of accumulated depreciation	856,806,391	841,590,796	15,215,595	1.81%
Other non-current	147,361,380	138,047,959	9,313,421	6.75%
Total assets	<u>1,075,887,192</u>	<u>1,050,169,635</u>	<u>25,717,557</u>	<u>2.45%</u>
<u>Deferred outflows of resources:</u>				
Pension related	25,860,334	17,679,350	8,180,984	46.27%
Loss on refunding of debt	5,268,943	5,005,962	262,981	5.25%
Total deferred outflows of resources	<u>31,129,277</u>	<u>22,685,312</u>	<u>8,443,965</u>	<u>37.22%</u>
<u>Liabilities:</u>				
Current	90,454,817	89,193,866	1,260,951	1.41%
Non-current	363,939,801	362,434,619	1,505,182	0.42%
Total liabilities	<u>454,394,618</u>	<u>451,628,485</u>	<u>2,766,133</u>	<u>0.61%</u>
<u>Deferred inflows of resources:</u>				
Pension related	3,885,000	8,639,000	(4,754,000)	-55.03%
Gain on refunding of debt	670,279	545,484	124,795	22.88%
Total deferred inflows of resources	<u>4,555,279</u>	<u>9,184,484</u>	<u>(4,629,205)</u>	<u>-50.40%</u>
<u>Net Position:</u>				
Net investment in capital assets	627,232,631	603,595,005	23,637,626	3.92%
Restricted	103,530,768	90,036,486	13,494,282	14.99%
Unrestricted	(82,696,827)	(81,589,513)	(1,107,314)	-1.36%
Total net position	<u>\$648,066,572</u>	<u>\$612,041,978</u>	<u>\$ 36,024,594</u>	<u>5.89%</u>

The overall result of the University’s FY 17 operations was an increase in net position of approximately \$36.0 million or 5.90 percent, bringing total net position to \$648.1 million. The growth is due to an increase in the net investment in capital assets of \$23.6 million along with an increase in restricted net assets of \$13.5 million. These increases were offset by a marginal decrease in unrestricted net assets of \$1.1 million.

Total assets increased by \$25.7 million. Capital assets, net of accumulated depreciation, increased by \$15.2 million primarily as a result of ongoing construction projects for instruction, research and residential facilities offset by capitalization of completed projects. These projects are discussed in more detail under *Capital Asset and Debt Administration* below. Other non-current assets increased by 9.3 million as a result

of an increase in restricted investments due to improvement in market conditions. The \$8.4 million increase in deferred outflows of resources is due to the recording of pension liability obligations of \$8.1 million.

Total liabilities increased by \$2.8 million, which reflects a net increase in both current liabilities and non-current liabilities. The change in current liabilities was primarily attributable to an increase in the advance from the Treasury of Virginia for working capital used pending the receipt of funds from bond sale proceeds and deferred revenue offset by a decrease in accounts payable and accrued expenses. Non-current liabilities increased by \$1.5 million due to decrease in Notes and Bonds payable as a result of normal payment of debt offset by an increase in net pension liability.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the results from operations for the fiscal year. Revenues for the daily operation of the University are presented in two categories: operating and non-operating. Operating revenues include the significant categories of tuition and fees, grants and contracts, and the sales of auxiliary enterprises representing exchange transactions. Non-operating revenues include the significant categories of state appropriations, gifts and investment income representing non-exchange transactions. Net other revenues include capital appropriations, grants and contributions.

Summary Statement of Revenues, Expenses and Changes in Net Position

	<u>FY 2017</u>	<u>FY 2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating revenues	\$ 329,795,811	\$ 313,533,991	\$ 16,261,820	5.19%
Operating expenses	<u>457,435,383</u>	<u>437,611,625</u>	<u>19,823,758</u>	4.53%
Operating gain/(loss)	(127,639,572)	(124,077,634)	(3,561,938)	-2.87%
Net Non-operating revenues	<u>121,949,443</u>	<u>103,368,379</u>	<u>18,581,064</u>	17.98%
Income/(Loss) before other revenues	(5,690,129)	(20,709,255)	15,019,126	72.52%
Net other revenues	<u>41,714,723</u>	<u>68,531,979</u>	<u>(26,817,256)</u>	-39.13%
Increase in net position	<u>\$ 36,024,594</u>	<u>\$ 47,822,724</u>	<u>\$(11,798,130)</u>	-24.67%

Overall, the result from operations was an increase in net position of \$36.0 million. This resulted in a net change year over year of negative \$11.8 million. The decrease was due to a reduction in other revenues for capital appropriations and capital grants and contributions for capital projects. Overall there were increases in each of the other major revenue categories -- operating revenues and non-operating revenues with the exception of Other Revenues as described below.

Focusing only on operating revenues and expenses, an increase of \$16.3 million in operating revenue was driven primarily by an increase in tuition and fees and growth in grants and contract revenue. See the following section of *Summary of Revenues* for further details. Operating expenses increased notably in instruction, student services, auxiliary enterprises and student aid. See the following section of *Summary of Expenses* for further details.

With the inclusion of state appropriations for the University in the non-operating category, the University will typically display an operating loss for the year. For FY 17, state appropriations contributed almost \$76.5 million or 63% of non-operating revenue as shown in summary below.

The following table provides additional details of the operating, non-operating and other revenues of the University.

<u>Summary of Revenues</u>				
	<u>FY 2017</u>	<u>FY 2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Revenues:				
Student Tuition and Fees, net of scholarship allowances	\$ 183,722,612	\$ 166,936,326	\$ 16,786,286	10.06%
Federal, State, Local and Non-governmental grants and contracts	46,235,148	45,524,095	711,053	1.56%
Auxiliary Enterprise, net of scholarship allowances	93,751,701	93,597,766	153,935	0.16%
Other	6,086,350	7,475,804	(1,389,454)	-18.59%
Total Operating Revenues	<u>329,795,811</u>	<u>313,533,991</u>	<u>16,261,820</u>	<u>5.19%</u>
Non-Operating:				
State Appropriations	76,479,905	71,984,252	4,495,653	6.25%
Gifts, Investment Income and other income and expenses	45,469,538	31,384,127	14,085,411	44.88%
Total Non-Operating	<u>121,949,443</u>	<u>103,368,379</u>	<u>18,581,064</u>	<u>17.98%</u>
Other Revenues, Gains and (Losses):				
Capital Appropriations	28,540,554	46,394,308	(17,853,754)	-38.48%
Capital Grants and Gifts	14,272,718	22,137,671	(7,864,953)	-35.53%
Total Other Revenues, Gains and (Losses)	<u>42,813,272</u>	<u>68,531,979</u>	<u>(25,718,707)</u>	<u>-37.53%</u>
Total Revenues	<u>\$ 494,558,526</u>	<u>\$ 485,434,349</u>	<u>\$ 9,124,177</u>	<u>1.88%</u>

Within the operating revenue category, student tuition and fees increased \$16.8 million, net of scholarship allowances. A slight increase in State, Local, and Non-governmental Grants and Auxiliary enterprise revenue was offset by the decrease in other revenue. Non-operating revenues grew significantly, with increases in both State Appropriations, Gifts, Investment Income and Other revenue. The University experienced a decrease in Total Other Revenues due to the timing of capital project funding and the completion of construction projects.

Details of the operating expenses of the University are summarized below:

Summary of Operating Expenses

	<u>FY 2017</u>	<u>FY 2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Expenses:				
Instruction	\$ 126,631,958	\$ 121,411,787	\$ 5,220,171	4.30%
Research	54,704,041	55,073,331	(369,290)	-0.67%
Public Service	32,481	25,571	6,910	27.02%
Academic Support	37,071,608	36,115,938	955,670	2.65%
Student Services	16,557,309	14,444,155	2,113,154	14.63%
Institutional Support	46,099,179	42,362,163	3,737,016	8.82%
Operation and Maintenance of Plant	26,411,278	25,457,297	953,981	3.75%
Student Aid	32,661,886	31,531,887	1,129,999	3.58%
Auxiliary Enterprise	84,582,694	80,677,846	3,904,848	4.84%
Depreciation	32,254,322	30,043,967	2,210,355	7.36%
Other Operating Expenses	428,627	467,683	(39,056)	-8.35%
Total Operating Expenses	<u>\$ 457,435,383</u>	<u>\$ 437,611,625</u>	<u>\$ 19,823,758</u>	<u>4.53%</u>

For FY17, operating expenses increased most significantly in Instruction, Student Services, Institutional Support, and Auxiliary Enterprises. Student Aid remains a growth area year over year as financial need continues to rise.

Statement of Cash Flows

The Statement of Cash Flows provides detailed information about the University's sources and uses of cash during the fiscal year. Cash flow information is presented in four distinct categories: Operating, Non-capital Financing, Capital Financing and Investing Activities. This statement aids in the assessment of the University's ability to generate cash to meet current and future obligations.

Summary Statement of Cash Flows

	<u>FY 2017</u>	<u>FY 2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Cash Flows from:				
Operating Activities	\$ (87,799,812)	\$ (89,790,944)	\$ 1,991,132	2.22%
Non-capital Financing	116,191,661	111,808,453	4,383,208	3.92%
Capital and related Financing	(25,593,486)	(21,566,155)	(4,027,331)	-18.67%
Investing Activities	(3,283,076)	5,789,809	(9,072,885)	-156.70%
Net Increase in Cash	<u>\$ (484,713)</u>	<u>\$ 6,241,163</u>	<u>\$ (6,725,876)</u>	<u>107.77%</u>

Cash flow from operations and non-capital financing reflects the sources and uses of cash to support the core mission of the University. The primary sources of cash supporting the core mission of the University in FY17 were tuition and fees - \$179.1 million, auxiliary enterprise revenues - \$95.1 million, state appropriations - \$76.5 million, and research grants and contracts - \$45.4 million and gifts - 39.4.

The primary uses of operating cash in FY17 were payments to employees - \$251.0 million representing salaries, wages and fringe benefits and payments to suppliers of goods and services - \$116.2 million.

Cash flow from capital financing activities reflects the activities associated with the acquisition and construction of capital assets including related debt payments. The primary sources of cash in FY17 were capital appropriations - \$31.8 million, capital grants and contributions - \$13.9 million. The primary uses of cash were for capital expenditures - \$54.5 million and debt payments - \$22.3 million.

The change in cash flows from investing activities is due to investment income and purchase and sale of investments.

Capital Asset and Debt Administration

The College of William & Mary

The following list provides highlights of capital projects completed, in progress, or in design during FY17.

- ***Projects Completed in FY17*** – Seven projects were placed into service in FY17. Tyler Hall was returned to service following comprehensive renovation, construction was completed on Integrated Science Center Phase 3, and construction was completed on significant additions to the Law School, Zable Stadium, the School of Business - Entrepreneurship Center, Student Recreation Center restrooms, and the Kaplan Arena Ticket Booth. These projects will be closed out as soon as warranty inspections are completed.
- ***Projects in Progress*** – Including the seven projects above, there are 31 projects currently in progress, with seven in design, three in construction, and 21 in the process of being closed out.

Projects in Design – A brief description of each project in design at the end of the fiscal year is provided below:

- ***The Lake Matoaka Dam Spillway Improvement*** project addresses Virginia dam safety regulations, which require that high risk dams have the capacity to pass off 90% of the flow created by probable maximum precipitation. The capacity will be created by hardening the downstream face of the dam using roller compacted concrete to allow passage of flow by overtopping without damage to the earthen embankment.
- ***The West Utility Plant*** project will create a new regional utility plant that will reduce the load on the existing Swem Plant and create sufficient chilled water/hot water capability to support the west side of South Campus, including a new Fine and Performing Arts Complex as part of W&M's Campus Master Plan.
- ***The Alumni House expansion project*** will construct a significant addition to the existing Bright House and 1990's addition, enabling Advancement to significantly improve support to W&M alums.
- The ***One Tribe Place stabilization project*** will preserve the 1984 addition for future renovation or repurposing of this portion of the residence hall.
- ***The Fine and Performing Arts project*** will expand and renovate Phi Beta Kappa Hall (PBK), construct a new music building, and improve pedestrian and vehicular circulation in the immediate vicinity. PBK will house Theater, Dance, and Speech and feature a 100-seat student laboratory, a 250-seat studio (black box) theater and a 500-seat renovated main theater. The music building will feature a 125-seat recital hall and a 450-seat recital hall. Both facilities will be uniquely suited to the instructional and acoustic needs of the supported programs.
- Design has been completed on an accessibility project that will install a ramp, elevator and accessible restrooms in ***Adair Hall*** and improve pathways on campus. Construction will commence in early FY18.

- Design has been completed on the ***stormwater improvement project*** and construction will commence in early FY18.

Construction - A brief description of each project in construction at the end of the fiscal year is provided below:

- ***The Integrative Wellness Center project*** will co-locate all campus physical and mental health resources (Health Center, Counseling Center, Center for Mindfulness and Authentic Excellence (CMAX) and selected recreational activities which promote relaxation (e.g., yoga, massage, etc.) The synergy of these activities is intended to stress prevention via intervention and to create an environment which promotes relaxation and healing.
- The renovation of ***Landrum Hall*** will bring over 200 beds up to current standards with all new rooms and restrooms, lounge and collaboration spaces, and support spaces.
- Upgrade of the ***Recreation Services swimming pool*** will improve water and air quality in the space and improve safety and comfort for swimmers, coaches, and visitors.

Looking ahead, W&M will shift its focus to design of the Integrated Science Complex (Phase 4), design of a significant addition to the Sadler Center, and design of an expanded Muscarelle Museum Briggs Center expansion project. The Residence Hall recapitalization program will continue with replacement or renovation of the Green and Gold Village facilities.

Virginia Institute of Marine Science (VIMS)

The following list provides highlights of property acquisitions completed in FY17 as well as capital projects in progress or in design during FY17.

- ***Property Acquisition Completed in FY17*** - VIMS has authority from the Commonwealth of Virginia to purchase property adjacent to its Gloucester Point and Wachapreague campuses as well as to acquire property for the Virginia Estuarine & Coastal Research Reserve as privately-owned properties become available.
 - In December 2016, VIMS procured two parcels of land for its Wachapreague campus. No properties were acquired during this fiscal year for the Gloucester Point campus or for the Virginia Estuarine & Coastal Research Reserve.
- ***Projects in Progress.*** VIMS did not complete any capital projects in FY17, but had several projects either in design or under construction.

Projects in Design

- The Mechanical Systems and Repair Building Envelope of ***Chesapeake Bay Hall project*** involves the replacement of the heating and ventilation systems and repair of the exterior envelope of Chesapeake Bay Hall. The construction manager was selected in FY17 and the project is currently in schematic design. The final project completion date is planned for FY20.
- The ***Facilities Management Building project*** will provide a new 15,000 square-foot modern building to relocate and house Facilities Management administrative offices, maintenance trades shops, automotive and equipment repair garage, grounds keeping, housekeeping, and central

shipping and receiving units. Construction is expected to begin in FY18 with a final completion date anticipated for October 2018.

Construction

- VIMS contracted with a ship builder to construct a ***Research Vessel*** (to be named the R/V Virginia), which will replace the existing and outdated R/V Bay. The vessel's hull steel was nested, prepped and ready for welding by June 30, 2017. The vessel is expected to be completed by August 2018.
- The ***Consolidated Scientific Research Facility project*** will construct a new 32,000 square-foot building to provide research, study, office and technology space for the departments of Information Technology, Marine Advisory Services, Virginia Sea Grant, Center for Coastal Resources Management, and the Communications Center. The building foundation, steel structure, concrete floor slabs, and exterior sheathing were completed as of June 30, 2017. The mechanical, electrical, and plumbing contractors completed 50% of the interior utility installation. The exterior skin barrier was approximately 80% complete by the end of the fiscal year and roofing installation and masonry crews were 40% complete. The final project is expected to be complete in late FY18.

Future projects for VIMS will include replacing the Eastern Shore Laboratory Complex and the Oyster Research Hatchery. Once completed, both projects will provide new state-of-the-art facilities in marine research.

Richard Bland College

The following list provides highlights of capital projects completed, in progress, or in design during FY17.

- ***Projects Completed in FY17*** – As part of a broader State authorization for maintenance projects, RBC completed the construction of a Consolidated Storage Building in FY17. The building, located on the west side of Johnson Road, will serve as a storage facility for facilities personnel, keeping tools and supplies closer to the heart of activity on campus and improving efficiency.

Construction

- The renovation of the former Humanities and Social Sciences into residential space was approved by the General Assembly in 2016 and funded by 9C bonds issued in FY17. This project aligns with RBC's strategic plan and will expand the residential population for RBC, providing a stronger student experience in preparation of successful transfer to a four-year institution and achievement of a bachelor's degree. The project is currently under construction and once complete will provide an additional 75 beds to the campus, bringing the residential population up to 475 students. The rooms are traditional residential space, with one to three beds per room and shared bathroom suites.

Debt Activity

The University's long-term debt is comprised of bonds payable, notes payable, capital lease payable and installment purchases. The bonds payable are Section 9(c) bonds which are general obligation bonds issued and backed by the Commonwealth of Virginia on behalf of the University. These bonds are used to finance capital projects which will produce revenue to repay the debt. The University's notes payable consists of Section 9(d) bonds, which are issued by the Virginia College Building Authority's (VCBA) Pooled Bond Program. These bonds are backed by pledges against the University's general revenues. As of June 30, 2017 the University has outstanding balances for Section 9(c) bonds and Section 9(d) bonds of \$70.7 million and \$149.6 million respectively.

The outstanding balance of 9(c) bonds can be summarized in five major categories as follows excluding unamortized premiums/discounts: (1) Renovation of Dormitories - \$32.3 million, (2) Commons Dining Hall - \$5.4 million, (3) Other housing / residence - \$4.1 million and (4) New Dormitory - \$20.5 million. The majority of the 9(d) balance at June 30, 2017 is related to: One Tribe Place - \$20.7 million, the Miller Hall School of Business - \$15.1 million, the Barksdale dormitories - \$14.7 million, Cooling Plant - \$17.6 million, Integrated Science Center - \$12.6 million, the Parking Deck - \$6.5 million, Recreation Sports Center - \$5.7 million, Marshall-Wythe Law School Library - \$9.3 million, Expansion of the Sadler Center - \$7.1 million, Integrative Wellness Center - \$9.3, Athletic related projects – \$8.0 million and various other projects – \$7.4 million.

Economic Outlook

Our strong economic health continues to reflect W&M's ability to recruit students, its status as a public institution within the Commonwealth of Virginia's higher education system, our ability to raise revenue through tuition and fees, grants and contracts and private funds, and our ability to reallocate funds to support the University's highest priorities.

W&M continues to recruit, admit and retain top-caliber students even as we compete against the most selective public and private institutions in the country. Freshman applications to the University continue to be strong, with 14,921 students seeking admission for fall 2017. With an incoming class size of 1,534 students, W&M has almost 9.7 applicants for every student enrolled. Given its robust applicant pool, the credentials of admitted students remain strong, reflecting William & Mary's highly selective nature. These statistics, coupled with the University's academic reputation, suggest a strong continuing student demand for the future. Similarly, the Virginia Institute of Marine Science (VIMS) continues to see significant success in its academic, research and advisory programs, particularly in high profile areas such as coastal flooding, sea-level rise, and water quality. Richard Bland College (RBC) continues its growth trajectory as well, with steady increases in both headcount and full-time equivalent enrollments. In terms of student mix, RBC has successfully increased its efforts to draw students from outside of the area, with 42% of its students coming from outside the tri-cities region. RBC has formed a partnership with Navitas, a leader in global higher education, to increase their international population on campus by 100 students over the next two years. These continued efforts at growing both the RBC population, and increasing retention and graduation rates, speak to the focused effort by RBC administration on achieving its aspirational goal of 100% student success.

State support for operations is a function of general economic conditions and the priority assigned to higher education among competing demands for Commonwealth resources. After ending FY16 with a revenue shortfall, the Commonwealth announced budget reductions for all public colleges and universities as well as most state agencies. The actions resulted in both one-time reductions for W&M in FY17 and FY18, as well as base operating reductions in FY18 totaling approximately \$2.2 million in state support at W&M. Despite those reductions, growth from other revenue sources remained strong in FY17 largely mitigating the impact to the University overall. In addition, the Commonwealth ended FY17 with a surplus alleviating concerns that additional reductions might extend into future fiscal years. However, given historical fluctuations in state support and competing demands, the University continues to exercise caution in budget commitments that assume State funding support.

The rebound in endowment value began in FY10 and continued through FY17, after a slight decline in FY16. As of June 30, 2017, the market value of W&M's Endowment was \$874.1 million compared to \$803.7 million in FY16 – a year over year increase of 8.75%. Growth in FY17 included both investment returns net of fees, new gifts and receivables, market changes in externally managed accounts, changes in property holdings and spending withdrawals. The Board of Visitors' endowment recognized a 13.0% one-year investment return as of June 30, 2017 with the William and Mary Investment Trust recognizing a 12.1% return. Together, these remain the largest of the investment portfolios and both remain highly diversified across asset classes.

Relative to private fund raising, William & Mary continued its success in FY17 raising over \$134 million in gifts and commitments and exceeding over \$100 million in gifts and commitments for each of the last five years. Gifts raised in FY17 are part of an eight-year, \$1 billion fundraising campaign that was launched in FY13. As of June 30, 2017, W&M has raised \$712.2 million. We fully anticipate meeting the campaign goal, with more than 45,000 total donors, including over 19,250 undergraduate alumni donors. At those levels, our undergraduate alumni donor giving rate is 29.9% -- the highest percentage of alumni giving of any public college or University in the country.

In addition to operating dollars, investments in our academic facilities and infrastructure remain strong. We saw significant improvements to our facilities with the completion of the Integrated Science Center, Phase 3 and the renovation of Tyler Hall. With significant support from the Commonwealth for additional construction and renovation, we have begun planning for a series of new projects that will provide state-of-the-art educational and performance facilities for our music, theater and dance programs, as well as expansions to our student health, residential, and recreational programs on the Williamsburg campus. Projects currently underway to construct a new research vessel, a new research facility and a new facilities management building will greatly enhance VIMS research and administrative capacities.

Consolidated Financial Statements

**The College of William and Mary in Virginia, Virginia Institute of Marine Science
and Richard Bland College - Consolidated Report
Statement of Net Position
As of June 30, 2017**

	ASSETS	University	Component Units
Current assets:			
Cash and cash equivalents (Note 3)	\$ 25,345,077	\$ 26,845,503	
Investments (Note 3)	24,743,463	15,275,231	
Appropriation available	319,161	-	
Receivables, net of allowance for doubtful accounts (Note 5)	14,153,153	6,923,778	
Due from commonwealth	3,177,352		
Inventories	466,268	7,600	
Pledges receivable	-	9,784,989	
Prepaid expenses	3,383,245	725,993	
Other assets	131,702	189,915	
Total current assets	71,719,421	59,753,009	
Non-current assets:			
Restricted cash and cash equivalents (Note 3)	32,838,378	10,002,479	
Restricted investments (Note 3)	91,733,748	385,723,074	
Investments (Note 3)	20,100,175	267,568,047	
Receivables	-	21,403,338	
Notes receivable, net of allowance for doubtful accounts (Note 5)	2,689,079	-	
Pledges receivable	-	26,829,748	
Capital assets, nondepreciable (Note 6)	121,792,493	19,684,763	
Capital assets, depreciable net of accumulated depreciation of \$432,541,331 (Note 6)	735,013,898	15,478,346	
Other assets	-	2,601,734	
Other restricted assets	-	157,972,882	
Total non-current assets	1,004,167,771	907,264,411	
Total assets	1,075,887,192	967,017,420	
Deferred outflows of resources			
Pension related	25,860,334		
Loss on refunding of debt	5,268,943		
Total deferred outflows of resources	31,129,277		
Total assets and deferred outflows of resources	1,107,016,469		
	LIABILITIES		
Current liabilities:			
Accounts payable and accrued expenses (Note 7)	43,767,980	2,081,615	
Unearned revenue	15,049,469	698,768	
Deposits held in custody for others	939,789	302,062	
Advance from the Treasurer of Virginia (Note 18)	4,246,592		
Obligations under securities lending program	-		
Long-term liabilities-current portion (Note 9)	26,009,692	1,580,738	
Short term debt	-		
Other liabilities	441,295	49,669	
Total current liabilities	90,454,817	4,712,852	
Long-term liabilities-non-current portion (Note 9)	363,939,801	61,125,054	
Total liabilities	454,394,618	65,837,906	
Deferred inflows of resources			
Pension related	3,885,000		
Gain on refunding of debt	670,279		
Total deferred inflows of resources	4,555,279		
Total liabilities and deferred inflows of resources	458,949,897		
	NET POSITION		
Net investment in capital assets	627,232,631	14,838,465	
Restricted for:			
Nonexpendable:			
Scholarships and fellowships	10,207,511	131,248,904	
Research	-	15,743,302	
Loans	-	24,230	
Departmental uses	46,154,485	159,130,741	
Other	-	208,821,976	
Expendable:			
Scholarships and fellowships	11,416,351	106,825,319	
Research	-	6,449,575	
Debt service	2,312,331	-	
Capital projects	6,332	13,324,414	
Loans	615,359	81,181	
Departmental uses	32,818,399	156,323,289	
Other	-	41,350,635	
Unrestricted	(82,696,827)	47,017,483	
Total net position	\$ 648,066,572	\$ 901,179,514	

The accompanying Notes to the Financial Statements are an integral part of this statement.

**The College of William and Mary in Virginia, Virginia Institute of Marine Science
and Richard Bland College - Consolidated Report
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2017**

	University	Component Units
Operating revenues:		
Student tuition and fees, net of scholarship allowances of \$35,823,448	\$ 183,722,612	\$ -
Gifts and contributions	-	38,616,490
Federal grants and contracts	35,883,252	-
State grants and contracts	3,535,522	-
Local grants and contracts	275,759	-
Nongovernmental grants and contracts	6,540,615	-
Auxiliary enterprises, net of scholarship allowances of \$16,205,561	93,751,701	-
Other	6,086,350	13,613,602
Total operating revenues	329,795,811	52,230,092
Operating expenses: (Note 11)		
Instruction	126,631,958	3,386,125
Research	54,704,041	632,524
Public service	32,481	694,868
Academic support	37,071,608	4,600,663
Student services	16,557,309	748,952
Institutional support	46,099,179	11,187,786
Operation and maintenance of plant	26,411,278	1,487,059
Student aid	32,661,886	1,569,658
Auxiliary enterprises	84,582,694	7,121,849
Depreciation	32,254,322	858,377
Other	428,627	30,717,988
Total operating expenses	457,435,383	63,005,849
Operating loss	(127,639,572)	(10,775,757)
Non-operating revenues/(expenses):		
State appropriations (Note 12)	76,479,905	-
Gifts	39,431,724	-
Net investment revenue	10,030,146	67,414,648
Pell grant revenue	5,558,419	-
Interest on capital asset related debt	(6,215,737)	(251,338)
Other non-operating revenue	2,819,314	4,269,076
Other non-operating expense	(6,154,328)	(248,568)
Net non-operating revenues	121,949,443	71,183,818
Income/(loss) before other revenues, expenses, gains or losses	(5,690,129)	60,408,061
Capital appropriations	28,540,554	-
Capital grants and contributions	14,272,718	6,304,947
Loss on disposal of assets	(1,098,549)	-
Additions to permanent endowments	-	17,290,712
Net other revenues, expenses, gains or losses	41,714,723	23,595,659
Increase/(Decrease) in net position	36,024,594	84,003,720
Net position - beginning of year, restated (Note 2)	612,041,978	817,175,794
Net position - end of year	\$ 648,066,572	\$ 901,179,514

The accompanying Notes to the Financial Statements are an integral part of this statement.

**The College of William and Mary in Virginia, Virginia Institute of Marine Science
and Richard Bland College - Consolidated Report
Statement of Cash Flows
For the Year Ended June 30, 2017**

Cash flows from operating activities:	
Tuition and fees	\$ 179,117,313
Scholarships	(33,573,930)
Research grants and contracts	45,376,340
Auxiliary enterprise charges	95,091,433
Payments to suppliers	(116,154,156)
Payments to employees	(251,002,881)
Payments for operation and maintenance of facilities	(11,861,110)
Loans issued to students and employees	(545,954)
Collection of loans to students and employees	448,414
Other receipts	5,750,964
Other payments	(446,245)
	<hr/>
Net cash used by operating activities	(87,799,812)
	<hr/>
Cash flows from noncapital financing activities:	
State appropriations	76,479,905
Gifts	39,431,724
Agency receipts	1,630,608
Agency payments	(2,284,825)
Direct Loan receipts	47,490,969
Direct Loan disbursements	(47,490,969)
Other non-operating receipts	4,479,836
Other non-operating disbursements	(3,545,587)
	<hr/>
Net cash provided by noncapital financing activities	116,191,661
	<hr/>
Cash flows from capital financing activities:	
Proceeds from issuance of capital debt	2,689,326
Capital appropriations	31,767,767
Capital grants and contributions	13,913,581
Advance from the Treasurer of Virginia	4,246,592
Payment to the Treasurer of Virginia	(2,004,876)
Insurance payments	393,774
Capital expenditures	(54,545,653)
Principal paid on capital-related debt	(14,301,060)
Interest paid on capital-related debt	(8,025,553)
Proceeds from sale of capital assets	272,616
	<hr/>
Net cash used by capital and related financing activities	(25,593,486)
	<hr/>
Cash flows from investing activities:	
Investment income	1,043,310
Investment expense	(155,321)
Proceeds from sale of investments	134,466,135
Purchase of investments	(138,637,200)
	<hr/>
Net cash provided by investing activities	(3,283,076)
	<hr/>
Net increase/(decrease) in cash	(484,713)
	<hr/>
Cash-beginning of year	58,668,168
	<hr/>
Cash-end of year	<u><u>\$ 58,183,455</u></u>

**The College of William and Mary in Virginia
and Richard Bland College - Consolidated Report
Statement of Cash Flows
For the Year Ended June 30, 2017**

Reconciliation of Cash-end of year-Cash Flow Statement, to Cash and Cash Equivalents-Statement of Net Position :

Statement of Net Position	
Cash and cash equivalents	\$ 25,345,077
Restricted cash and cash equivalents	<u>32,838,378</u>
Net cash and cash equivalents	<u><u>\$ 58,183,455</u></u>
Reconciliation of net operating expenses to net cash used by operating activities:	
Net operating loss	\$ (127,639,572)
Adjustments to reconcile net operating expenses to cash used by operating activities:	
Depreciation expense	32,254,322
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
Receivables-net	846,260
Inventories	102,426
Prepaid expense	(2,328,447)
Accounts payable	4,882,668
Unearned revenue	484,050
Deposit held for others	260
Compensated absences	446,696
Pension liability	12,705,000
Deferred outflows of resources related to pension obligations	(8,180,984)
Deferred inflows of resources related to pension obligations	(4,754,000)
Software licenses liability	216,127
VRS Special Revenue Allocation	3,183,000
Other liability	<u>(17,618)</u>
Net cash used in operating activities	<u><u>\$ (87,799,812)</u></u>

**NONCASH INVESTING, NONCAPITAL FINANCING, AND CAPITAL
AND RELATED FINANCING TRANSACTIONS**

Amortization of a deferred loss	\$ 596,515
Donated capital assets	\$ 359,137
Reduction/amortization of bond premium	\$ 2,436,777
Net accumulated change in fair value of investments	\$ 6,649,848

The accompanying Notes to Financial Statements are an integral part of this statement.

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**Notes to
Financial Statements
Year Ended June 30, 2017**

The College of William and Mary in Virginia, Virginia Institute of Marine Science and Richard Bland College - Consolidated Report

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The consolidated financial statements of the College of William and Mary includes the financial statements of the College of William and Mary in Virginia (William and Mary or W&M) located in Williamsburg, Virginia, its York River campus at the Virginia Institute of Marine Science (VIMS) and Richard Bland College (RBC), collectively referred to as “the University”. All three entities are recognized as distinct state agencies within the Commonwealth of Virginia’s statewide system of public higher education with a shared governing board appointed by the Governor of Virginia. In this capacity, the University’s Board of Visitors is responsible for overseeing governance of all three entities. The University is a component unit of the Commonwealth of Virginia and is included in the general purpose financial statements of the Commonwealth.

The accompanying financial statements present all funds for which the University’s Board of Visitors is financially accountable. Related foundations and similar non-profit corporations for which the University is not financially accountable are also a part of the accompanying financial statements under Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*. These entities are legally separate and tax exempt organizations formed to promote the achievements and further the aims and purposes of the University. These component units are described in Note 13.

The University has nine component units as defined by GASB Statement 61 – the College of William and Mary Foundation, the Marshall-Wythe School of Law Foundation, the Alumni Association, the Athletic Educational Foundation, the School of Business Foundation, the Virginia Institute of Marine Science Foundation, the Richard Bland College Foundation, the Real Estate Foundation and the Intellectual Property Foundation. These organizations are separately incorporated tax-exempt entities and have been formed to promote the achievements and further the aims and purposes of the University. The Foundations are private, non-profit organizations, and as such the financial statement presentation follows the recommendation of accounting literature related to non-profits. As a result, reclassifications have been made to convert the Foundation’s financial information to GASB format.

Although the University does not control the timing or amount of receipts from the Foundations, the majority of resources or income which the Foundations hold and invest are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundations can only be used by or for the benefit of the University, the Foundations are considered component units of the University and are discretely presented in the financial statements with the exception of the Intellectual Property Foundation. The Intellectual Property Foundation is presented blended in the University column because the University has a voting majority of the governing board of the Foundation.

The College of William and Mary Foundation is a private, not-for-profit corporation organized under the laws of the Commonwealth of Virginia to “aid, strengthen, and expand in every proper and useful way” the work of William and Mary. For additional information on the College of William and Mary Foundation, contact the Foundation at Post Office Box 8795, Williamsburg, Virginia 23187.

The Marshall-Wythe School of Law Foundation is a non-stock, not-for-profit corporation organized under the laws of the Commonwealth of Virginia, established for the purpose of soliciting and receiving gifts to support the W&M School of Law. The Foundation supports the Law School through the funding of scholarships and fellowships, instruction and research activities, and academic support. For additional information on the Marshall-Wythe School of Law Foundation, contact the Foundation Office at Post Office Box 8795, Williamsburg, Virginia 23187.

The William and Mary Alumni Association is a private, not-for-profit corporation organized under the laws of the Commonwealth of Virginia which provides aid to W&M in its work, and promotes and strengthens the bonds of interest between and among William and Mary and its alumni. For additional information on the Alumni Association, contact the Alumni Association Office at Post Office Box 2100, Williamsburg, Virginia 23187-2100.

The William and Mary Athletic Educational Foundation is a not-for-profit corporation organized under the laws of the Commonwealth of Virginia. The purpose of the Foundation is to promote, foster, encourage and further education, in all enterprises of all kinds at William and Mary, but it principally supports W&M's Athletic Department. For additional information on the Athletic Educational Foundation, contact the Foundation Office at 751 Ukrop Drive, Williamsburg, Virginia 23187.

The William and Mary Business School Foundation is a non-stock, not-for-profit corporation organized under the laws of the Commonwealth of Virginia. The purpose of the Business School Foundation is to solicit and receive gifts to endow the W&M School of Business Administration and to support the School through the operations of the Foundation. For additional information on the William and Mary Business School Foundation, contact the Foundation Office at Post Office Box 2220, Williamsburg, Virginia, 23187.

The Virginia Institute of Marine Science Foundation is a not-for-profit corporation organized under the laws of the Commonwealth of Virginia. The purpose of the Foundation is to support the Virginia Institute of Marine Science primarily through contributions from the public. For additional information on the Virginia Institute of Marine Science Foundation, contact the Foundation Office at Post Office Box 1346, Gloucester Point, Virginia, 23062.

The Richard Bland College Foundation is a private, not-for-profit corporation organized under the laws of the Commonwealth of Virginia which provides scholarships, financial aid, and books to RBC's students, along with support for faculty development and cultural activities. For additional information on the Richard Bland College Foundation, contact the Foundation Office at 11301 Johnson Road, South Prince George, Virginia 23805.

The William and Mary Real Estate Foundation is a nonprofit organization incorporated under the laws of the Commonwealth of Virginia in September 2006. Its purpose is to acquire, hold, manage, sell, lease and participate in the development of real properties in support of the educational goals of William and Mary and VIMS. For additional information on the William and Mary Real Estate Foundation, contact the Foundation Office at Post Office Box 8795, Williamsburg, Virginia, 23187-8795.

The Intellectual Property Foundation is a nonprofit organization incorporated under the laws of the Commonwealth of Virginia in September 2007. Its purpose is to handle all aspects of the intellectual property of William and Mary in support of the educational goals of the University. The Intellectual Property Foundation is presented blended with the University because the University has a voting majority of the board. For additional information on the William and Mary Intellectual Property Foundation, contact the Foundation Office at Post Office Box 8795, Williamsburg, Virginia, 23187-8795.

The Omohundro Institute of Early American History and Culture (OIEAHC), sponsored by William and Mary, is a separate non-profit entity organized exclusively for educational purposes. Its Executive Board determines matters of policy and has responsibility for financial and general management as well as resource development. The Executive Board consists of up to six members, including the chief academic officer of the University as an ex officio member. Given university representation on the board, the support to the Institute is blended in the University column on the financial statements. For FY17, the university contributed \$905,912 to the Institute through direct payment of expenses.

The following summarizes the unaudited financial position of the OIEAHC at June 30, 2017:

Assets	<u>\$ 17,595,601</u>
Liabilities	26,193
Net Assets	<u>17,569,408</u>
Liabilities and Net Assets	<u>\$ 17,595,601</u>

The total unaudited receipts and disbursements of the OIEAHC were \$3,242,656 and \$2,107,527 respectively, for the year ended June 30, 2017. Separate financial statements for the OIEAHC may be obtained by writing the Treasurer, Omohundro Institute of Early American History and Culture, P.O. Box 8781, Williamsburg, Virginia 23187-8781.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), including all applicable GASB pronouncements. Pursuant to the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and Statement No. 35, *Basic Financial Statements - and Management’s Discussion and Analysis - for Public Colleges and Universities*. The University follows accounting and reporting standards for reporting as a special-purpose government engaged in business-type activities and accordingly, is reported within a single column in the basic financial statements.

Basis of Accounting

The financial statements of the University have been prepared using the economic resources measurement focus and the accrual basis of accounting, including depreciation expense related to capitalized fixed assets. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Bond premiums and discounts are deferred and amortized over the life of the debt. All significant intra-agency transactions have been eliminated.

Cash and Cash Equivalents

In accordance with the GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, definition, cash and cash equivalents consist of cash on hand, money market funds, and temporary highly liquid investments with an original maturity of three months or less.

Investments

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, requires that purchased investments, interest-bearing temporary investments classified with cash, and investments received as gifts be recorded at fair value, and reported in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. (See Note 3.) Realized and unrealized gains and losses are reported in investment income as non-operating revenue in the Statement of Revenues, Expenses, and Changes in Net Position.

Receivables

Receivables consist of tuition and fee charges to students and auxiliary enterprises’ sales and services. Receivables also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to grants and contracts. Receivables are recorded net of estimated uncollectible amounts.

Inventories

Inventories at the Williamsburg and York River (Virginia Institute of Marine Science) campuses are reported using the consumption method, and valued at average cost. RBC does not report any inventory.

Prepaid Expenses

As of June 30, 2017, the University's prepaid expenses included items such as insurance premiums, membership dues, conference registrations and publication subscriptions for FY18 that were paid in advance.

Capital Assets

Capital assets are recorded at historical cost at the date of acquisition or acquisition value at the date of donation in the case of gifts. Construction expenses for capital assets and improvements are capitalized when expended. The University's capitalization policy on equipment includes all items with an estimated useful life of two years or more. All three campuses capitalize all items with a unit price greater than or equal to \$5,000. The Williamsburg and York River campuses capitalize buildings and improvements other than buildings with a cost greater than or equal to \$100,000. Library materials for the academic or research libraries are capitalized as a collection and are valued at cost. The Williamsburg and York River campuses capitalize intangible assets with a cost greater than or equal to \$50,000 except for internally generated computer software which is capitalized at a cost of \$100,000 or greater. Richard Bland College capitalizes intangible assets with a cost greater than or equal to \$20,000.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets as follows:

Buildings	40-50 years
Infrastructure	10-50 years
Equipment	2-30 years
Library Books	10 years
Intangible Assets – computer software	3-20 years

Collections of works of art and historical treasures are capitalized at cost or fair value at the date of donation. These collections, which include rare books, are considered inexhaustible and therefore are not depreciated.

Deferred Outflows of Resources

Deferred outflows of resources are defined as the consumption of net assets applicable to a future reporting period. The deferred outflows of resources have a positive effect on net position similar to assets.

Unearned Revenue

Unearned revenue represents revenue collected but not earned as of June 30, 2017. This is primarily comprised of revenue for student tuition and fees paid in advance of the semester, amounts received from grant and contract sponsors that have not yet been earned and advance ticket sales for athletic events.

Compensated Absences

Employees' compensated absences are accrued when earned. The liability and expense incurred are recorded at year-end as accrued compensated absences in the Statement of Net Position, and as a component of compensation and benefit expense in the Statement of Revenues, Expenses, and Changes in Net Position. The applicable share of employer related taxes payable on the eventual termination payments is also included.

Noncurrent Liabilities

Noncurrent liabilities include principal amounts of bonds payable, notes payable, capital lease payable and installment purchase agreements with contractual maturities greater than one year as well as estimated amounts for accrued compensated absences that will not be paid within the next fiscal year. Also included is pension liability for defined benefit plans administered through the Virginia Retirement System.

Pensions

The Virginia Retirement System (VRS) State Employee Retirement Plan and the Virginia Law Officers' System (VaLORS) Retirement Plan are single employer pension plans that are treated like cost-sharing plans. For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflow of resources related to pensions, pension expense, information about the fiduciary net position of the VRS State Employee Retirement Plan and the VaLORS Retirement Plan, as well as the additions to/deductions from the VRS State Retirement Plan's and the VaLORS Retirements Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources

Deferred inflows of resources are defined as the acquisition of net assets applicable to a future reporting period. The deferred inflows of resources have a negative effect on net position similar to liabilities.

Net Position

The University's net position is classified as follows:

Net Investment in Capital Assets – consists of total investment in capital assets, net of accumulated depreciation and outstanding debt obligations.

Restricted Net Position – Nonexpendable – includes endowments and similar type assets whose use is limited by donors or other outside sources and as a condition of the gift, the principal is to be maintained in perpetuity.

Restricted Net Position – Expendable – represents funds that have been received for specific purposes and the University is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external parties.

Unrestricted Net Position – represents resources derived from student tuition and fees, state appropriations, unrestricted gifts, interest income, and sales and services of educational departments and auxiliary enterprises. When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense toward restricted resources, and then toward unrestricted.

Scholarship Allowances

Student tuition and fee revenues and certain other revenues from charges to students are reported net of scholarship allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship allowances are the difference between the actual charge for goods and services provided by the University and the amount that is paid by students and/or third parties on the students' behalf. Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). The alternative method is a simple calculation that computes scholarship discounts and allowances on a college-wide basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid. Student financial assistance grants and other Federal, State or nongovernmental programs are recorded as either operating or non-operating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. To the extent that revenues from these programs are used to satisfy

tuition, fees, and other charges, the University has recorded a scholarship allowance.

Federal Financial Assistance Programs

The University participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants (SEOG), Federal Work Study, Perkins Loans, and Direct Loans, which includes Stafford Loans, Parent Loans for Undergraduate Students (PLUS) and Graduate PLUS Loans. Federal programs are audited in accordance with 2 CFR 200, subpart F.

Classification of Revenues and Expenses

The University presents its revenues and expenses as operating or non-operating based on the following criteria:

Operating revenues - includes activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises, (3) most Federal, State and Local grants and contracts and (4) interest on student loans.

Non-operating revenues - includes activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, and GASB Statement No. 34, such as State appropriations and investment income.

Operating and Non-operating expenses - includes interest on debt related to the purchase of capital assets and losses on the disposal of capital assets. All other expenses are classified as operating expenses.

2. RESTATEMENT OF NET POSITION

Net position as previously reported June 30, 2016	\$ 612,523,478
Richard Bland College Adjust Due from VCBA receivable	<u>(481,500)</u>
Net position at July 1, 2017	<u>\$ 612,041,978</u>

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

Pursuant to Section 2.2-1800, et. seq., Code of Virginia, all state funds of the University are maintained by the Treasurer of Virginia, who is responsible for the collection, disbursement, custody and investment of State funds. Cash held by the University is maintained in accounts that are collateralized in accordance with the Virginia Securities for Public Deposits Act, Section 2.2-4400, et. seq. Code of Virginia. The Virginia Security for Public Deposits Act eliminates any custodial credit risk for the University.

Investments

The investment policy of the University is established by the Board of Visitors and monitored by the Board's Financial Affairs Committee. In accordance with the Board of Visitors' Resolution 6(R), November 16, 2001, Resolution 12(R) November 21-22, 2002, and as updated by the Board in April 2015 investments can be made in the following instruments: cash, U.S. Treasury and Federal agency obligations, commercial bank certificates of deposit, commercial paper, bankers' acceptances, corporate notes and debentures, money market funds, mutual funds, convertible securities and equities.

Credit Risk

The risk that an issuer or other counterparty to an investment will not fulfill its obligations. GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires the disclosure of the credit quality rating on any investments subject to credit risk.

Concentration of Credit Risk

Concentration of credit risk requires the disclosure by amount and issuer of any investments in any one issuer that represents five percent or more of total investments. Investments explicitly guaranteed by the U.S. government and investments in mutual funds or external investment pools and other pooled investments are excluded from this requirement. The University's investment policy does not limit the amount invested in U.S. Government or Agency Securities. As of June 30, 2017, none of the investments in stocks or bonds represents five percent or more of the total investments; therefore, the College did not have concentration of credit risk.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in the possession of the outside party. All investments are registered and held in the name of the University and therefore, the University does not have this risk.

Interest Rate Risk

The interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University limits its exposure to interest rate risk by limiting its maximum maturity lengths of investments and structuring its portfolio to maintain adequate liquidity to ensure the University's ability to meet its operating requirements.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The University had no investments in foreign currency but had foreign deposits in the amount of \$625,280 as of June 30, 2017.

Fair Value Measurement

Certain assets and liabilities of the University are reflected in the accompanying financial statements at fair value. The University follows the provisions in GASB Statement 72, *Fair Value Measurement and Application*. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). GASB 72 establishes a fair value hierarchy and specifies that the valuation techniques used to measure fair value shall maximize the use of observable inputs and minimize the use of unobservable inputs. Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under GASB 72 are described below:

Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities that the University has the ability to access at the measurement date;

Level 2—Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, or inputs other than quoted prices that are observable (directly or indirectly) for the asset or liability; and

Level 3—Prices, inputs or sophisticated modeling techniques, which are both significant to the fair value measurement and unobservable (supported by little or no market activity).

As required by GASB 72, assets and liabilities are classified within the level of the lowest significant input considered in determining fair value.

GASB 72 permits a governmental unit to establish the fair value of investments in non-governmental entities that do not have a readily determinable fair value by using the Net Asset Value (“NAV”) per share (or its equivalent), such as member units or an ownership interest in partners’ capital. The University uses the NAV or its equivalent as provided by the investment funds to value its investments in certain limited partnerships. Investments valued using the NAV or its equivalent are not categorized within the fair value hierarchy, and are presented in the table below.

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The following table presents investments as of June 30, 2017:

Investments Measured at Fair Value

	<u>6/30/2017</u>	<u>Level 1</u>	<u>Level 2</u>
Investments by Fair Value Level			
Debt Securities			
Corporate Bonds	\$ 27,886,676	\$ -	\$ 27,886,676
Commercial Paper	5,391,394	-	5,391,394
Agency Unsecured Bonds and Notes	15,404,089	-	15,404,089
Agency Mortgage Backed Securities	11,711,650	-	11,711,650
Mutual and Money Market Funds	51,454,119	51,454,119	-
Fixed Income and Comingled Funds	<u>94,729</u>	<u>94,729</u>	<u>-</u>
Total Debt Securities	<u>111,942,657</u>	<u>51,548,848</u>	<u>60,393,809</u>
Equity Securities			
Common and Preferred Stocks	12,322,837	12,322,837	-
Equity Index	5,219,781	5,219,781	-
Equity Index and Pooled Funds	29,912,329	29,912,329	-
Real Estate	<u>418,836</u>	<u>418,836</u>	<u>-</u>
Total Equity Securities	<u>47,873,783</u>	<u>47,873,783</u>	<u>-</u>
Total Investments by Fair Value level	<u>159,816,440</u>	<u>99,422,631</u>	<u>60,393,809</u>
Other - Rare Coin	280		
Investments measured at the Net Asset Value (NAV)			
Equity Hedge Long/Short	711,115		
Diversified Event Driven	1,264,210		
Commodities	153,621		
Managed Futures/Commodities	772,407		
Multi Strategy	2,071,389		
Relative Value	880,354		
Private Equity	487,656		
Funds in Liquidation	<u>42,942</u>		
Total Investments measured at the NAV	<u>6,383,694</u>		
Total Investments	<u>\$ 166,200,414</u>		

Securities traded on U.S. or foreign exchanges are valued at the last reported sales price or, if there are no sales, at the latest bid quotation. Mutual funds and exchange traded funds listed on U.S. or foreign exchanges are valued at the closing net asset value; mutual funds not traded on national exchanges are valued in good faith at the pro-rata interest in the net assets of these entities. Short-term government and agency bonds and notes are valued based on market driven observations and securities characteristics including ratings, coupons and redemptions. The values of limited partnerships are determined in good faith at the pro-rata interest in the net assets of these entities. Investments held by these entities are valued at prices which approximate fair value. The estimated fair value of certain investments in the underlying entities, which may include private placements and other securities for which values are not readily available, are determined in good faith by the investment advisors or third party administrators of the respective entities and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. These investments are valued using valuation techniques such as the market approach, income approach, and cost approach. The estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments, and these differences could be material.

The following table summarizes liquidity provisions related to the College's investments measured at Net Asset Value:

Investments Measured at NAV

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Equity Hedge Long/Short	\$ 711,115	\$ -	Quarterly	95 days
Diversified Event Driven	1,264,210	-	Quarterly	appropriate notice
Commodities	153,621	-	Monthly	35 days
Managed Futures/Commodities	772,407	-	Monthly	10-65 days
Multi Strategy	2,071,389	-	Quarterly	100 days
Relative Value	880,354	-	Semi-Annual	95 days
Private Equity	487,656	83,519	Illiquid	-
Funds in Liquidation	42,942	-	Illiquid	-
Total Investments measured at NAV	<u>\$ 6,383,694</u>	<u>\$ 83,519</u>		

Interest Rate Risk: Maturities

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Less than 1 year</u>	<u>1-5 years</u>
Agency unsecured bonds and notes:			
Federal Home Loan Bank	\$ 4,495,095	\$ 4,495,095	\$ -
Federal Home Loan Mortgage Corp	7,918,325	-	7,918,325
Federal National Mortgage Assn	2,990,669	-	2,990,669
Commercial Paper	3,393,544	3,393,544	-
Corporate Bonds	27,886,676	24,276,188	3,610,488
Fixed Income and Commingled Funds	94,729	94,729	-
Mutual and money market funds:			
Money market	28,238,148	28,238,148	-
Mutual funds - Investment Funds	23,215,971	23,215,971	-
Mutual funds - Wells Fargo	587,370	587,370	-
State non-arbitrage program	16,032,998	16,032,998	-
	<u>\$ 114,853,525</u>	<u>\$ 100,334,043</u>	<u>\$ 14,519,482</u>

Credit and Concentration of Credit Risks

	<u>Fair Value</u>	<u>Moody's Credit Rating</u>	<u>Unrated</u>
<u>Cash Equivalents</u>			
Certificate of deposit	\$ 120,075	\$ -	\$ 120,075
Money market	28,238,148	-	28,238,148
Commercial Paper	1,997,850	-	1,997,850
State non-arbitrage program - AAAM	<u>18,557,860</u>	<u>-</u>	<u>18,557,860</u>
Total cash equivalents	<u>48,913,933</u>	<u>-</u>	<u>48,913,933</u>
<u>Investments</u>			
Agency unsecured bonds and notes:			
Federal Home Loan Bank	\$ 4,495,095	\$ -	\$ 4,495,095
Federal Home Loan Mortgage Corp	7,918,324	-	7,918,324
Federal National Mortgage Assn	2,990,670	-	2,990,670
Commercial Paper	3,393,544	-	3,393,544
Corporate Bonds:			
Aa2	1,199,304	1,199,304	-
Aa3	1,801,362	1,801,362	-
A1	15,538,554	15,538,554	-
A2	5,222,711	5,222,711	-
A3	4,124,745	4,124,745	-
Fixed Income and Commingled Funds	94,729	-	94,729
Mutual funds:			
Investment Funds	23,215,971	-	23,215,971
Wells Fargo	<u>587,370</u>	<u>-</u>	<u>587,370</u>
Total investments	<u>70,582,379</u>	<u>\$27,886,676</u>	<u>\$42,695,703</u>
<u>Other Investments</u>			
Other	65,979,127		
Rare coins	280		
Property held as investment for endowments	<u>15,600</u>		
Total other investments	<u>65,995,007</u>		
Total cash equivalents and investments	<u>\$ 185,491,319</u>		

4. DONOR RESTRICTED ENDOWMENTS

Investments of the University's endowment funds are pooled and consist primarily of gifts and bequests, the use of which is restricted by donor imposed limitations. The Uniform Management of Institutional Funds Act, Code of Virginia Title 55, Chapter 15 sections 268.1-268.10, permits the spending policy adopted by the Board of Visitors to appropriate an amount of realized and unrealized endowment appreciation as the Board determines to be prudent. In determining the amount of appreciation to appropriate, the Board is required by the Act to consider such factors as long- and short-term needs of the institution, present and anticipated financial requirements, expected total return on investments, price level trends, and general economic conditions. The amount available for spending is determined by applying the payout percentage to the average market value of the investment portfolio for the three previous calendar year-ends. The payout percentage is reviewed and adjusted annually as deemed prudent.

The University, at FY17 year-end, had a net appreciation of \$14,591,583 which is available to be spent and is reported in the Statement of Net Position in the following categories: Restricted Expendable for Scholarships and Fellowships - \$7,929,579, Restricted Expendable for Capital Projects - \$198,927, Restricted Expendable for Research - \$14,913, Restricted Expendable for Departmental Uses - \$5,132,789 and Unrestricted - \$1,315,375. The amounts for Research and Capital Projects were reclassified to Unrestricted because the total net position for Restricted Expendable for Research and Restricted Expendable for Capital Projects were negative for the University.

5. ACCOUNTS AND NOTES RECEIVABLES

Receivables include transactions related to accounts and notes receivable and are shown net of allowance for doubtful accounts for the year ending June 30, 2017 as follows:

Accounts receivable consisted of the following at June 30, 2017:

Student Tuition and Fees	\$ 2,622,036
Auxiliary Enterprises	458,177
Federal, State and Non-Governmental Grants & Contracts	8,850,808
Other Activities	<u>2,247,891</u>
Gross Receivables	14,178,912
Less: allowance for doubtful accounts	<u>(25,759)</u>
Net Receivables	<u><u>\$ 14,153,153</u></u>

Notes receivable consisted of the following at June 30, 2017:

Non-current portion:	
Federal student loans and promissory notes	\$ 2,821,030
Less: allowance for doubtful accounts	<u>(131,951)</u>
Net non-current notes receivable	<u><u>\$ 2,689,079</u></u>

6. CAPITAL ASSETS

A summary of changes in the various capital asset categories for the year ending June 30, 2017 consists of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Non-depreciable capital assets:				
Land	\$ 25,314,003	\$ 36,790	\$ -	\$ 25,350,793
Inexhaustible artwork and Historical treasures	75,829,707	417,069	(67,388)	76,179,388
Construction in Progress	<u>104,003,879</u>	<u>36,086,565</u>	<u>(119,828,132)</u>	<u>20,262,312</u>
Total non-depreciable capital assets	<u>205,147,589</u>	<u>36,540,424</u>	<u>(119,895,520)</u>	<u>121,792,493</u>
Depreciable capital assets:				
Buildings	797,069,860	118,347,189	(3,845,790)	911,571,259
Equipment	77,014,457	10,701,074	(3,068,551)	84,646,980
Infrastructure	82,318,596	34,941	-	82,353,537
Other improvements	13,142,056	1,445,642	(878,738)	13,708,960
Library Materials	90,054,957	1,119,499	(22,020,050)	69,154,406
Computer software	<u>5,870,087</u>	<u>250,000</u>	<u>-</u>	<u>6,120,087</u>
Total depreciable capital assets	<u>1,065,470,013</u>	<u>131,898,345</u>	<u>(29,813,129)</u>	<u>1,167,555,229</u>
Less accumulated depreciation for:				
Buildings	248,085,223	22,723,515	(3,711,512)	267,097,226
Equipment	49,865,603	5,230,156	(2,177,323)	52,918,436
Infrastructure	35,940,880	2,224,847	-	38,165,727
Other improvements	6,656,799	623,598	(878,175)	6,402,222
Library Materials	83,375,755	1,318,079	(21,972,787)	62,721,047
Computer software	<u>5,102,546</u>	<u>134,127</u>	<u>-</u>	<u>5,236,673</u>
Total accumulated depreciation	<u>429,026,806</u>	<u>32,254,322</u>	<u>(28,739,797)</u>	<u>432,541,331</u>
Depreciable capital assets, net	<u>636,443,207</u>	<u>99,644,023</u>	<u>(1,073,332)</u>	<u>735,013,898</u>
Total capital assets, net	<u>\$ 841,590,796</u>	<u>\$ 136,184,447</u>	<u>\$(120,968,852)</u>	<u>\$ 856,806,391</u>

Capitalization of Library Books

The methods employed to value the general collections of W&M's Earl Gregg Swem Library, W&M's Marshall-Wythe Law Library, VIMS' Hargis Library, and RBC Library are based on average cost determined by each library. The average cost of the Swem Library purchases of books was \$43.41 for FY17. The average cost of the Law Library purchases of books was \$88.80 for FY17. Special collections maintained by each library are valued at historical cost or acquisition value. The average cost of library books purchased for VIMS was \$51.61 for FY17. The average cost of library books purchased for RBC was \$32.77 for FY17. The changes reflected in the valuation are due to the recognition of depreciation in accordance with GASB Statements No. 34 and 35, as well as purchases, donations and disposals.

7. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following at June 30, 2017:

Current Liabilities:

Employee salaries, wages, and fringe benefits payable	\$ 26,366,390
Vendors and supplies accounts payable	10,773,925
Capital projects accounts and retainage payable	4,233,135
Accrued interest payable	<u>2,394,530</u>
Total current liabilities-accounts payable and accrued liabilities	<u><u>\$ 43,767,980</u></u>

8. COMMITMENTS

At June 30, 2017, outstanding construction commitments totaled approximately \$105,318,003.

Commitments also exist under various operating leases for buildings, equipment and computer software. In general, the leases are for one to three year terms with renewal options on the buildings, equipment and certain computer software for additional one-year terms. In most cases, these leases will be replaced by similar leases. William and Mary has also entered into one twenty-year lease for space in the Applied Science Research Center Building at the Jefferson Center for Research and Technology in Newport News, Virginia. Rental expense for the fiscal year ending June 30, 2017, was \$4,258,369.

As of June 30, 2017, the following total future minimum rental payments are due under the above leases:

<u>Year Ending June 30, 2017</u>	<u>Amount</u>
2018	\$ 3,261,814
2019	1,351,173
2020	1,319,360
2021	1,192,062
2022	187,424
2023	<u>12,567</u>
Total	<u><u>\$ 7,324,400</u></u>

9. LONG-TERM LIABILITIES

The University's long-term liabilities consist of long-term debt (further described in Note 10), and other long-term liabilities. A summary of changes in long-term liabilities for the year ending June 30, 2017 is presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Installment Purchases	\$ 3,494,500	\$ 6,046	\$ (463,681)	\$ 3,036,865	\$ 491,534
Capital Leases Payable	22,201,937	124,548	(806,891)	21,519,594	607,600
Other long-term obligations	678,539		(19,771)	658,768	16,668
Notes Payable	156,945,897	20,429,738	(27,817,872)	149,557,763	9,145,000
Bonds Payable	<u>73,171,073</u>	<u>2,766,135</u>	<u>(5,258,881)</u>	<u>70,678,327</u>	<u>4,456,105</u>
Total long-term debt	256,491,946	23,326,467	(34,367,096)	245,451,317	14,716,907
Perkins Loan Fund Balance	2,395,816	-	-	2,395,816	-
Accrued compensated absences	10,755,547	10,848,653	(10,401,957)	11,202,243	10,754,778
Software licenses	1,201,990	833,157	(617,030)	1,418,117	538,007
Net Pension Liability	<u>116,777,000</u>	<u>12,705,000</u> *	<u>-</u>	<u>129,482,000</u>	<u>-</u>
Total long-term liabilities	<u>\$ 387,622,299</u>	<u>\$ 47,713,277</u>	<u>\$(45,386,083)</u>	<u>\$ 389,949,493</u>	<u>\$ 26,009,692</u>

* net increase is shown

10. LONG-TERM DEBT

Bonds Payable

William and Mary's bonds are issued pursuant to Section 9 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 and are backed by the full faith, credit and taxing power of the Commonwealth and are issued to finance capital projects which, when completed, will generate revenue to repay the debt. Listed below are the bonds outstanding at year-end:

<u>Description</u>	<u>Interest Rates(%)</u>	<u>Maturity</u>	<u>Balance as of June 30, 2017</u>
Section 9(c) bonds payable:			
Dormitory, Series 2009C	3.000 - 4.000	2021	\$ 376,440
Dormitory, Series 2009C	3.000 - 4.000	2022	1,674,855
Dormitory, Series 2009D	2.500 - 5.000	2022	1,655,000
Renovate Residence Halls, Series 2010A2	2.000 - 5.000	2030	3,175,000
Dormitory, Series 2012A	3.000 - 5.000	2024	779,720
Dormitory, Series 2013A	2.000 - 5.000	2033	4,005,000
Dormitory, Series 2013B	3.000 - 5.000	2026	844,462
Dormitory, Series 2014A	2.000 - 5.000	2034	8,130,000
Dormitory, Series 2014B	2.000 - 5.000	2018	445,819
Dormitory, Series 2014B	2.000 - 5.000	2020	933,183
Dormitory, Series 2015A	2.000 - 5.000	2035	10,300,000
Renovation of Dormitories			<u>32,319,479</u>
Graduate Housing, Series 2008B	3.000 - 5.000	2018	115,000
Graduate Housing, Series 2009D	2.500 - 5.000	2022	1,270,000
Graduate Housing, Series 2013B	3.000 - 5.000	2026	1,200,361
Graduate Housing, Series 2015B	4.000 - 5.000	2028	1,482,414
Graduate Housing			<u>4,067,775</u>
Construct New Dormitory, Series 2010A2	2.000 - 5.000	2030	1,440,000
Construct New Dormitory, Series 2011A	3.000 - 5.000	2031	11,515,000
Construct New Dormitory, Series 2013A	2.000 - 5.000	2033	7,530,000
Construct New Dormitory			<u>20,485,000</u>
Renovate Commons Dining Hall, Series 2009D	2.500 - 5.000	2022	2,730,000
Renovate Commons Dining Hall, Series 2012A	3.000 - 5.000	2024	1,289,537
Renovate Commons Dining Hall, Series 2013B	3.000 - 5.000	2026	1,389,450
Commons Dining Hall			<u>5,408,987</u>
RBC Student Housing conversion	3.000 - 5.000	2036	2,465,000
Total bonds payable			64,746,241
Unamortized premiums (discounts)			<u>5,932,086</u>
Net bonds payable			<u>\$ 70,678,327</u>

Notes Payable

Section 9(d) bonds, issued through the Virginia College Building Authority's Pooled Bond Program, are backed by pledges against the general revenues of William and Mary and are issued to finance other capital projects. The principal and interest on bonds and notes are payable only from net income of specific auxiliary activities or from designated fee allocations. The following are notes outstanding at year-end:

<u>Description</u>	<u>Interest Rates (%)</u>	<u>Maturity</u>	<u>Outstanding Balance as of June 30, 2017</u>
Section 9(d) Bonds:			
Barksdale Dormitory, Series 2010B	2.000 - 5.000	2021	\$ 450,000
Barksdale Dormitory, Series 2012A	3.000 - 5.000	2024	365,000
Barksdale Dormitory, Series 2012A	3.000 - 5.000	2025	5,435,000
Barksdale Dormitory, Series 2012A	3.000 - 5.000	2025	6,330,000
Barksdale Dormitory, Series 2014B	4.000 - 5.000	2026	980,000
Barksdale Dormitory, Series 2014B	5.000	2024	730,000
Barksdale Dormitory, Series 2016A	3.000	2027	375,000
Barksdale Dormitory			14,665,000
William and Mary Hall, Series 2007B	4.000- 4.250	2018	165,000
Parking Deck, Series 2010B	2.000 - 5.000	2021	950,000
Parking Deck, Series 2012A	3.000 - 5.000	2024	770,000
Parking Deck, Series 2012A	3.000 - 5.000	2025	1,160,000
Parking Deck, Series 2012A	3.000 - 5.000	2025	3,140,000
Parking Deck, Series 2014B	4.000 - 5.000	2026	485,000
Parking Deck			6,505,000
Recreation Sports Center, Series 2010B	2.000 - 5.000	2021	220,000
Recreation Sports Center, Series 2012A	3.000 - 5.000	2024	180,000
Recreation Sports Center, Series 2012A	3.000 - 5.000	2025	3,840,000
Recreation Sports Center, Series 2012A	3.000 - 5.000	2025	1,225,000
Recreation Sports Center, Series 2014B	4.000 - 5.000	2026	190,000
Recreation Sports Center			5,655,000
Improve Athletics Facilities, Series 2012A	3.000 - 5.000	2025	1,655,000
Improve Athletics Facilities, Series 2014B	4.000 - 5.000	2026	260,000
Improve Athletics Facilities, Series 2014B	5.000	2024	280,000
Improve Athletics Facilities, Series 2016A	3.000	2027	150,000
Improve Athletics Facilities II, Series 2013A&B	2.000 - 5.000	2034	1,440,000
Improve Athletics Facilities			3,785,000
Marshall-Wythe Library, Series 2014B	5.000	2020	375,000
Law School Library, Series 2007A	4.500 - 5.000	2018	170,000
Law School Library, Series 2010B	2.000 - 5.000	2021	260,000
Law School Library, Series 2012A	3.000 - 5.000	2024	220,000
Law School Library, Series 2014B	4.000 - 5.000	2026	1,640,000
Law School Renovations, Series 2013A&B	2.000 - 5.000	2034	6,115,000
Law School Library, Series 2016A	3.000	2028	525,000
Law School Library			9,305,000
Magnet Facility, Series 2010B	2.000 - 5.000	2021	570,000
Magnet Facility, Series 2012A	3.000 - 5.000	2024	455,000
Magnet Facility			1,025,000

<u>Description</u>	<u>Interest Rates (%)</u>	<u>Maturity</u>	<u>Outstanding Balance as of June 30, 2017</u>
School of Business, Series 2007A	4.500 - 5.000	2018	1,110,000
School of Business, Series 2014B	4.000 - 5.000	2026	10,575,000
School of Business, Series 2016A	3.000	2028	<u>3,425,000</u>
School of Business			15,110,000
Integrated Science Center, Series 2007A	4.500 - 5.000	2018	580,000
Integrated Science Center, Series 2009A	2.750 - 5.000	2021	960,000
Integrated Science Center, Series 2014B	4.000 - 5.000	2026	5,545,000
Integrated Science Center, Series 2015B	2.100 - 5.000	2029	3,755,000
Integrated Science Center, Series 2016A	3.000	2028	<u>1,800,000</u>
Integrated Science Center			12,640,000
Cooling Plant & Utilities, Series 2009B	2.000 - 5.000	2020	1,570,000
Cooling Plant & Utilities, Series 2010A1&A2	2.000 - 5.500	2031	8,635,000
Cooling Plant & Utilities, Series 2016A	3.000	2030	<u>7,360,000</u>
Cooling Plant & Utilities			17,565,000
Power Plant Renovations, Series 2007A	4.500 - 5.000	2018	230,000
Power Plant Renovations, Series 2014B	4.500 - 5.000	2026	2,175,000
Power Plant Renovations, Series 2016A	3.000	2028	<u>700,000</u>
Power Plant Renovations			3,105,000
Busch Field Astroturf Replacement, Series 2009B	2.000 - 5.000	2020	190,000
Busch Field Astroturf Replacement, Series 2016A	3.000	2030	<u>860,000</u>
Busch Field Astroturf			1,050,000
Williamsburg Hospital/School of Education 2014B	5.000	2024	910,000
Williamsburg Hospital/School of Education, 2016A	3.000	2027	<u>470,000</u>
Williamsburg Hospital/School of Education			1,380,000
J. Laycock Football Facility, Series 2014B	5.000	2024	2,100,000
J. Laycock Football Facility, Series 2016A	3.000	2027	<u>1,100,000</u>
J. Laycock Football Facility			3,200,000
Residence Hall Fire Safety Systems, Series 2014B	5.000	2024	730,000
Residence Hall Fire Safety Systems, Series 2016A	3.000	2027	<u>375,000</u>
Residence Hall Fire Safety Systems			1,105,000
Ash Lawn-Highland Barn, Series 2010A1&A2	2.000 - 5.500	2031	600,000
Expand Sadler Center, Series 2012B	3.000 - 5.000	2033	6,230,000
Expand Sadler Center, Series 2013A&B	2.000 - 5.000	2034	<u>905,000</u>
Sadler Center			7,135,000

<u>Description</u>	<u>Interest Rates (%)</u>	<u>Maturity</u>	<u>Outstanding Balance as of June 30, 2017</u>
One Tribe Place, Series 2013A&B	2.000 - 5.000	2034	20,700,000
Integrative Wellness Center 2015A	3.000 - 5.000	2036	9,320,000
Total 9(d) bonds			134,015,000
Unamortized premiums (discounts)			15,542,763
Net notes payable			<u>\$ 149,557,763</u>

Installment Purchases

At June 30, 2017, installment purchases consist of the current and long-term portions of obligations resulting from various contracts used to finance energy performance contracts and the acquisition of equipment. The lengths of purchase agreements range from two to fifteen years, and the interest rate charges are from 3.1 to 4.7 percent. The outstanding balance of installment purchases as of June 30, 2017 is \$3,036,865.

Capital Leases

Richard Bland College (RBC) has entered into a thirty year capital lease with Richard Bland College Foundation (RBCF) for the provision of a student housing complex with two dormitories on the RBC campus. RBC has accounted for the acquisition of the complex and its furniture and equipment as a capital lease, and therefore has recorded the facility and furnishings as depreciable capital assets and has also recorded a corresponding lease liability in long-term debt on the Statement of Net Position. The outstanding balance as of June 30, 2017 is \$21,300,159. RBC has also recorded an Other Long-Term Obligation which is payable to RBCF for repayment of the bonds for the dormitories for the amount due on the bonds which is greater than the total fair value of assets received. The outstanding balance as of June 30, 2017 is \$658,768. William and Mary has entered into Capital Lease agreements for the purchase of printers and copiers. The outstanding balance of these agreements as of June 30, 2017 is \$219,435.

Long-term debt matures as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>BAB Interest Subsidy</u>	<u>Net Interest</u>
2018	\$ 14,716,905	\$ 9,088,412	\$ 199,877	\$ 8,888,535
2019	14,707,629	8,263,582	196,893	8,066,689
2020	15,348,186	7,600,624	189,952	7,410,672
2021	15,766,403	6,924,581	178,665	6,745,916
2022	15,986,200	6,189,516	166,558	6,022,958
2023-2027	79,674,327	20,020,053	617,628	19,402,425
2028-2032	47,028,530	7,372,263	159,631	7,212,632
2033-2037	19,571,355	1,267,238	-	1,267,238
2038-2042	1,176,933	24,865	-	24,865
Unamortized premiums	21,474,849			
Total	<u>\$245,451,317</u>	<u>\$ 66,751,134</u>	<u>\$ 1,709,205</u>	<u>\$ 65,041,929</u>

The interest subsidies for the Build America Bonds (BAB) being paid to the University by the Federal Government

are subject to change in future years. In the event of a reduction or elimination of the subsidies, the University would be responsible for paying the full interest due on the BAB bonds.

Defeasance of Debt

In July of 2016, the Virginia College Building Authority (VCBA) issued Educational Facilities Revenue Refunding Bonds Series 2016A. The original bonds were used to finance part of the Integrated Science Center Project. The net proceeds from the sale of the Refunding Bonds were deposited into irrevocable trusts with escrow agents to provide for all future debt service payments on the refunded bonds. As a result, these bonds are considered defeased and the University's portion of the liability has been removed from the financial statements.

The amount and percentage of debt defeased relating to the University is as follows:

<u>Series</u>	<u>Type</u>	<u>Debt Outstanding</u>	<u>Amount Defeased</u>	<u>Percentage Defeased</u>
2016A	9D	24,515,000	17,540,000	72%

The University's portion of the accounting loss recognized in the financial statements was \$734,700. The net economic gain attributable to the University was \$1,449,153 and will result in a decreased cash flow requirement of \$1,607,865 over the remaining life of the debt.

Prior Year Defeasance of Debt

The Commonwealth of Virginia, on behalf of the University, issued bonds in previous and current fiscal years for which the proceeds were deposited into irrevocable trusts with escrow agents to provide for all future debt service on the refunded bonds. Accordingly, the trust account assets and the related liability for the defeased bonds are not included in the University's financial statements. At June 30, 2017, \$41,150,000 of the defeased bonds was outstanding.

11. EXPENSES BY NATURAL CLASSIFICATIONS

The following table shows a classification of expenses both by function as listed in the Statement of Revenues, Expenses, and Change in Net Position and by natural classification which is the basis for amounts shown in the Statement of Cash Flow.

	Salaries, Wages and Fringe Benefits	Services and Supplies	Scholarships and Fellowships	Plant and Equipment	Depreciation	Total
Instruction	115,186,842	8,398,896	1,420,823	1,625,397	-	126,631,958
Research	38,512,016	14,201,011	1,075,287	915,727	-	54,704,041
Public service	8,065	20,783	2,650	983	-	32,481
Academic support	27,605,101	4,049,996	792,819	4,623,692	-	37,071,608
Student services	10,413,146	5,770,035	252,140	121,988	-	16,557,309
Institutional support	38,152,961	7,507,926	172,861	265,431	-	46,099,179
Operation and maintenance of plant	4,965,604	20,722,332	2,976	720,366	-	26,411,278
Scholarships and related expenses	2,717,585	42,705	29,894,773	6,823	-	32,661,886
Auxiliary enterprises	25,215,664	56,882,860	-	2,484,170	-	84,582,694
Depreciation	-	-	-	-	32,254,322	32,254,322
Other	183,140	15,243	229,925	319	-	428,627
Total	262,960,124	117,611,787	33,844,254	10,764,896	32,254,322	457,435,383

12. STATE APPROPRIATIONS

The following is a summary of state appropriations received by W&M, VIMS and RBC including all supplemental appropriations and reversions from the General Fund of the Commonwealth.

Chapter 836 - 2017 Acts of Assembly (Educational and General Programs)		\$ 70,642,075
Student financial assistance		5,135,840
Supplemental appropriations:		
Prior Year Reappropriations	130,228	
VIVA libraries	27,390	
Central appropriation distributions for health and VITA	13,795	
Marine Science Resources and Environmental Research	159,226	
Central Appropriations transfer	801,618	
Biomedical research	75,000	
VMSDEP	31,725	1,238,982
Reversions to the General Fund of the Commonwealth		<u>(536,992)</u>
Appropriations as adjusted		<u>\$ 76,479,905</u>

13. COMPONENT UNIT FINANCIAL INFORMATION

The University has nine component units – The College of William and Mary Foundation, the Marshall-Wythe School of Law Foundation, the Alumni Association, the William and Mary Athletic Educational Foundation, the William and Mary School of Business Foundation, the Virginia Institute of Marine Science Foundation, the William and Mary Real Estate Foundation, the Richard Bland College Foundation and the Intellectual Property Foundation. These organizations are separately incorporated entities and other auditors examine the related financial statements. Summary financial statements and related disclosures follow for eight of the component units. As stated in Note 1, the activity of the Intellectual Property Foundation is blended with the University beginning in FY13; therefore, it is not included in the presentation of component unit financial information.

Summary of Statement of Net Position - Component Units

	The College of William & Mary Foundation	Marshall-Wythe School of Law Foundation	William & Mary Business School Foundation	William & Mary Alumni Association
ASSETS				
Current assets				
Cash and cash equivalents	\$ 8,200,694	\$ 4,457,228	\$ 5,054,125	\$ 775,928
Investments	15,275,231	-	-	-
Pledges receivable, net - current portion	4,934,902	2,200,327	1,110,136	68,597
Receivables, net	2,445,360	7,394	275,399	48,463
Inventories	-	-	-	7,600
Prepays	578,209	5,132	119,714	12,270
Due from the University	392,606	2,500,000	-	-
Other assets	-	-	-	-
Total current assets	31,827,002	9,170,081	6,559,374	912,858
Non-current assets				
Restricted cash and cash equivalents	340,625	5,710,490	2,747,740	-
Restricted investments	290,464,539	34,186,045	42,706,421	887,445
Restricted other assets	155,991,821	462,078	1,474,244	-
Receivables - long term, net	-	-	-	-
Investments	253,604,931	4,086,138	-	6,756,207
Pledges receivable, net	19,448,823	1,756,585	948,135	73,300
Capital assets, nondepreciable	9,514,800	325,127	-	-
Capital assets, net of accumulated depreciation	6,374,428	4,517	7,434	88,357
Due from the University	-	-	-	-
Other assets	2,504,625	-	-	-
Total non-current assets	738,244,592	46,530,980	47,883,974	7,805,309
Total assets	770,071,594	55,701,061	54,443,348	8,718,167
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses	452,371	66,749	133,452	104,210
Deferred revenue	97,228	66,709	260,001	104,829
Deposits held in custody for others	282,915	-	19,147	-
Long-term liabilities - current portion	619,818	-	-	-
Due to the University	-	119,206	-	1,390
Other liabilities	-	-	-	49,669
Total current liabilities	1,452,332	252,664	412,600	260,098
Non-current liabilities				
Other long-term liabilities	592,918	438,458	-	-
Long-term liabilities	27,724,282	-	-	-
Total liabilities	29,769,532	691,122	412,600	260,098
NET POSITION				
Restricted for:				
Nonexpendable:				
Scholarships and fellowships	115,418,219	7,538,997	1,733,991	-
Research	8,807,717	-	880,900	-
Loans	-	-	24,230	-
Departmental uses	111,218,695	8,165,007	38,647,639	-
Other	205,590,179	-	127,448	-
Expendable:				
Scholarships and fellowships	93,864,520	8,962,175	2,435,887	-
Research	5,335,090	-	160,910	-
Capital projects	7,808,018	4,919,597	596,799	-
Loans	-	-	81,181	-
Departmental uses	120,349,722	13,761,001	11,655,688	960,745
Other	38,598,176	820,139	58,176	-
Net investment in capital assets	6,925,526	329,644	7,434	88,357
Unrestricted	26,386,200	10,513,379	(2,379,535)	7,408,967
Total net position	\$ 740,302,062	\$ 55,009,939	\$ 54,030,748	\$ 8,458,069

William & Mary Athletic Educational Foundation	Virginia Institute of Marine Science Foundation	Richard Bland College Foundation	William & Mary Real Estate Foundation	Total Component Units
\$ 5,162,588	\$ 369,939	\$ 41,660	\$ 2,783,341	\$ 26,845,503
-	-	-	-	15,275,231
1,045,076	415,951	10,000	-	9,784,989
-	-	-	44,426	2,821,042
-	-	-	-	7,600
-	-	-	10,668	725,993
-	-	1,210,130	-	4,102,736
-	-	18,915	171,000	189,915
6,207,664	785,890	1,280,705	3,009,435	59,753,009
-	750,049	453,575	-	10,002,479
-	12,527,375	4,951,249	-	385,723,074
-	-	-	44,739	157,972,882
-	-	-	-	-
1,907,685	1,213,086	-	-	267,568,047
744,079	3,828,826	30,000	-	26,829,748
-	-	-	9,844,836	19,684,763
2,005	-	-	9,001,605	15,478,346
-	-	21,403,338	-	21,403,338
-	-	-	97,109	2,601,734
2,653,769	18,319,336	26,838,162	18,988,289	907,264,411
8,861,433	19,105,226	28,118,867	21,997,724	967,017,420
-	-	-	-	-
-	3	670,041	534,193	1,961,019
85,000	-	85,001	-	698,768
-	-	-	-	302,062
-	-	555,588	405,332	1,580,738
-	-	-	-	120,596
-	-	-	-	49,669
85,000	3	1,310,630	939,525	4,712,852
-	-	-	10,448	1,041,824
-	-	21,403,338	10,955,610	60,083,230
85,000	3	22,713,968	11,905,583	65,837,906
-	2,778,017	3,779,680	-	131,248,904
-	6,054,685	-	-	15,743,302
-	-	-	-	24,230
-	1,099,400	-	-	159,130,741
-	3,104,349	-	-	208,821,976
610,977	951,760	-	-	106,825,319
-	953,575	-	-	6,449,575
-	-	-	-	13,324,414
-	-	-	-	81,181
7,218,305	2,377,828	-	-	156,323,289
-	78,263	1,580,142	215,739	41,350,635
2,005	-	-	7,485,499	14,838,465
945,146	1,707,346	45,077	2,390,903	47,017,483
\$ 8,776,433	\$ 19,105,223	\$ 5,404,899	\$ 10,092,141	\$ 901,179,514

Summary of Statement of Revenues, Expenses, and Changes in Net Position - Component Units

	The College of William & Mary Foundation	Marshall-Wythe School of Law Foundation	William & Mary Business School Foundation	William & Mary Alumni Association
Operating revenues:				
Gifts and contributions	\$ 16,202,826	\$ 10,110,733	\$ 4,024,449	\$ 981,603
Other	5,363,323	599,544	4,257,108	1,001,228
Total operating revenues	21,566,149	10,710,277	8,281,557	1,982,831
Operating expenses:				
Instruction	5,177,446	1,249,276	584,316	-
Research	302,405	-	-	-
Public service	96,459	62,570	482,836	-
Academic support	2,488,104	834,092	2,378,748	-
Student services	207,127	45,719	518,370	-
Institutional support	11,986,027	664,994	2,885,299	278,858
Operation and maintenance of plant	7,751,205	816,459	53,891	-
Scholarships & fellowships	8,409,223	1,009,889	23,189	-
Auxiliary enterprises	797,880	-	25,184	-
Depreciation	535,421	7,333	2,944	13,510
Hospitals	-	-	-	-
Independent operations	-	-	-	-
Other	473,161	-	103,693	1,632,532
Total operating expenses	38,224,458	4,690,332	7,058,470	1,924,900
Operating gain/(loss)	(16,658,309)	6,019,945	1,223,087	57,931
Non-operating revenues and expenses:				
Net investment revenue (expense)	55,658,360	4,160,114	4,566,616	834,742
Interest on capital asset related debt	(251,338)	-	-	-
Other non-operating revenue	4,269,076	-	-	-
Other non-operating expense	-	-	(248,568)	-
Net non-operating revenues	59,676,098	4,160,114	4,318,048	834,742
Income before other revenues	43,017,789	10,180,059	5,541,135	892,673
Other revenues:				
Capital grants and contributions	6,288,247	-	16,700	-
Additions to permanent endowments	11,136,258	870,915	1,489,871	-
Net other revenues	17,424,505	870,915	1,506,571	-
Change in net position, before transfers	60,442,294	11,050,974	7,047,706	892,673
Contribution between Foundations	42,382	41,424	2,341	149,622
Transfers	42,382	41,424	2,341	149,622
Change in net position	60,484,676	11,092,398	7,050,047	1,042,295
Net position - beginning of year	679,817,386	43,917,541	46,980,701	7,415,774
Net position - end of year	\$ 740,302,062	\$ 55,009,939	\$ 54,030,748	\$ 8,458,069

William & Mary Athletic Educational Foundation	Virginia Institute of Marine Science Foundation	Richard Bland College Foundation	William & Mary Real Estate Foundation	Total Component Units
\$ 5,625,231	\$ 1,239,258	\$ 201,390	\$ 231,000	\$ 38,616,490
420,701	-	952,247	1,019,451	13,613,602
6,045,932	1,239,258	1,153,637	1,250,451	52,230,092
-	127,374	-	-	7,138,412
-	387,605	-	-	690,010
-	53,003	-	-	694,868
-	205,014	-	-	5,905,958
-	-	-	-	771,216
740,636	441,111	220,656	596,444	17,814,025
-	8,203	11,592	-	8,641,350
-	109,720	147,250	-	9,699,271
5,998,280	-	-	300,505	7,121,849
15,623	-	-	283,546	858,377
-	-	-	-	-
-	-	-	315,643	315,643
-	190,494	954,990	-	3,354,870
6,754,539	1,522,524	1,334,488	1,496,138	63,005,849
(708,607)	(283,266)	(180,851)	(245,687)	(10,775,757)
53,417	1,456,386	674,518	10,495	67,414,648
-	-	-	-	(251,338)
-	-	-	-	4,269,076
-	-	-	-	(248,568)
53,417	1,456,386	674,518	10,495	71,183,818
(655,190)	1,173,120	493,667	(235,192)	60,408,061
-	-	-	-	6,304,947
-	3,775,443	18,225	-	17,290,712
-	3,775,443	18,225	-	23,595,659
(655,190)	4,948,563	511,892	(235,192)	84,003,720
(128,084)	-	-	(107,685)	0
(128,084)	-	-	(107,685)	0
(783,274)	4,948,563	511,892	(342,877)	84,003,720
9,559,707	14,156,660	4,893,007	10,435,018	817,175,794
\$ 8,776,433	\$ 19,105,223	\$ 5,404,899	\$ 10,092,141	\$ 901,179,514

Investments

Each component unit holds various investments based on the investment policies established by the governing board of the individual foundation. The following table shows the various investment types held by each component unit.

	The College of William & Mary Foundation	Marshall- Wythe School of Law Foundation	William & Mary Business School Foundation	William & Mary Alumni Association	William & Mary Athletic Educational Foundation	Virginia Institute of Marine Science Foundation	Richard Bland College Foundation	Total
Mutual and money market funds	\$ 4,894,579	\$ 282,026	\$ -	\$ -	\$ 18,823	\$ -	\$ 4,951,249	\$ 10,146,677
U.S. treasury and agency securities	16,270,326	-	-	-	-	-	-	16,270,326
Common and preferred stocks	454,454	-	621,910	-	-	-	-	1,076,364
Notes receivable	1,650,000	-	-	-	-	-	-	1,650,000
Pooled investments	534,405,610	37,990,157	41,340,105	7,643,652	-	13,740,461	-	635,119,985
Real estate	987,982	-	-	-	-	-	-	987,982
Other	681,750	-	744,406	-	1,888,862	-	-	3,315,018
Total Investments	<u>\$ 559,344,701</u>	<u>\$ 38,272,183</u>	<u>\$ 42,706,421</u>	<u>\$ 7,643,652</u>	<u>\$ 1,907,685</u>	<u>\$ 13,740,461</u>	<u>\$ 4,951,249</u>	<u>\$ 668,566,352</u>

Pledges Receivable

Unconditional promises to give (pledges) are recorded as receivables and revenues and are assigned net asset categories in accordance with donor imposed restrictions. Pledges expected to be collected within one year are recorded at net realizable value. Pledges that are expected to be collected in future years are recorded at net present value of their estimated future cash flows. The discounts on these amounts are computed using risk free interest rates applicable to the years in which the payments will be received. The foundations record an allowance against pledges receivable for estimated uncollectible amounts. The William & Mary Real Estate Foundation did not have any pledges receivable at year end.

	The College of William & Mary Foundation	Marshall- Wythe School of Law Foundation	William & Mary Business School Foundation	William & Mary Alumni Association Foundation	William & Mary Athletic Educational Foundation	Virginia Institute of Marine Science Foundation	Richard Bland College Foundation	Total
Total pledges receivable	\$ 28,822,082	\$ 4,289,541	\$ 2,139,130	\$ 141,897	\$ 2,361,438	\$ 4,685,255	\$ 40,000	\$ 42,479,343
Less:								
Allowance for uncollectibles	(1,051,141)	(260,906)	(22,450)	-	(455,063)	-	-	(1,789,560)
Discounting to present value	(3,387,216)	(71,723)	(58,409)	-	(117,220)	(440,478)	-	(4,075,046)
Net pledges receivable	24,383,725	3,956,912	2,058,271	141,897	1,789,155	4,244,777	40,000	36,614,737
Less:								
Current pledges receivable	(4,934,902)	(2,200,327)	(1,110,136)	(68,597)	(1,045,076)	(415,951)	(10,000)	(9,784,989)
Total non-current pledges receivable	<u>\$ 19,448,823</u>	<u>\$ 1,756,585</u>	<u>\$ 948,135</u>	<u>\$ 73,300</u>	<u>\$ 744,079</u>	<u>\$ 3,828,826</u>	<u>\$ 30,000</u>	<u>\$ 26,829,748</u>

Capital Assets

	The College of William & Mary Foundation	Marshall- Wythe School of Law Foundation	William & Mary Business School Foundation	William & Mary Alumni Association	William & Mary Athletic Educational Foundation	William & Mary Real Estate Foundation	Total
Nondepreciable:							
Land	\$ 3,365,927	\$ 262,916	\$ -	\$ -	\$ -	\$ 5,009,919	\$ 8,638,762
Construction in progress	116,533					4,834,917	4,951,450
Historical treasures and inexhaustable works of art	6,032,340	62,211	-	-	-	-	6,094,551
Total nondepreciable capital assets	<u>\$ 9,514,800</u>	<u>\$ 325,127</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,844,836</u>	<u>\$ 19,684,763</u>
Depreciable:							
Building	\$ 7,420,855	\$ -	\$ -	\$ 384,914	\$ -	\$ 10,360,462	\$ 18,166,231
Equipment, vehicles and furniture	7,390,933	84,722	38,828	394,643	108,056	180,184	8,197,366
Improvements, other than building	338,138	-	-	-	-	-	338,138
	15,149,926	84,722	38,828	779,557	108,056	10,540,646	26,701,735
Less accumulated depreciation	(8,775,498)	(80,205)	(31,394)	(691,200)	(106,051)	(1,539,041)	(11,223,389)
Total depreciable capital assets	<u>\$ 6,374,428</u>	<u>\$ 4,517</u>	<u>\$ 7,434</u>	<u>\$ 88,357</u>	<u>\$ 2,005</u>	<u>\$ 9,001,605</u>	<u>\$ 15,478,346</u>

Long-term Liabilities

	The College of William & Mary Foundation	Richard Bland College Foundation	William & Mary Real Estate Foundation	Total
Compensated absences	\$ 135,992	\$ -	\$ -	\$ 135,992
Notes payable	1,210,234	-	7,268,015	8,478,249
Bonds payable	8,051,530	21,958,926	4,092,927	34,103,383
Trust & Annuity Obligations	2,688,910	-	-	2,688,910
Other liabilities	16,257,434	-	-	16,257,434
Total long-term liabilities	28,344,100	21,958,926	11,360,942	61,663,968
Less current portion	(619,818)	(555,588)	(405,332)	(1,580,738)
Total long-term liabilities	<u>\$ 27,724,282</u>	<u>\$ 21,403,338</u>	<u>\$ 10,955,610</u>	<u>\$ 60,083,230</u>

THE COLLEGE OF WILLIAM AND MARY FOUNDATION

Long-term Liabilities

On June 25, 2001, Reliance Holdings, LLC, a subsidiary of the College of William and Mary Foundation, entered into a revolving line of credit agreement with First Union National Bank (now Wells Fargo Bank, NA) which the Foundation guaranteed. The purpose of the line of credit was to fund the initial purchase of the real estate sold to New Town Associates, and to provide working capital to Reliance. The amount outstanding was \$0 and \$272,541 at June 30, 2017 and 2016 respectively. Interest paid during the years ended June 30, 2017 and 2016, was \$277 and \$10,679, respectively.

During the fiscal year ended June 30, 2009, the Foundation entered into a borrowing arrangement with SunTrust Bank in the amount of \$2,636,140 for renovation of the College's Admissions Office. The terms of the loan were revised during the fiscal year ended June 30, 2011. Under the revised terms, interest accrues at a rate of 4.99% and is payable monthly. Principal is payable annually over a ten year term, with the final amount due on February 1, 2021. SunTrust is granted a security interest in all deposits and investments maintained with SunTrust and any of its affiliates. The terms of the note require the Foundation to maintain at all times unrestricted and temporarily restricted net assets in excess of 200% of the Foundation's total funded debt. The balance outstanding at June 30, 2017 and 2016 was \$1,210,234 and \$1,477,717, respectively. Interest paid during the fiscal years ended June 30, 2017 and 2016, on the loans was \$71,425 and \$83,618, respectively.

The Foundation and its affiliates are in compliance with all debt covenants.

Bonds Payable

In December 2011, the Economic Development Authority of James City County, Virginia ("Authority") issued a revenue refunding bond in the amount of \$8,090,000 ("Series 2011 Bond"), and loaned the proceeds to the Foundation and College of William and Mary Foundation Ventures ("Obligors"). The Series 2011 Bond was acquired by SunTrust Bank, as Series 2011 Bondholder. Proceeds from sale of the Series 2011 Bond were used to redeem bonds issued in December 2006 by the Authority to finance the cost of property acquisition, construction and equipping of a three-story building in New Town in James City County, Virginia, for use by the Foundation, CWMF Ventures or the College. The Series 2011 Bond bears interest at a fixed rate of 2.96% per annum, subject to the put rights of the Series 2011 Bondholder, and interest payments are due quarterly on each January 1, April 1, July 1 and October 1. The Series 2011 Bondholder has the option to tender the Series 2011 Bond for payment on December 1, 2021, the first optional put date, unless extended under the terms of the loan agreement to not earlier than December 1, 2026. An additional extension may be made to not earlier than December 1, 2031. The final maturity date is December 1, 2036. The Obligors are required to maintain assets so that on each June 30, unrestricted and temporarily restricted net assets shall exceed 200% of the total funded debt of the Obligors.

The Foundation is in compliance with all bond covenants.

MARSHALL-WYTHE SCHOOL OF LAW FOUNDATION

Law Library Bond Issuance

The construction and renovations of the Wolf Law Library at the Marshall-Wythe School of Law were funded by proceeds allocated to the Marshall-Wythe School of Law from the College of William & Mary's 2007A(9D) Bond Issue ("Bond"). The Foundation makes principal and interest payments to the College on the Bond using private contributions restricted for the Law Library addition. However, the Bond was issued to and in the name of the College, and the Foundation is not obligated to make these debt service payments.

Bond payments made to the College totaled \$816,459, including principal and interest, in 2017 and are included in law school bond payments on the Foundation's statement of activities.

WILLIAM AND MARY BUSINESS SCHOOL FOUNDATION

Commitments and Contingencies

On January 31, 2007, the Foundation entered into a Development Agreement and a Reimbursement Agreement (Agreements) with the College of William and Mary (College), in connection with the issuance of bonds to finance the construction and equipping of a new academic building, Alan B. Miller Hall, for the College's Raymond A. Mason School of Business.

By the terms of the Reimbursement Agreement, the Foundation reimbursed the College for all debt service due on certain bonds and all related fees agreed to with respect to the bonds after their issuance. These bonds and the related obligation to the College have been fully paid. However, the Foundation has certain inter-fund obligations still outstanding related to this debt.

A donor agreed to allow up to \$5,000,000 of permanently restricted net assets to be used to pay the obligation to the College on the condition that this money would be repaid to the permanently restricted funds. This money was borrowed in 2016 and is still owed to the permanently restricted funds. Additionally, the Executive Committee authorized the borrowing of temporarily restricted funds held in William and Mary Investment Trust in the amount of \$1,330,000 on July 8, 2015 in order to provide the necessary liquidity to make the final payment to the College in August of 2015 related to the construction of Alan B. Miller Hall. These funds will be repaid to the temporarily restricted funds as related pledge payments are collected. As of the year ended June 30, 2017, \$1,005,859 of this amount has been repaid and a remaining balance due of \$324,141 will be repaid in future years as pledges are collected.

RICHARD BLAND COLLEGE FOUNDATION, INC.

Bonds Payable

During December 2006, the Foundation entered into loan agreements with the Industrial Development Authorities ("Authorities") of Dinwiddie County, Virginia, Isle of Wight, Virginia, Prince George County, Virginia and Sussex County, Virginia to borrow the proceeds of the Authorities' \$27,000,000 Series 2006 Revenue Bonds (Richard Bland College Foundation Student Housing Facilities). The loan was refinanced in October 2012 to lower the interest rate charged to the Foundation. The loan agreement interest rate was 4.23% and refinanced to 2.40%. The interest rate will adjust at the ten year anniversary of the refinancing and every 5 years thereafter at 70% of the 5-year U. S. Treasury Note plus 120 basis points. The bonds are due November 5, 2038. The primary purpose of this loan is to refund and redeem in full the outstanding principal amount of the Authorities' \$27,000,000 Series 2006 Revenue Bonds (Richard Bland College Foundation Student Housing Facilities), the proceeds of which were used to finance the costs of construction and equipping of a student housing facility located in Dinwiddie, Virginia.

In 2017 the Foundation amended the bond notes with Towne Bank to adjust the payments from February and August to May and October to better align with revenue streams.

Investment in Direct Financing Lease

The Foundation has an investment in a direct financing lease in connection with its long-term leasing arrangement with the College. The terms of the lease include the leasing of a student housing facility located in Dinwiddie, Virginia originally constructed by the Foundation for the College. The lease is due in semi-annual installments and expires in August 2038.

WILLIAM & MARY REAL ESTATE FOUNDATION

Tribe Square

The William and Mary Real Estate Foundation develops and owns a mixed use property known as Tribe Square, which consists of one floor retail space and two floors student housing. Construction was completed and the building was put into service during 2012. The Foundation is party to a commercial management agreement dated December 6, 2010 with an agent to manage the property on behalf of Tribe Square, LLC. The agreement is for a one-year term ending July 31, 2012, and continuing on an annual basis unless and until terminated by either party. The services to be provided by the agent include the operation and maintenance of the property, as well as financial duties as defined in the agreement. The management fee paid to the agent will be \$20,940 per annum. At June 30, 2017, the Foundation has one lease agreement for a tenant in the first floor retail area expiring at fiscal year 2019. Subsequent to June 30, 2017 the tenant broke the lease agreement and vacated the space. Management is negotiating the lease termination penalty amount with the tenant. The student housing space is being leased to the College.

The Foundation leases the Tribe Square student housing to the College pursuant to a lease agreement dated August 1, 2011 for a five-year term ending June 30, 2016, with an automatic renewal for an additional five-year term ending on June 30, 2021. Annual base rent is \$459,816, payable in two equal installments, with the first installment due on the commencement date, and each semi-annual installment thereafter due on September 1 and March 1 of each lease year. The base rent may be increased annually by a percentage equal to the increase in the Consumer Price Index. In no event shall the base rent be less than the base rent payable for the preceding year. Rental income received under this lease was \$491,399 and \$486,533 for 2017 and 2016, respectively.

Discovery II

During 2013, the Foundation purchased property held and referred to as Discovery II. The property is being leased to the College for use as office space under an agreement with an initial lease term ending June 30, 2018.

The Foundation entered into a commercial management agreement dated April 11, 2013 with an agent to manage the property on behalf of the Foundation. The agreement is for a one-year term ending on March 31, 2014, and continuing on an annual basis unless and until terminated by either party. The services to be provided by the agent include the operation and maintenance of the property, as well as financial duties as defined in the agreement. The management fee paid to the agent will be \$10,800 per annum.

Future minimum rental payments to be received under existing non-cancelable commercial operating leases at Discovery II for future years ending June 30, 2018 are \$413,706.

Beginning in 2013, the Foundation began leasing the Discovery II office space to the College. The Foundation entered into a lease agreement with the College dated May 18, 2013 for a sixty-two month term commencing May 1, 2013 and ending June 30, 2018 with the right to renew the lease for up to five additional consecutive one-year terms. Annual base rent is \$382,200, payable in 12 equal installments, with the first installment due on the commencement date, and each monthly installment thereafter due on the first business day of the month. The base rent may be increased annually by two percent. Rental income received under this lease was \$405,594 and \$397,641 for 2017 and 2016, respectively.

Richmond Road

The Foundation leases office space at 327 Richmond Road in Williamsburg, Virginia to the College under a five-year lease through December 31, 2021. Rental income under this lease agreement was \$33,452 during both 2017 and 2016. The rate remains the same throughout the lease term.

Student Housing Construction Project

The Foundation entered into a construction project in April 2017 for the renovation and remodeling of a building to be used for student housing. The contract sum is \$3,235,638, of which \$2,382,874 has been paid as of June 30, 2017. Substantial completion is expected no later than September 2017.

Bonds Payable

The Foundation obtained a tax-exempt student housing facilities revenue bond, dated September 16, 2011, twenty-five (25) year term. The bond bears interest at a fixed rate of 3.75%. Required monthly payments of principal and interest total \$25,855. The outstanding principal balance is \$4,229,815 at June 30, 2017.

The bond was issued through the Economic Development Authority of the City of Williamsburg for a principal amount of \$5 million. The proceeds of this bond were used to finance the costs to acquire, construct, and equip the student apartment portion of Tribe Square, and pay certain expenses of issuing the bond. The bond is secured by the rents and revenues of Tribe Square, and the property itself.

The bond, which is bank held, has an option for the bank to require the Foundation to repurchase the bond once the bond is 10 years past the issuance date. If this option is exercised the Foundation would pay the aggregate unpaid principal plus accrued interest through the date of such payment. The bank must give the Foundation 120 days' notice prior to the tender date if this option is exercised.

Promissory Note

The Foundation obtained a promissory note, dated June 3, 2013, ten (10) year term. The note bears interest at a fixed rate of 3.22%. Required monthly payments of principal and interest total \$18,007. The outstanding principal balance is \$3,280,480 at June 30, 2017.

The promissory note was issued through a private lender for a principal amount of \$3,689,000. The proceeds of this note were used to finance the costs to acquire Discovery II, and pay certain expenses of issuing the note. The note is secured by the rents and revenues of Discovery II, and substantially all of the assets of WMREF ventures, a subsidiary of the Foundation. A balloon payment in the amount of \$2,570,410 is due at note maturity on June 1, 2023.

Subsequent Event

In May 2017, the Foundation entered into a line of credit promissory note in the principal amount of \$4,000,000, all of which was outstanding at June 30, 2017. The agreement calls for monthly payments of interest, to be calculated based on loan advances, commencing June 2017 and continuing until paid in full or May 2018. The interest rate is equal to the one-month LIBOR plus 1.0% (2.22% at June 30, 2017). Advances are collateralized by cash, receivables, and future gross receipts. The foundation also has access to letters of credit under the agreement, none of which were issued or outstanding as of June 30, 2017.

On August 4, 2017, the Foundation refinanced the line of credit by entering into a separate promissory note agreement in the principal sum of \$6,000,000. The agreement requires consecutive monthly installments of \$27,373 through July 4, 2022 with interest fixed at a rate of 2.65%. The note matures on August 4, 2022, when a balloon installment is due.

14. RETIREMENT PLANS

Optional Retirement Plan

Full-time faculty and certain administrative staff may participate in a retirement annuity program through various

optional retirement plans other than the Virginia Retirement System. This is a fixed-contribution program where the retirement benefits received are based upon the employer's contributions of approximately 10.4 percent or 8.5 percent depending on whether the employee is in Plan 1 or Plan 2, plus interest and dividends. Plan 1 consists of employees who became a member prior to July 1, 2010. Plan 2 consists of employees who became a member on or after July 1, 2010.

Individual contracts issued under the plan provide for full and immediate vesting of contributions of the College of William and Mary, including the Virginia Institute of Marine Science, and Richard Bland College and their employees. Total pension costs under this plan were \$9,474,216 for the year ended June 30, 2017. Contributions to the optional retirement plans were calculated using the base salary amount of \$96,926,016 for fiscal year 2017. The College of William and Mary, which includes the Virginia Institute of Marine Science, and Richard Bland College's total payroll for fiscal year 2017 was \$197,410,307.

Deferred Compensation

Employees of the University are employees of the Commonwealth of Virginia. State employees may participate in the Commonwealth's Deferred Compensation Plan. Participating employees can contribute to the plan each pay period with the Commonwealth matching up to \$20 per pay period. The dollar amount of the match can change depending on the funding available in the Commonwealth's budget. The Deferred Compensation Plan is a qualified defined contribution plan under Section 401(a) of the Internal Revenue Code. Employer contributions under the Deferred Compensation Plan were approximately \$745,566 for fiscal year 2017.

Summary of Significant Accounting Policies

Pensions

The Virginia Retirement System (VRS) State Employee Retirement Plan and the Virginia Law Officers' System (VaLORS) Retirement Plan are single employer pension plans that are treated like cost-sharing plans. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Virginia Retirement System (VRS) State Employee Retirement Plan and the Virginia Law Officers' System (VaLORS) Retirement Plan; and the additions to/deductions from the VRS State Employee Retirement Plan's and the VaLORS Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan Description

All full-time, salaried permanent employees of state agencies are automatically covered by the VRS State Employee Retirement Plan or the VaLORS Retirement Plan upon employment. These plans are administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees in the VRS State Employee Retirement Plan – Plan 1, Plan 2, and, Hybrid and two different benefit structures for covered employees in the VaLORS Retirement Plan – Plan 1 and Plan 2. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1</p> <p>Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2</p> <p>Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan</p> <p>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members</p> <p>Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>Eligible Members</p> <p>Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of</p>	<p>Eligible Members</p> <p>Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • State employees*

<p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<ul style="list-style-type: none"> • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Members of the Virginia Law Officers' Retirement System (VaLORS) <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions State employees, excluding state elected officials, and optional retirement plan participants, contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions State employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match</p>

		those voluntary contributions according to specified percentages.
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months)</p>

<p>receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>		<p>of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1</p> <p><u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching</p>

<p>retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>		<p>contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>VaLORS: The retirement multiplier for VaLORS employees is 1.70% or 2.00%.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>VaLORS: The retirement multiplier for VaLORS employees is 2.00%.</p>	<p>Service Retirement Multiplier Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>VaLORS: Not applicable.</p> <p>Defined Contribution Component: Not applicable.</p>
<p>Normal Retirement Age VRS: Age 65.</p> <p>VaLORS: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>VaLORS: Same as Plan 1.</p>	<p>Normal Retirement Age Defined Benefit Component: VRS: Same as Plan 2.</p> <p>VaLORS: Not applicable.</p> <p>Defined Contribution Component:</p>

		Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. VaLORS: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90. VaLORS: Same as Plan 1.	Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. VaLORS: Not applicable. <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service. VaLORS: 50 with at least five years of creditable service.	Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service. VaLORS: Same as Plan 1.	Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Age Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. VaLORS: Not applicable. <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment	Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment	Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u>

<p>(COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits 	<p>(COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</p>	<p>Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>
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<p>Program.</p> <ul style="list-style-type: none"> • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 		
<p>Disability Coverage</p> <p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage</p> <p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage</p> <p>State employees (including Plan 1 and Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VSDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p>Purchase of Prior Service</p> <p>Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase</p>	<p>Purchase of Prior Service</p> <p>Same as Plan 1.</p>	<p>Purchase of Prior Service</p> <p><u>Defined Benefit Component:</u></p> <p>Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at

periods of leave without pay.		<p>approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p>
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Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, the 5.00% member contribution was paid by the employer. Beginning July 1, 2012 state employees were required to pay the 5.00% member contribution and the employer was required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. Each state agency's contractually required contribution rate for the year ended June 30, 2017 was 13.49% of covered employee compensation for employees in the VRS State Employee Retirement Plan. For employees in the VaLORS Retirement Plan, the contribution rate was 21.05% of covered employee compensation. These rates were based on actuarially determined rates from an actuarial valuation as of June 30, 2015. The contribution rate for the VRS State Employee Retirement Plan also reflects the transfer in June 2016 of \$162,406,273 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The contribution rate for the VaLORS Retirement Plan also reflects the transfer in June 2016 of \$16,491,559 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the state agency to the VRS State Employee Retirement Plan were \$10,154,884 and \$10,242,923 for the years ended June 30, 2017 and June 30, 2016, respectively. Contributions from the state agency to the VaLORS Retirement Plan were \$241,450 and \$196,427 for the years ended June 30, 2017 and June 30, 2016, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the state agency reported a liability of \$127,302,000 for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of \$2,180,000 for its proportionate share of the VaLORS Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The state agency's proportion of the Net Pension Liability was based on the state agency's actuarially determined employer contributions to the pension plan for the year ended June 30, 2016 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2016, the state agency's proportion of the VRS State Employee Retirement Plan was 1.49% for William and Mary, 0.33% for VIMS, and 0.11% for RBC as compared to 1.43% for William and Mary, 0.33% for VIMS, and 0.11% for RBC at June 30, 2015. At June 30, 2016, the state agency's proportion of the VaLORS Retirement Plan was 0.25% for William and Mary and 0.03% for RBC as compared to 0.24% for William and Mary and 0.04% for RBC at June 30, 2015.

For the year ended June 30, 2017, the state agency recognized pension expense of \$13,754,000 for the VRS State Employee Retirement Plan and \$153,000 for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2015 and June 30, 2016, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2017, the state agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

VRS Retirement Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	545,000	3,467,000
Net difference between projected and actual earnings on pension plan investments	8,115,000	-
Change in assumptions	-	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	6,638,000	281,000
Employer contributions subsequent to the measurement date	10,154,884	-
Total	<u>\$ 25,452,884</u>	<u>\$ 3,748,000</u>

VaLORS Retirement Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	10,000	7,000
Net difference between projected and actual earnings on pension plan investments	90,000	-
Change in assumptions	-	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	66,000	130,000
Employer contributions subsequent to the measurement date	241,450	-
Total	<u>\$ 407,450</u>	<u>\$ 137,000</u>

\$10,396,334 reported as deferred outflows of resources related to pensions resulting from the state agency's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30

(\$ thousands)

	<u>VRS Retirement Plan</u>	<u>VaLORS Retirement Plan</u>
FY 2018	\$ 2,488	\$ (51)
FY 2019	\$ 1,130	\$ (11)
FY 2020	\$ 4,610	\$ 56
FY 2021	\$ 3,322	\$ 35
FY 2022	\$ -	\$ -

Actuarial Assumptions

The total pension liability for the VRS State Employee Retirement Plan was based on an actuarial valuation as of June 30, 2015, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

Inflation	2.5 percent
Salary increases, including Inflation	3.5 percent – 5.35 percent
Investment rate of return expense, including inflation*	7.0 percent, net of pension plan investment

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 2 years and females were set back 3 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with females set back 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of withdrawals for less than 10 years of service
- Decrease in rates of male disability retirement
- Reduce rates of salary increase by 0.25% per year

The total pension liability for the VaLORS Retirement Plan was based on an actuarial valuation as of June 30, 2015, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

Inflation	2.5 percent
Salary increases, including Inflation	3.5 percent – 4.75 percent
Investment rate of return expense, including inflation*	7.0 percent, net of pension plan investment

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 5 years and females were set back 3 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with females set back 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for females under 10 years of service
- Increase in rates of disability
- Decrease service related disability rate from 60% to 50%

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2016, NPL amounts for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan are as follows (amounts expressed in thousands):

	State Employee Retirement Plan	VaLORS Retirement Plan
Total Pension Liability	\$ 22,958,593	\$ 1,985,618
Plan Fiduciary Net Position	<u>16,367,842</u>	<u>1,211,446</u>
Employers' Net Pension Liability (Asset)	<u>\$ 6,590,751</u>	<u>\$ 774,172</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.29%	61.01%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	<u>100.00%</u>		<u>5.83%</u>
	Inflation		<u>2.50%</u>
	* Expected arithmetic nominal return		<u>8.33%</u>

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the state agency for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the State Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the state agency's proportionate share of the VRS State Employee Retirement Plan net pension liability using the discount rate of 7.00%, as well as what the state agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

(\$ thousands)	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
The College of William and Mary's proportionate share of the VRS State Employee Retirement Plan Net Pension Liability	\$ 179,157	\$ 127,302	\$ 83,769

The following presents the state agency's proportionate share of the VaLORS Retirement Plan net pension liability using the discount rate of 7.00%, as well as what the state agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

(\$ thousands)	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
The College of William and Mary's share of the VaLORS Retirement Plan Net Pension Liability	\$ 2,918	\$ 2,180	\$ 1,572

Pension Plan Fiduciary Net Position

Detailed information about the VRS State Employee Retirement Plan's Fiduciary Net Position or the VaLORS Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2015 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

The College reported \$528,524 in payables to VRS.

15. OTHER POST-EMPLOYMENT BENEFITS

The University participates in post-employment benefit programs that are sponsored by the Commonwealth and administered by the Virginia Retirement System. These programs include the Group Life Insurance Program, Virginia Sickness and Disability Program, Retiree Health Insurance Credit Program, and the Line of Duty Act Program.

The Group Life Insurance Program provides members basic group life insurance upon employment. In addition to benefits provided to active members during employment, the Virginia Sickness and Disability Program provides inactive members with long-term disability and long-term care benefits. The Retiree Health Insurance Credit Program provides members health insurance credits to offset the monthly health insurance premiums for retirees who have at least 15 years of service. The Line of Duty Act Program provides death and health insurance reimbursement benefits to eligible state employees, such as campus police, who die or become disabled as a result of the performance of their duties as a public safety officer. The University is required to contribute to the costs of participating in these programs.

The University also participates in the Pre-Medicare Retiree Healthcare Plan, which is sponsored by the Commonwealth and administered by the Department of Human Resources Management. The plan provides the option

for retirees who are not yet eligible to participate in Medicare to participate in the Commonwealth's healthcare plan for its active employees. The University does not pay a portion of the retirees' healthcare premium; however, since both active employees and retirees are included in the same pool for purposes of determining health insurance rates, this generally results in a higher rate for active employees. Therefore, the University effectively subsidizes the costs of the participating retirees' healthcare through payment of the employer's portion of premiums for active employees.

Additional information related to all of these plans is available at the state-wide level in the Commonwealth's Comprehensive Annual Financial Report.

16. CONTINGENCIES

Grants and Contracts

The University receives assistance from non-state grantor agencies in the form of grants and contracts. Entitlement to these resources is conditional upon compliance with the terms and conditions of the agreements, including the expenditure of resources for eligible purposes. Substantially all grants and contracts are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability. As of June 30, 2017, the University estimates that no material liabilities will result from such audits.

Litigation

The University is not involved in any litigation at this time.

17. RISK MANAGEMENT

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; non-performance of duty; injuries to employees; and natural disasters. The University participates in insurance plans maintained by the Commonwealth of Virginia. The state employee health care and worker's compensation plans are administered by the Department of Human Resource Management and the risk management insurance plans are administered by the Department of Treasury, Division of Risk Management. Risk management insurance includes property, general liability, medical malpractice, faithful performance of duty bond, automobile, and air and watercraft plans. The University pays premiums to each of these departments for its insurance coverage. Information relating to the Commonwealth's insurance plans is available at the statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report.

18. ADVANCE FROM THE TREASURER OF VIRGINIA

Section 4-3.02 of the Appropriation Act describes the circumstances under which agencies and institutions may borrow funds from the state treasury, including prefunding for capital projects in anticipation of bond sale proceeds and operating funds in anticipation of federal revenues. As of June 30, 2017, there was \$4,246,592 in outstanding Advances from the Treasurer. These funds represents an advance to William and Mary from the Commonwealth of Virginia for working capital pending the receipt of funds from bond sale proceeds. These funds were used to renovate Zable Stadium and Busch Field.

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>
Zable Stadium	\$ 2,004,876	\$ 1,550,050		\$ 3,554,926
Busch Field	<u>-</u>	<u>691,666</u>	<u>-</u>	<u>691,666</u>
Total anticipation loans	<u>\$ 2,004,876</u>	<u>\$ 2,241,716</u>	<u>\$ -</u>	<u>\$ 4,246,592</u>

**Required Supplementary Information (RSI) Template
Cost-Sharing Employer Plans – VRS State Employee Retirement Plan
And VaLORS Retirement Plan
For the Fiscal Year Ended June 30, 2017**

Schedule of Employer's Share of Net Pension Liability
VRS State Employee Retirement Plan
For the Years Ended June 30, 2017, 2016 and 2015*

	2017	2016	2015
Employer's Proportion of the Net Pension Liability (Asset)	1.93%	1.87%	1.78%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 127,302,000	\$ 114,809,000	\$ 99,411,000
Employer's Covered Payroll	\$ 69,557,841	\$ 70,307,029	\$ 66,605,228
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	183.02%	163.30%	149.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.29%	72.81%	74.28%

Schedule is intended to show information for 10 years. Since 2017 is the third year for this presentation, only two additional years of data are available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

Schedule of Employer's Share of Net Pension Liability
VaLORS Retirement Plan
For the Years Ended June 30, 2017, 2016 and 2015*

	2017	2016	2015
Employer's Proportion of the Net Pension Liability (Asset)	0.28%	0.28%	0.30%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,180,000	\$ 1,968,000	\$ 2,024,000
Employer's Covered Payroll	\$ 1,147,028	\$ 989,861	\$ 1,101,243
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	190.06%	198.82%	183.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.01%	62.64%	63.05%

Schedule is intended to show information for 10 years. Since 2017 is the third year for this presentation, only two additional years of data is available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

Schedule of Employer Contributions

Schedule of Employer Contributions

VRS State Employee Retirement Plan

For the Years Ended June 30, 2008 through 2017

			Contributions in Relation to				Contributions as a % of
	Contractually Required Contribution		Contractually Required Contribution	Contribution Deficiency (Excess)		Employer's Covered Payroll	Covered Payroll
Date	(1)		(2)	(3)		(4)	(5)
2017	\$ 10,154,884	\$	10,154,884	\$ -	\$	69,557,841	14.60%
2016	\$ 10,242,923	\$	10,242,923	\$ -	\$	73,645,076	13.91%
2015	\$ 8,668,857	\$	8,668,857	\$ -	\$	70,307,029	12.33%

Schedule of Employer Contributions

VaLORS Retirement Plan

For the Years Ended June 30, 2008 through 2017

			Contributions in Relation to				Contributions as a % of
	Contractually Required Contribution		Contractually Required Contribution	Contribution Deficiency (Excess)		Employer's Covered Payroll	Covered Payroll
Date	(1)		(2)	(3)		(4)	(5)
2017	\$ 241,450	\$	241,450	\$ -	\$	1,147,028	21.05%
2016	\$ 196,427	\$	196,427	\$ -	\$	1,048,421	18.74%
2015	\$ 174,908	\$	174,908	\$ -	\$	989,861	17.67%

**Notes to Required Supplementary Information
For the Year Ended June 30, 2017**

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is still a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2016 are not material.

Changes of assumptions – The following changes in actuarial assumptions were made for the VRS - State Employee Retirement Plan effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of withdrawals for less than 10 years of service
- Decrease in rates of male disability retirement
- Reduce rates of salary increase by 0.25% per year

The following changes in actuarial assumptions were made for the VaLORS Retirement Plan effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for females under 10 years of service
- Increase in rates of disability
- Decrease service related disability rate from 60% to 50%

Board of Visitors

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**COLLEGE OF WILLIAM & MARY
RECEIPT OF THE FINANCIAL REPORT OF
THE INTERCOLLEGIATE ATHLETIC DEPARTMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The summarized Financial Report of the Intercollegiate Athletic Department for the fiscal year ended June 30, 2017, has been presented by the Senior Vice President for Finance and Administration to the President of the College, who has approved it for presentation to the Rector and the Board of Visitors.

RESOLVED, That the Unaudited Financial Report of Intercollegiate Athletics for the Year Ended June 30, 2017 (*see separate booklet*), is hereby received by the Board of Visitors.



WILLIAM & MARY

CHARTERED 1693

UNAUDITED
FINANCIAL REPORT OF INTERCOLLEGIATE ATHLETICS
FOR THE YEAR ENDED
JUNE 30, 2017

THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA
Williamsburg, VA

BOARD OF VISITORS

As of June 30, 2017

Todd A. Stottlemeyer - Rector
H. Thomas Watkins III - Vice Rector
Sue H. Gerdelman - Secretary

Warren W. Buck III
S. Douglas Bunch
Lynn M Dillon
Thomas R. Frantz
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Brian P. Woolfolk

COLLEGE OFFICIALS

W. Taylor Reveley III, President

Edward C. Driscoll, Director of Intercollegiate Athletics Programs

Chelsey P. Burk, Assistant Athletic Director for Business Affairs

The College of William and Mary
SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
For the year ended June 30, 2017

	Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
Operating revenues:						
Ticket sales	\$ 675,868	\$ 230,943	\$ 11,654	\$ 33,358	\$ (120)	\$ 951,703
Student fees	429,166	-	-	10	13,938,004	14,367,180
Indirect Institutional Support - Athletic Facility Debt Service, Lease and Rental Fees	53,181	33,215	31,088	52,366	783,832	953,682
Direct institutional support	2,310	9,960	28,096	187,705	83,865	311,936
Indirect institutional support	(3,806)	2,967	(419)	27,441	(628)	25,555
Guarantees	338,000	260,000	-	26,700	-	624,700
Contributions (Note 2)	2,570,962	730,348	111,174	1,681,751	90,322	5,184,557
In-Kind	24,159	24,718	6,850	8,111	9,415	73,253
NCAA distributions	138,916	220,733	45,480	562,121	892,891	1,860,141
Conference distributions (Non Media or Bowl)	-	-	-	-	1,500	1,500
Program, novelty, parking, and concession sales	74,900	6,815	1,448	1,305	1,864	86,332
Royalties, licensing, advertisement and sponsorships	320,275	70,198	55,359	133,678	325,165	904,675
Athletics restricted Endowment and investments income (Note 3)	1,248,979	275,395	131,708	947,896	110,276	2,714,254
Other Operating Revenue	<u>22,318</u>	<u>60</u>	<u>-</u>	<u>273,222</u>	<u>46,412</u>	<u>342,012</u>
Total operating revenues	5,895,228	1,865,352	422,438	3,935,664	16,282,798	28,401,480
Operating expenses:						
Athletic student aid	2,815,241	622,450	574,256	4,686,236	23,425	8,721,608
Guarantees	-	73,000	-	23,070	-	96,070
Coaching salaries, benefits, and bonuses paid by the University and related entities	1,288,051	696,370	470,702	2,395,499	-	4,850,622
Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities	104,544	48,047	51,554	27,916	4,197,405	4,429,466
Recruiting	161,423	104,888	88,487	183,935	10,403	549,136
Team travel	358,552	207,031	127,707	1,113,636	114,229	1,921,155
Sports equipment, uniforms, and supplies	184,569	31,273	34,435	453,793	140,950	845,020
Game expenses	300,372	175,659	102,836	261,517	306	840,690
Fundraising, marketing and promotion	7,985	-	18	240	559,981	568,224
Spirit groups	-	-	-	-	42,995	42,995
Athletic facility leases and rental fees	-	33,215	31,088	52,366	70,600	187,269
Athletic facility debt service	495,740	-	-	306,709	373,799	1,176,248
Direct overhead and administrative expenses	734,831	-	425	531,543	220,501	1,487,300
Indirect cost paid to the institution by athletics	-	-	-	-	258,720	258,720
Indirect institutional support	(3,806)	2,967	(419)	27,441	(628)	25,555
Medical expenses and insurance	1,189	-	-	3,465	434,969	439,623
Memberships and dues	410	960	160	8,972	97,122	107,624
Student Athlete Meals (non-travel)	52,798	23,973	25,528	78,572	-	180,871
Other operating expenses	<u>85,618</u>	<u>51,324</u>	<u>30,751</u>	<u>145,436</u>	<u>498,312</u>	<u>811,441</u>
Total operating expenses	6,587,517	2,071,157	1,537,528	10,300,346	7,043,089	27,539,637
Excess (deficiency) of revenues over (under) expenses	<u>\$ (692,289)</u>	<u>\$ (205,805)</u>	<u>\$ (1,115,090)</u>	<u>\$ (6,364,682)</u>	<u>\$ 9,239,709</u>	<u>\$ 861,843</u>
Other Reporting Items:						
Total athletics-related debt						\$ 9,023,500
Total institutional debt						\$ 220,236,090
Value of athletics-dedicated endowments						\$ 85,829,529
Value of institutional endowments						\$ 874,080,692
Total athletics-related capital expenditures						\$ 7,106,832

The accompanying Notes to the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs are an integral part of this Schedule.

THE COLLEGE OF WILLIAM AND MARY
NOTES TO SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETIC PROGRAMS
AS OF JUNE 30, 2017

1. BASIS OF PRESENTATION

The accompanying Schedule of Revenues and Expenses of Intercollegiate Athletic Programs has been prepared on the accrual basis of accounting. The purpose of the Schedule is to present a summary of revenues and expenses of the Intercollegiate Athletics Programs of the College for the year ended June 30, 2017, and includes both those intercollegiate athletics revenues and expenses under the direct accounting control of the College and those on behalf of the College's Intercollegiate Athletics Programs by outside organizations not under the College's control. Because the Schedule presents only a selected portion of the College's activities, it is not intended to, and does not present the financial position, changes in financial position, or cash flows for the year ended June 30, 2017. Revenues and expenses directly identifiable with each category of sport are presented and reported accordingly. Revenues and expenses not directly identifiable to a specific sport are reported under the category "Non-Program Specific."

2. CONTRIBUTIONS

The Athletic Educational Foundation (AEF) of the College of William and Mary in Virginia, Incorporated, also referred to as the Tribe Club, raises funds and collects contributions for the benefit of the Intercollegiate Athletics Department. The College received \$5,184,557 from the AEF during the year ended June 30, 2017.

The College received \$6,305,640 through the College of William and Mary Foundation for capital improvements to Zable Stadium which serves the Football and Men's and Women's Track programs. Capital contributions are not reported in the Intercollegiate Athletics Schedule of Revenues and Expenses.

3. ENDOWMENT AND INVESTMENT INCOME

The College of William and Mary Foundation is authorized to receive and administer gifts and bequests of all kinds. The Foundation makes such resources available to the College, which may be drawn as needed by the College within the Foundation's budgetary restrictions. The College received \$2,714,254 of endowment and investment income from the Foundation for the benefit of the Intercollegiate Athletics Department for the year ended June 30, 2017.

4. CAPITAL ASSETS

Capital assets are recorded at historical cost at the date of acquisition or fair market value at the date of donation in the case of gifts. Construction expenses for capital assets and improvements are capitalized when expended. The College's capitalization policy on equipment includes all items with an estimated useful life of two years or more. The William and Mary campus capitalizes all items with a unit price greater than or equal to \$5,000.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets as follows:

Buildings	40-50 years
Improvements other than Buildings	10-50 years
Infrastructure	10-50 years
Equipment	2-30 years
Library Books	10 years

A summary of the capital asset ending balances net of accumulated depreciation for the year ending June 30, 2017 is as follows:

Depreciable capital assets:	
Buildings	\$ 58,845,765
Improvements other than Buildings	1,996,786
Infrastructure	2,628,105
Equipment	<u>3,470,692</u>
Total depreciable capital assets	<u>66,941,348</u>
Less Accumulated depreciation for:	
Buildings	\$13,121,449
Improvements other than Buildings	884,196
Infrastructure	2,628,105
Equipment	<u>2,353,082</u>
Total accumulated depreciation	<u>18,986,832</u>
Total capital assets, net	<u>\$ 47,954,516</u>

5. LONG-TERM DEBT

Long-term debt relating to intercollegiate athletics is shown below.

<u>Description</u>	Interest Rates (%)	Maturity	Balance as of June 30, 2017	% used by Athletics	Athletics Balance June 30, 2017
Section 9(d) Bonds:					
William and Mary Hall, Series 2007B	4.000- 4.250	2018	165,000	85%	\$ 140,250
Recreation Sports Center, Series 2010B	2.000 - 5.000	2021	220,000	15%	33,000
Recreation Sports Center, Series 2012A	3.000 - 5.000	2024	180,000	15%	27,000
Recreation Sports Center, Series 2012A	3.000 - 5.000	2025	3,840,000	15%	576,000
Recreation Sports Center, Series 2012A	3.000 - 5.000	2025	1,225,000	15%	183,750
Recreation Sports Center, Series 2014B	4.000 - 5.000	2026	190,000	15%	28,500
Improve Athletics Facilities, Series 2016A	3.00	2027	150,000	100%	150,000
Improve Athletics Facilities, Series 2012A	3.000 - 5.000	2025	1,655,000	100%	1,655,000
Improve Athletics Facilities, Series 2014B	4.000 - 5.000	2026	260,000	100%	260,000
Improve Athletics Facilities, Series 2014B	5.000	2024	280,000	100%	280,000
Improve Athletics Facilities II, Series 2013A&B	2.000 - 5.000	2034	1,440,000	100%	1,440,000
J. Laycock Football Facility, Series 2016A	3.000	2027	1,100,000	100%	1,100,000
J. Laycock Football Facility, Series 2014B	5.000	2024	2,100,000	100%	2,100,000
Busch Field Astroturf Replacement, Series 2009B	2.000 - 5.000	2020	190,000	100%	190,000
Busch Field Astroturf Replacement, Series 2016A	3.000	2030	860,000	100%	860,000
Total					<u>\$ 9,023,500</u>

Long-term debt matures as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
2018	818,000	373,263
2019	710,750	217,970
2020	741,000	197,176
2021	782,000	265,151
2022	815,000	225,926
2023-2027	4,151,750	556,361.90
2028-2032	780,000	117,375.00
2033-2037	225,000	9,100.00
Total	<u>\$ 9,023,500</u>	<u>\$ 1,962,323</u>

6. INDIRECT COSTS

The College recovers a percentage of each auxiliary enterprise's expenses, including athletics, to cover overhead costs such as utilities and custodial services. In the fiscal year ended June 30, 2017 the overhead rate charged to athletics and other auxiliary enterprise was 27.85 percent. This amount is included in indirect cost paid to the institution by athletics, under the category "Non-Program Specific."

**COLLEGE OF WILLIAM & MARY
2017-2018 OPERATING BUDGET SUMMARY**

	2015-2016 Actual	2016-2017 Actual	Approved 2017-2018 Budget	Estimated 2017-2018 Budget	2017-2018 Year-to-Date 9/30/2017
CASH CARRYFORWARD	\$ 1,183,697	\$ 2,187,926	\$ -0-	\$ -0-	\$ 2,193,394
REVENUE					
General Funds					
Educational/General	\$ 41,620,263	\$ 44,144,181	\$ 43,182,499	\$ 43,642,723	\$ 12,205,967
Student Aid	4,127,011	4,377,227	4,519,258	4,519,258	4,519,258
Sponsored Programs	75,000	75,000	75,000	75,000	8,684
Nongeneral Funds					
Educational/General	138,684,861	148,115,132	154,190,384	157,717,729	80,252,651
Student Aid	27,153,194	32,911,115	35,598,771	34,982,696	34,982,696
Auxiliary Enterprise	105,643,193	108,670,263	110,617,916	110,617,916	45,358,560
Sponsored Programs	29,473,616	30,419,417	31,650,000	31,650,000	10,044,663
Private Funds	15,131,292	14,810,062	14,780,091	14,780,091	2,298,572
Total Revenue	\$361,908,430	\$383,522,397	\$394,613,919	\$397,985,413	\$189,671,051
EXPENDITURES					
Instruction	\$102,849,035	\$103,149,101	\$114,091,579	\$117,618,924	\$ 32,940,432
Research	1,740,212	1,559,781	1,645,646	1,645,646	503,350
Public Service	16,280	23,931	22,304	22,304	1,094
Academic Support	29,033,769	31,129,236	31,391,342	31,391,342	11,001,987
Student Services	8,651,646	9,651,503	9,284,674	9,284,674	3,078,790
Institutional Support	30,117,672	33,490,687	33,134,922	33,595,146	11,458,268
Plant Operations	17,405,243	19,833,110	19,757,622	19,757,622	7,268,091
Student Aid	35,880,902	41,657,750	44,892,214	47,976,139	45,618,203
Auxiliary Enterprise	102,652,730	103,182,240	106,831,305	106,831,305	26,902,357
Sponsored Programs	29,548,616	30,494,417	31,725,000	31,725,000	10,053,347
Total Expenditures	\$357,896,105	\$374,171,756	\$392,776,608	\$399,848,102	\$148,825,919

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November 15-17, 2017

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**College of William & Mary
Education and General
2017-2018 Operating Budget Summary***

	<u>2015-2016 Actual</u>	<u>2016-2017 Actual</u>	<u>Approved 2017-2018 Budget</u>	<u>Estimated 2017-2018 Budget</u>	<u>2017-2018 Year-to-Date 9/30/2017</u>
CASH CARRYFORWARD	\$1,183,697	\$2,187,926	\$0	\$0	\$2,193,394
REVENUE:					
General Funds	\$41,620,263	\$44,144,181	\$43,182,499	\$43,642,723	\$12,205,967
Nongeneral Funds	138,684,861	148,115,132	154,190,384	157,717,729	80,252,651
Total Revenue	\$180,305,124	\$192,259,313	\$197,372,883	\$201,360,452	\$92,458,618
AVAILABLE FUNDS	\$181,488,821	\$194,447,239	\$197,372,883	\$201,360,452	\$94,652,012
EXPENDITURES:					
Instruction	\$101,054,820	\$101,650,629	\$112,872,320	\$116,399,665	\$32,491,287
Research	1,027,484	1,014,469	1,009,170	1,009,170	334,960
Public Service	10,198	8,031	8,021	8,021	1,094
Academic Support	27,937,440	30,028,551	30,297,231	30,297,231	10,188,447
Student Services	8,398,364	9,064,956	8,974,583	8,974,583	2,882,388
Institutional Support	23,908,092	28,092,532	24,686,554	25,146,778	7,880,942
Plant Operations	17,288,402	19,472,393	19,525,004	19,525,004	7,119,225
Total Expenditures	\$179,624,800	\$189,331,561	\$197,372,883	\$201,360,452	\$60,898,343

**College of William and Mary
Student Financial Assistance**
2016-2017 Operating Budget Summary**

	<u>2015-2016 Actual</u>	<u>2016-2017 Actual</u>	<u>Approved 2017-2018 Budget</u>	<u>Estimated 2017-2018 Budget</u>	<u>2017-2018 Year-to-Date 9/30/2017</u>
REVENUE:					
General Funds	\$4,127,011	\$4,377,227	\$4,519,258	\$4,519,258	\$4,519,258
Nongeneral Funds	27,153,194	32,911,115	35,598,771	34,982,696	34,982,696
Auxiliary Enterprises	899,500	900,000	900,000	900,000	900,000
Total Revenue	\$32,179,705	\$38,188,342	\$41,018,029	\$40,401,954	\$40,401,954
EXPENDITURES:					
	\$32,179,705	\$38,188,342	\$41,018,029	\$44,101,954	\$44,101,954

* Excludes required transfers to the state

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

College of William & Mary
Education and General
2017-2018 Operating Budget Summary

	2015-2016 <u>Actual</u>	2016-2017 <u>Actual</u>	Approved 2017-2018 <u>Budget</u>	Estimated 2017-2018 <u>Budget</u>	2017-2018 Year-to-Date 9/30/2017
CASH CARRYFORWARD	\$1,183,697	\$2,187,926	\$0	\$0	\$2,193,394
<u>REVENUE</u>					
General Funds	\$41,620,263	\$44,144,181	\$43,182,499	\$43,642,723	\$12,205,967
Nongeneral Funds	138,684,861	148,115,132	154,190,384	157,717,729	80,252,651
TOTAL REVENUE	\$180,305,124	\$192,259,313	\$197,372,883	\$201,360,452	\$92,458,618
AVAILABLE FUNDS	\$181,488,821	\$194,447,239	\$197,372,883	\$201,360,452	\$94,652,012
<u>EXPENDITURES</u>					
<u>Instruction</u>					
Personal Services	\$93,808,266	\$94,982,255	\$104,434,596	\$107,961,941	\$30,547,349
Non-Personal Services	7,246,554	6,668,375	8,437,724	8,437,724	1,943,938
TOTAL	\$101,054,820	\$101,650,630	\$112,872,320	\$116,399,665	\$32,491,287
<u>Research</u>					
Personal Services	\$966,445	\$977,537	\$936,272	\$936,272	\$318,672
Non-Personal Services	61,039	36,932	72,898	72,898	16,288
TOTAL	\$1,027,484	\$1,014,469	\$1,009,170	\$1,009,170	\$334,960

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	2015-2016 <u>Actual</u>	2016-2017 <u>Actual</u>	Approved 2017-2018 <u>Budget</u>	Estimated 2017-2018 <u>Budget</u>	2017-2018 Year-to-Date 9/30/2017
<u>Public Service</u>					
Personal Services	\$0	\$0	\$760	\$760	\$0
Non-Personal Services	10,198	8,031	7,261	7,261	1,094
TOTAL	\$10,198	\$8,031	\$8,021	\$8,021	\$1,094
<u>Academic Support</u>					
<u>LIBRARIES:</u>					
Personal Services	\$5,950,961	\$6,076,448	\$6,535,431	\$6,535,431	\$1,799,795
Non-Personal Services	4,914,637	5,333,158	5,085,528	5,085,528	2,331,126
TOTAL	\$10,865,598	\$11,409,606	\$11,620,959	\$11,620,959	\$4,130,921
<u>OTHER ACAD. SUPPORT:</u>					
Personal Services	\$14,182,840	\$14,771,666	\$15,107,366	\$15,107,366	\$4,733,194
Non-Personal Services	2,889,002	3,847,279	3,568,906	3,568,906	1,324,332
TOTAL	\$17,071,842	\$18,618,945	\$18,676,272	\$18,676,272	\$6,057,526
TOTAL ACADEMIC SUPPORT	\$27,937,440	\$30,028,551	\$30,297,231	\$30,297,231	\$10,188,447
<u>Student Services</u>					
Personal Services	\$6,854,529	\$7,523,322	\$7,769,955	\$7,769,955	\$2,286,801
Non-Personal Services	1,543,835	1,541,634	1,204,628	1,204,628	595,587
TOTAL	\$8,398,364	\$9,064,956	\$8,974,583	\$8,974,583	\$2,882,388

Board of Visitors

November 15-17, 2017

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	2015-2016 <u>Actual</u>	2016-2017 <u>Actual</u>	Approved 2017-2018 <u>Budget</u>	Estimated 2017-2018 <u>Budget</u>	2017-2018 Year-to-Date 9/30/2017
<u>Institutional Support</u>					
Personal Services	\$19,495,463	\$21,722,030	\$20,160,393	\$20,620,617	\$5,882,628
Non-Personal Services	4,412,629	6,370,502	4,526,161	4,526,161	1,998,314
TOTAL	\$23,908,092	\$28,092,532	\$24,686,554	\$25,146,778	\$7,880,942
<u>Plant Operations</u>					
Personal Services	\$1,528,765	\$2,368,906	\$6,642,509	\$6,642,509	\$1,203,390
Non-Personal Services	15,759,637	17,103,487	12,882,495	12,882,495	5,915,835
TOTAL	\$17,288,402	\$19,472,393	\$19,525,004	\$19,525,004	\$7,119,225
E&G PROGRAM TOTAL	\$179,624,800	\$189,331,561	\$197,372,883	\$201,360,452	\$60,898,343

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**College of William & Mary
Auxiliary Enterprise
2017-2018 Operating Budget Summary**

	<u>2015-2016 Actual</u>	<u>2016-2017 Actual</u>	<u>Approved 2017-2018 Budget</u>	<u>Estimated 2017-2018 Budget</u>	<u>2017-2018 Year-to-Date 9/30/2017</u>
REVENUE					
Student Housing	\$32,932,608	\$33,163,843	\$33,929,952	\$33,929,952	\$15,366,530
Food Service	21,129,517	22,397,220	22,097,500	22,097,500	9,754,929
Telecom/Network	3,627,660	3,531,857	3,754,475	3,754,475	1,577,225
Student Unions	3,073,557	3,161,410	3,138,200	3,138,200	1,506,230
Kaplan Arena	2,492,762	2,567,343	2,765,484	2,765,484	1,310,760
Athletics	24,485,028	26,026,771	26,729,433	26,729,433	7,583,203
Other	<u>17,902,061</u>	<u>17,821,819</u>	<u>18,202,872</u>	<u>18,202,872</u>	<u>8,259,683</u>
Total Revenue	\$105,643,193	\$108,670,263	\$110,617,916	\$110,617,916	\$45,358,560
EXPENDITURES					
Student Housing	\$31,525,355	\$31,497,226	\$33,929,952	\$33,929,952	\$7,340,860
Food Service	19,048,208	19,416,869	19,513,008	19,513,008	2,735,080
Telecom/Network	3,388,905	3,424,804	3,754,475	3,754,475	765,034
Student Unions	3,245,936	3,272,053	3,131,032	3,131,032	934,387
Kaplan Arena	2,369,203	2,535,190	2,765,484	2,765,484	707,596
Athletics	24,853,182	25,819,672	26,729,433	26,729,433	9,457,683
Other	<u>18,221,941</u>	<u>17,216,426</u>	<u>17,007,921</u>	<u>17,007,921</u>	<u>4,961,717</u>
Total Expenditures	\$102,652,730	\$103,182,240	\$106,831,305	\$106,831,305	\$26,902,357

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**College of William & Mary
Sponsored Programs
2017-2018 Operating Budget Summary**

	2015-2016 Actual	2016-2017 Actual	Approved 2017-2018 Budget	Estimated 2017-2018 Budget	2017-2018 Year-to-Date 9/30/2017
REVENUE					
General Fund	\$75,000	\$75,000	\$75,000	\$75,000	\$8,684
Nongeneral Fund	<u>29,473,616</u>	<u>30,419,417</u>	<u>31,650,000</u>	<u>31,650,000</u>	<u>10,044,663</u>
Total Revenue	\$29,548,616	\$30,494,417	\$31,725,000	\$31,725,000	\$10,053,347
EXPENDITURES					
	\$29,548,616	\$30,494,417	\$31,725,000	\$31,725,000	\$10,053,347

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COLLEGE OF WILLIAM & MARY
Private Funds
2017-2018 OPERATING BUDGET SUMMARY

	2015-2016 Actual	2016-2017 Actual	Approved 2017-2018 Budget	Estimated 2017-2018 Budget	2017-2018 Year-to-Date 9/30/2017
REVENUE:					
Distributed Endowment Income	\$3,266,397	\$3,369,985	\$3,354,091	\$3,354,091	\$837,016
Administrative Overhead Allocation	300,000	300,000	300,000	300,000	75,000
Transfers from Other Sources	382,011	337,774	340,000	340,000	0
Earnings on Short-term Investments	320,921	347,099	320,000	320,000	1,405
Annual Gifts	8,523,859	9,241,402	9,400,000	9,400,000	549,494
Drawdown from BOV Quasi Endowment	1,350,000	500,000	500,000	500,000	0
Distribution from External Trusts	57,886	58,510	46,000	46,000	12,926
Revenue from CWMF	0	0	0	0	32,303
Other Revenue	930,218	655,292	520,000	520,000	790,428
Total Revenue	\$15,131,292	\$14,810,062	\$14,780,091	\$14,780,091	\$2,298,572
EXPENDITURES:					
Instruction	\$1,794,215	\$1,498,472	\$1,219,259	\$1,219,259	\$449,145
Research	712,728	545,312	636,476	636,476	168,390
Public Service	6,082	15,900	14,283	14,283	0
Academic Support	1,096,330	1,100,685	1,094,111	1,094,111	813,540
Student Services	253,282	586,547	310,091	310,091	196,402
Institutional Support	6,209,580	5,398,155	8,448,368	8,448,368	3,577,326
Plant: Operations & Capital Improvements	116,841	360,717	232,618	232,618	148,866
Student Aid	3,701,197	3,469,408	3,874,185	3,874,185	1,516,249
Total Expenditures	\$13,890,255	\$12,975,196	\$15,829,391	\$15,829,391	\$6,869,918

VIRGINIA INSTITUTE OF MARINE SCIENCE
2017-2018 OPERATING BUDGET SUMMARY

	2015-2016 <u>Actual</u>	2016-2017 <u>Actual</u>	Approved 2017-2018 <u>Budget</u>	Estimated 2017-2018 <u>Budget</u>	2017-2018 Year-to-Date 9/30/2017
<u>REVENUE</u>					
General Fund	\$19,699,566	\$21,127,470	\$21,565,359	\$21,829,228	6,263,632
Nongeneral Funds					
Educational/General	1,941,120	2,263,009	1,843,030	1,843,030	382,519
Eminent Scholars	43,647	78,088	77,185	77,185	-
Sponsored Programs	<u>23,234,922</u>	<u>22,405,424</u>	<u>23,250,000</u>	<u>23,250,000</u>	<u>6,568,457</u>
Total Revenue	\$44,919,255	\$45,873,990	\$46,735,574	\$46,999,443	13,214,608
<u>EXPENDITURES</u>					
Instruction	\$1,045,649	\$948,236	\$1,424,566	\$1,440,511	352,707
Research and Advisory Services	9,260,758	9,834,263	9,738,659	9,879,901	2,954,620
Academic Support	4,897,996	5,150,593	5,049,269	5,104,613	1,529,785
Institutional Support	2,334,682	2,884,700	2,409,454	2,450,083	1,232,331
Plant Operations	3,855,280	4,123,222	4,374,876	4,420,264	1,061,698
Student Financial Assistance	241,540	319,617	321,002	321,002	160,501
Sponsored Programs/Eminent Scholars	<u>23,278,569</u>	<u>22,483,511</u>	<u>23,327,185</u>	<u>23,327,185</u>	<u>6,568,457</u>
Total Expenditures	\$44,914,473	\$45,744,142	\$46,645,011	\$46,943,559	13,860,098

COLLEGE OF WILLIAM & MARY
REVISION TO THE
INVESTMENT AND SPENDING POLICY FOR ENDOWMENT

The Board of Visitors is responsible for the investment of the endowment funds contributed to the College of William & Mary. The Committee on Financial Affairs of the Board of Visitors has the delegated fiduciary responsibility to oversee the policies and practices associated with endowment management.

It is the practice of the College to periodically review its operational policies and guidelines to ensure that the authorizations contained therein are in keeping with the current thinking of the Board of Visitors. The last revision was done in April 2015.

THEREFORE, BE IT RESOLVED, That the following Revision to the Investment and Spending Policy for Endowment be adopted as the policy by which the Committee on Financial Affairs governs the management of the endowment funds belonging to the College of William & Mary.

I. STATEMENT OF PURPOSE AND OBJECTIVES

- A. This policy is issued by the Committee on Financial Affairs of the Board of Visitors of The College of William & Mary in Virginia (hereinafter called "the Board"). The purpose of the policy is to not only foster clear understanding of the Board's investment objectives and practices, but also provide clear guidelines for action.
- B. The College of William & Mary (hereinafter called "the College") was established in 1693 by British royal charter. In 1906 the College became a public institution affiliated with the Commonwealth of Virginia. The College is an active public charity and accepts private donations to supplement and enhance the quality of the educational environment available to students, faculty, and the community.
- C. This statement applies to those pooled endowment funds for which the Board has investment responsibility (hereinafter called the "Endowment"). At this time only one investment portfolio exists for the Board of Visitors, the General Fund, which serves as the general depository for gift contributions to the Endowment.
- D. This document can be modified as necessary by the full Board upon recommendation by the Committee on Financial Affairs and should be formally reviewed by the Committee not less than once every three years.

II. DEFINITIONS

Endowment funds are contributions given to the College with a donor-imposed restriction that the funds are not to be expended but are to be invested for the purpose of producing income and capital gains. Unless otherwise stated by the donor the principal of the funds is to be maintained in perpetuity. The donor may also place restrictions on the purpose or purposes for which the income may be expended.

Funds functioning as endowment (quasi endowments) are funds that the Board of Visitors has designated not to be expended but are to be invested for the long term purpose of producing income and capital gains. Where expendable funds from donors have been designated by the Board as quasi endowment provisions may allow for Board approved distributions of principal. Quasi endowments can be either unrestricted or donor restricted for a particular purpose.

Total return is the sum of realized and unrealized gains and losses and current income achieved in the form of interest, dividends, and rents. **Real total return** is total return adjusted for inflation as measured by the Higher Education Price Index (HEPI), or the CPI + 1%, when the HEPI statistic is unavailable. **Real growth** in the endowment is real total return less that of annual spending and management fees.

III. FIDUCIARY RESPONSIBILITIES

In addition to other responsibilities assigned by the Rector, the Committee on Financial Affairs has oversight responsibility for the College's endowment funds. Toward that responsibility, the Committee on Financial Affairs has created an Investments Subcommittee, comprised of members from the larger Committee and/or the Board at large, who meet and interact with the College's Senior Vice President for Finance and Administration and the Investment Consultant on a more frequent basis, conducting oversight and executing duties on behalf of the Committee as permitted by this policy. This Subcommittee has the standing responsibility to monitor investment performance; periodically review the Board's investment guidelines and allocations; and after thorough evaluation recommend to the full Board the retention and dismissal of investment counsel, annual spending from the endowment (rates and dollar amounts), and amendments to existing investment guidelines. The Subcommittee may authorize the Investment Consultant to conduct searches for new or replacement investment managers as required. The Subcommittee may also direct tactical shifts or rebalancing among asset classes so long as the changes are within the asset allocation ranges included in Section VII of this policy. Under normal conditions only the Board of Visitors, or the Executive Committee acting between meetings of the Board, shall have the power to employ or discharge investment advisors for the College's endowment. However, if the Chair of the Committee on Financial Affairs, senior College administrators, or the Investment Consultant to the Board, believe that any portion of the endowment is in immediate and undue risk by its investment with any manager, then the Chair of the Committee on Financial Affairs shall have the power to immediately terminate that relationship and/or give instructions to reduce or eliminate the perceived threat to the invested endowment. The Board of Visitors will then be apprised of the circumstances that required immediate action at its next regularly scheduled meeting.

Members of the Board of Visitors also have a legal responsibility to manage funds in compliance with The Uniform Prudent Management of Institutional Funds Act, passed by the Virginia legislature in 2012. With respect to fiduciary responsibilities, Chapter 11 of Title 64.2 Section 1101 of The Code of Virginia (1950 as amended) specifies the following standards of conduct in managing and investing an institutional fund:

- A. Subject to the intent of a donor expressed in a gift instrument, an institution, in managing and investing an institutional fund, shall consider the charitable purposes of the institution and the purposes of the institutional fund.
- B. In addition to complying with the duty of loyalty imposed by law other than this chapter, each person responsible for managing and investing an institutional fund shall manage and invest the fund in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

C. In managing and investing an institutional fund, an institution:

1. May incur only costs that are appropriate and reasonable in relation to the assets, the purposes of the institution, and the skills available to the institution; and
2. Shall make a reasonable effort to verify facts relevant to the management and investment of the fund.

D. An institution may pool two or more institutional funds for purposes of management and investment.

E. Except as otherwise provided by a gift instrument, the following rules apply:

1. In managing and investing an institutional fund, the following factors, if relevant, shall be considered:
 - a. General economic conditions;
 - b. The possible effect of inflation or deflation;
 - c. The expected tax consequences, if any, of investment decisions or strategies;
 - d. The role that each investment or course of action plays within the overall investment portfolio of the fund;
 - e. The expected total return from income and the appreciation of investments;
 - f. Other resources of the institution;
 - g. The needs of the institution and the fund to make distributions and to preserve capital; and
 - h. An asset's special relationship or special value, if any, to the charitable purposes of the institution.
2. Management and investment decisions about an individual asset shall be made not in isolation but rather in the context of the institutional fund's portfolio of investments as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the fund and to the institution.
3. Except as otherwise provided by law other than this chapter, an institution may invest in any kind of property or type of investment consistent with this section.
4. An institution shall diversify the investments of an institutional fund unless the institution reasonably determines that, because of special circumstance, the purposes of the fund are better served without diversification.

5. Within a reasonable time after receiving property, an institution shall make and carry out decisions concerning the retention or disposition of the property or to rebalance a portfolio, in order to bring the institutional fund into compliance with the purposes, terms, and distribution requirements of the institution as necessary to meet other circumstances of the institution and the requirements of this chapter.
6. A person that has special skills or expertise, or is selected in reliance upon the person's representation that the person has special skills or expertise, has a duty to use those skills or that expertise in managing and investing institutional funds.

Employees of the College, or others engaged by the College in any business or advisory capacity, are expected to uphold and abide by the College of William & Mary's Code of Ethics.

IV. INVESTMENT OBJECTIVES

- A. The Board seeks to achieve maximum long-term total returns within prudent levels of risk. Returns are expected not only to preserve but enhance the real value (inflation-adjusted purchasing power) of the Endowment after funds are released for current use. To meet these goals, the investment objective is to achieve real growth of 2% over the long term (i.e., real total return less that of annual spending and management fees). The measure of inflation to be used in adjusting for real purchasing power should be the Higher Education Price Index, a measure of college and university costs.
- B. Risk should be reduced with a broadly diversified portfolio of asset classes, which may include the following: common and preferred shares of domestic and foreign corporations listed and traded on public markets, convertible bonds or debentures or preferred shares which are convertible into corporate stock, warrants or rights to equity securities, domestic or foreign fixed income traded on public markets, cash or cash-equivalent securities, public and private real estate investment trusts, and limited partnerships in the following: hedge funds with sufficient transparency and history satisfactory to the Board, venture capital, buyouts, distressed debt, timber, oil and gas, managed futures, and other private equity type of investments. Investment risks will be considered within the context of the whole Endowment portfolio.
- C. All investment portfolios will be managed and evaluated from a basis of total return. All management fees will be born by the individual portfolios from interest income, dividends, and realized capital gains.
- D. Prospective investments in alternative assets will take into consideration required disclosure needs for reporting at the end of the fiscal year, recognizing that some

managers employ highly sophisticated and proprietary strategies and some have underlying holdings that cannot be readily priced in the market; in such cases, these managers do not release sufficient information that can be validated, tested, and relied upon during the course of an audit. Consequently, investments in alternative assets will require rigorous screening before being admitted into the portfolio.

V. ENDOWMENT SPENDING POLICY

The fiscal year payout will be calculated as a percentage of the average market value of the investment portfolio for the three previous calendar year-ends. Following review and recommendations from the Investments Subcommittee, the payout percentage and the annual overhead expense for internal management costs will be decided or adjusted as deemed prudent by the Committee on Financial Affairs as the annual private funds budget is prepared.

Guidelines for spending from an institutional fund are addressed by UPMIFA in Chapter 11 of Title 64.2 Section 1102 of the Code of Virginia (1950 as amended):

- A. Subject to the intent of a donor expressed in the gift instrument, an institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the institution. In making a determination to appropriate or accumulate, the institution shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors:
 - 1. The duration and preservation of the endowment fund;
 - 2. The purposes of the institution and the endowment fund;
 - 3. General economic conditions;
 - 4. The possible effect of inflation or deflation;
 - 5. The expected total return from income and the appreciation of investments;
 - 6. Other resources of the institution; and
 - 7. The investment policy of the institution.
- B. To limit the authority to appropriate for expenditure or accumulate under subsection A, a gift instrument shall specifically state the limitation.
- C. Terms in a gift instrument designating a gift as an endowment, or a direction or authorization in the gift instrument to use only "income," "interest," "dividends," or "rents, issues, or profits," or "to preserve the principal intact," or words of similar import:

1. Create an endowment fund of permanent duration unless other language in the gift instrument limits the duration or purposes of the fund; and
2. Do not otherwise limit the authority to appropriate for expenditure or accumulate under subsection A.

VI. DELEGATION OF MANAGEMENT AND INVESTMENT FUNCTIONS

Chapter 11 of Title 64.2 Section 1103 of the Code of Virginia (1950 as amended) addresses those considerations in the delegation of management and investment functions:

A. Subject to any specific limitation set forth in a gift instrument or in law other than this chapter, an institution may delegate to an external agent the management and investment of an institutional fund to the extent that an institution could prudently delegate under the circumstances. An institution shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, in:

1. Selecting an agent;
2. Establishing the scope and terms of the delegation, consistent with the purposes of the institution and the institutional fund; and
3. Periodically reviewing the agent's actions in order to monitor the agent's performance and compliance with the scope and terms of the delegation.

B. In performing a designated function, an agent owes a duty to the institution to exercise reasonable care to comply with the scope and terms of the delegation.

C. An institution that complies with subsection A is not liable for the decisions or actions of an agent to which the function is delegated.

D. By accepting delegation of a management or investment function from an institution that is subject to the laws of the Commonwealth, an agent submits to the jurisdiction of the courts of the Commonwealth in all proceedings arising from or related to the delegation of the performance of the delegated function.

E. An institution may delegate management and investment functions to its committees, officers, or employees as authorized by law of the Commonwealth other than this chapter.

Consistent with the authorizations cited above in the Code of Virginia, the Board of Visitors has accordingly selected through the public procurement process an Investment Consultant which is responsible for advising the Board on matters of constructing a prudent policy portfolio, asset allocation, manager selection and diversification, strategic and tactical allocations, portfolio rebalancing, performance calculation and reporting, risk and expected return assessments, and advice on general business and economic outlook.

Accordingly, the engaged Investment Consultant is responsible for recommending to the Board the engagement and disposition of investment managers and reporting investment performance to the Board, at the fund level as well as on a manager specific level. More specific delegation of duties is addressed later on in this policy.

VII. PORTFOLIO COMPOSITION AND ASSET ALLOCATION

- A. Asset allocation is the single most important component of investment strategy. For purposes of investment policy, the endowment assets shall be classified in three parts: Equities, Fixed Income, and Alternatives. The Committee will establish for equities, fixed income, and alternatives a long-term policy range or band, as well as long-term target allocation.
- B. Equities are intended to provide long-term capital appreciation and a growing stream of income. It is recognized that equities will likely entail the assumption of greater price variability than fixed income and alternative investments. The purposes of fixed income investments are to provide a hedge against deflation, to provide a source of current income, and to help diversify the total endowment. The purposes of alternatives are to help diversify the total endowment and utilize a combination of less correlated investments when the metrics for equities and fixed income are not attractive.
- C. Asset allocation ranges for the portfolio's investments in each asset class are established by the full Board and listed below. Within the approved ranges, the Committee on Financial Affairs may change the normative policy allocations whenever it deems necessary or desirable; such changes may be enacted by a simple majority of the full Committee on Financial Affairs at an announced meeting which attains a quorum. Allocations can also be changed between announced meetings of the Committee on Financial Affairs when a simple majority of the full Committee approves said action as detailed in an official mailing or telephone ballot distributed to the full Committee. Normative policy allocations are noted below as long-term target allocations which reflect the Committee on Financial Affairs' long-term strategic objectives. It is the responsibility of the Endowment's external Investment Consultant to monitor the allocations of the overall portfolio and report any deviations, should they develop, to the Committee on Financial Affairs. Should deviations occur within the allocations to equities, and/or fixed income and/or alternatives before the next full meeting of the Committee, then notification will be sent to the Chair of the Committee who is authorized

to approve any actions that will put the portfolio back into compliance.

ASSET ALLOCATION

	LONG-TERM TARGET ALLOCATION	RANGE
<u>Equities</u>	55.0%	0-85% 35-75%
U. S. Common Stock	44.0 33.0%	0-60% 15-45%
Non-U.S. Common Stock	11.0 22.00%	0-80% 0-35%
<u>Alternatives*</u>	10.0%	0-30% 0-20%
<u>Fixed Income</u>	35.0%	15-60% 25-60%
U. S. Bonds	25.0 24.0%	15-45%
Non U.S. Bonds	10.0 11.0%	0-15%
<u>Cash</u>	0.0%	0-25%

* Alternatives is a general term referring to equity or equity-like investments characterized by longer time horizons, less liquidity, no readily available market price, and often less transparency. Such investments may include, for example, private real estate investments (REITS) and limited partnerships in private equity investments, hedge funds, managed futures, venture capital, distressed debt, timber, and oil and gas. ~~All investments in alternative vehicles will be pursued through fund-of-funds, unless the Board of Visitors otherwise approves direct investment.~~

- D. Based on the recommendation of the Investment Consultant, new cash flow shall be forwarded to investment managers on a quarterly basis, or when sufficient contributions are received. As a general rule, new cash will be used to rebalance the total fund in the direction of the long-term targets currently in place.

VIII. SOCIAL RESPONSIBILITY

The Board of Visitors may from time to time feel it necessary and prudent to incorporate into its investment platform elements of social responsibility that reflect the Board's thinking on important societal issues. Accordingly, the Board may direct its Investment Consultant and College staff to implement certain restrictions, impose constraints, or otherwise create separate accounts that take into consideration specific goals and objectives of social investing.

The Board has taken a position on conditions in Darfur and given direction to the Investment Consultant to monitor the security holdings in the separate account relationships, making sure that the underlying securities are not on any known and respected lists of companies that suggest support of the current Sudanese government. Companies that are known to conduct substantive business in Sudan will be prohibited in any Board of Visitors separately managed account.

Secondly, the Board of Visitors has approved the creation of a separate endowment account, called the Green Account, which will be funded from student fees. This investment account will be invested and monitored by the Investment Consultant according to guidelines that specify and promote environmental "green" initiatives.

IX. MANAGER GUIDELINES

When securities are commingled into investment pools with multiple participants, the Committee on Financial Affairs will evaluate the investment pool as a whole for its overall asset quality, stability, and historical performance. In such cases, if the Board of Visitors decides to participate, the investment policies and practices of the commingled pool will override the Board's policies and guidelines required of actively managed separate accounts. However, where applicable, the Committee on Financial Affairs will measure its commingled pool investments according to equity and fixed income guidelines established for separately managed accounts.

When active investment management responsibilities are delegated to an investment advisor for a separately managed account the Committee on Financial Affairs will establish guidelines regarding the quality and suitability of assets allowed in the portfolio. These guidelines are as follows:

GUIDELINES FOR EQUITIES

- A. The overall investment objective of active Equities is to outperform the appropriate benchmarks ~~by at least one percentage point~~, net of fees, as well as a peer group of managers on a consistent basis over a complete market cycle. Individual active managers may be expected to outperform other indices, or hybrid indices, which more closely parallel the manager's investment style. Such indices will be determined on a case-by-case basis in consultation with the Investment Consultant.

- B. Through periodic reviews of the investment portfolio, the Committee on Financial Affairs will determine how well a manager is performing against the benchmarks -- taking into account that manager's investment style as well as other known market conditions. Ultimately, the Committee determines whether changes are warranted in the composition or management of the equity portfolio.
- C. Common stock managers may at their discretion hold cash equivalents, exchange-traded funds or bonds to the extent provided by the allocation ranges in Section VII, with the understanding that their performance will be measured against equity benchmarks which are fully invested.
- D. No more than 5% of the aggregate market value in equity may be invested in the securities of any one company at cost except by written exception. It shall be the responsibility of the Investment Consultant to monitor the fund's overall exposure to individual securities and report any violations immediately to the Chair of the Committee. If a violation exists, the Chair of the Committee is granted the authority to approve any changes that will bring the portfolio back into compliance.
- E. Financial futures, option contracts, and other financial derivative instruments may not be employed without the Committee's prior permission
- F. It is understood that investing in pooled or mutual funds means that the investments will be governed by the fund's own set of guidelines and restrictions. While it is the intent to invest in funds which meet the general intent of these guidelines, there may, in fact, be instances in which funds' guidelines differ in a number of ways. In such cases, the mutual fund guidelines and restrictions will supersede those outlined above.

GUIDELINES FOR FIXED INCOME

- A. The investment objective of active Fixed Income is to outperform the appropriate benchmarks ~~by at least one percentage point~~, net of fees, as well as a peer group of managers on a consistent basis over a complete market cycle. Individual active managers, with the exception of index funds, may be expected to outperform other indices, or hybrid indices, which more closely parallel the manager's investment style. Such indices will be determined on a case-by-case basis in consultation with the manager.
- B. Through periodic reviews of the investment portfolio, the Committee on Financial Affairs will determine how well a manager is performing against the benchmarks -- taking into account that manager's investment style as well as other known market conditions. Ultimately, the Committee determines whether changes are warranted in the composition or management of the fixed income portfolio.
- C. Money market instruments and fixed income-like exchange-traded funds may be used,

but equities are excluded.

- D. Securities in the fixed income portfolio must be rated a minimum of "BBB-~~BBB~~" by two of the following three major rating organizations: Fitch, Moody's or Standard & Poor's. The weighted average of the fixed income portfolio shall be "A-" or higher. The prospect of credit risk or risk of permanent loss must be avoided. The investment manager shall inform the Board's engaged Investment Consultant, or the Chair of the Committee on Financial Affairs if no consultant is employed, if a held security has been downgraded below investment grade by two rating agencies and the Chair shall decide whether the security is retained or sold.
- E. In general, fixed income must be well diversified with respect to economic sector, financial sector, and issuer in order to minimize risk exposure. No more than 5% of the aggregate market value in fixed income may be invested in the securities of any single issuer, with the exception of the U. S. Government or its agencies.
- F. It is understood that investing in pooled or mutual funds means that the investments will be governed by the fund's own set of guidelines and restrictions. While it is the intent to invest in funds which meet the general intent of these guidelines, there may, in fact, be instances in which funds' guidelines differ in a number of ways. In such cases, the mutual fund guidelines and restrictions will supersede those outlined above.

GUIDELINES FOR ALTERNATIVES

- A. The investment objective of Alternatives is to outperform the appropriate benchmarks ~~by at least one percentage point~~, net of fees, as well as a peer group of managers on a consistent basis over a complete market cycle. Individual managers, with the exception of index funds, may be expected to outperform other indices, or hybrid indices, which more closely parallel the manager's investment style. Such indices will be determined on a case-by-case basis in consultation with the manager.
- B. Through periodic reviews of the investment portfolio, the Committee on Financial Affairs will determine how well a manager is performing against the benchmarks -- taking into account that manager's investment style as well as other known market conditions. Ultimately, the Committee determines whether changes are warranted in the composition or management of the alternative portfolio.
- C. In general, alternatives must be well diversified with respect to economic sector, financial sector, and issuer in order to minimize risk exposure. No more than 5% of the aggregate market value in alternatives may be invested in the securities of any single issuer, with the exception of the U. S. Government or its agencies.
- D. It is understood that investing in pooled or mutual funds means that the investments will

be governed by the fund's own set of guidelines and restrictions. While it is the intent to invest in funds which meet the general intent of these guidelines, there may, in fact, be instances in which funds' guidelines differ in a number of ways. In such cases, the mutual fund guidelines and restrictions will supersede those outlined above.

X. GUIDELINES FOR TRANSACTIONS

Except under unusual circumstances, all transactions should be entered into on the basis of best execution, which means best realized net price. Notwithstanding the above, commissions may be designated for payment of services rendered to the endowment in connection with its management; however, under normal business conditions it shall be the standing policy of the College and its Board of Visitors not to direct brokerage, and such practice will be directed only with prior approval from the Chair of the Committee on Financial Affairs.

XI. MONITORING OF OBJECTIVES AND RESULTS

- A. If at any time the Investment Consultant believes that any policy guideline contained herein inhibits investment performance, or puts the Endowment at undue risk, it is that consultant's responsibility to communicate this view to the Committee. In the event that an Investment Consultant believes that circumstances warrant immediate exception to any standing instructions or guidelines cited in this policy, the consultant will so notify the Chair of the Committee on Financial Affairs or, in his-(/her) absence, the Rector. If the request is verbal it will be necessary for the Investment Consultant to later document the request in writing to include the reason for exception and its prospective duration. The Chair of the Committee on Financial Affairs will have the authority to use his-(/her) best judgment in deciding the matter unilaterally or deferring the decision to the Rector. The issue of the exception and the decision rendered would be reported to the Committee by the Chair of the Committee on Financial Affairs at the next scheduled meeting of the Board of Visitors.
- B. The investment manager(s) will provide selected performance and accounting information at the end of each calendar quarter to the Board's administrative staff, the engaged custodian, and the engaged Investment Consultant. This information will include relevant historical performance data and sufficient commentary to explain current strategy and investment returns. The manager(s) will also provide, as needed, detailed information to the administrative staff, custodian, and Investment Consultant pertaining to unit valuation, capital appreciation, realized gains or losses, income earned, and income distributed back to the College.

- C. The Investment Consultant will meet with the Committee on Financial Affairs at least on an annual basis. The Investment Consultant will be expected to include the following in presentation to the Committee:
1. Review performance of the respective portfolios (or commingled fund pools) owned by or in which the College participates. Performance review will include at least the latest quarter, six-months, year, and since inception. Relevant statistical benchmarks as requested by the Committee will also be provided for comparison purposes.
 2. Explain to the Committee's satisfaction how and why performance differed from the relevant benchmarks.
 3. Disclose to the Committee the level of market risk inherent in the portfolio (e.g., the beta of the portfolio, Sharpe ratio, up quarters versus down quarters) and the means and methodology by which risk is monitored and controlled.
 4. Discuss investment strategy (or that of the firm) and relate how such strategy complies or conflicts with the Committee's established investment guidelines. Review the current and prospective economic climate and discuss what implications this has on the College's invested endowment.
 5. Recommend to the Committee any modifications to further improve the performance and efficiency of assets under management.

XII. BENCHMARKS FOR PERFORMANCE MEASUREMENT

In order to measure and evaluate the individual investment performance of the College's retained investment advisor(s), and that of investment performance in the aggregate, the Committee on Financial Affairs has established the following benchmarks by which the advisor(s) will be evaluated. The investment advisor(s) will be notified prior to inception which objective(s) apply to them.

Asset Class	Benchmark	Peer Group
Large Cap Core	S&P 500 Index	Morningstar US OE Large Cap
Large Cap Growth	Russell 1000 Growth Index	Morningstar US OE Large Cap Growth
Large Cap Value	Russell 1000 Value Index	Morningstar US OE Large Cap Value
Mid Cap Core	Russell Mid Cap Index	Morningstar US OE Mid Cap
Mid Cap Growth	Russell Mid Cap Growth Index	Morningstar US OE Mid Cap Growth
Mid Cap Value	Russell Mid Cap Value Index	Morningstar US OE Mid Cap Value
Small Cap Core	Russell 2000 Index	Morningstar US OE Small Cap
Small Cap Growth	Russell 2000 Growth Index	Morningstar US OE Small Cap Growth
Small Cap Value	Russell 2000 Value Index	Morningstar US OE Small Cap Value
Real Estate	FTSE NAREIT (Equity REITs) Index	Morningstar US OE Real Estate
International Developed Markets	MSCI EAFE Index	Morningstar US OE Foreign Large Blend
International Emerging Markets	MSCI Emerging Markets (Free) Index	Morningstar US OE Diversified Emerging Market
International Small Cap	IAA International MSCI ACWI ex USA Small Cap Index	Morningstar US OE Foreign Small-Cap
Alternative Investments	HFRI Fund-of-Funds Composite Index	NA
U.S. Fixed Income	Barclays US Aggregate Bond Index	Morningstar US OE Intermediate-Term Bond
Global Fixed Income	Citigroup World Government Bond Index	Morningstar US OE World Bond
Emerging Markets Fixed Income	JPM EMBI Global Diversified Index	Morningstar US OE Emerging Markets Bond

November 15-17, 2017

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In order to measure and evaluate the Total Account investment performance, the Committee on Financial Affairs has established the following benchmarks by which the Total Account will be evaluated.

Total Account	25.0% S&P 500 Index 42.0% Russell Mid Cap Index 11.0% Russell 2000 Index 13.0% MSCI EAFE Index 6.0% MSCI Emerging Markets Index 3.0% MSCI ACWI ex US Small Cap Index 2.0% FTSE NAREIT (Equity REITs) Index 25.4% Barclays U.S. Aggregate Bond Index 6.0% Citigroup World Gov't Bond Index 5.0% JPM EMBI Global Diversified Index 10.0% HFRI Fund-of-Funds Composite
Total Domestic Equity	100.0% Russell 3000 Index
Total International Equity	100.0% MSCI World ex-US ACWI ex US Index
Total Fixed Income	100.0% Barclays U.S. Global Aggregate Bond Index
Alternative	100.0% HFRI Fund-of-Funds Composite

In order to measure and evaluate the how the Total Account investment performance has fared over long periods of time, maintaining consistent exposures to the broad market, the Committee on Financial Affairs has established a long-term blended **policy benchmark** in which the following indexes will be represented by weight.

Total Account	43.0% Russell 3000 Index 42.0% MSCI World ex-US Index ACWI ex US 35.0% Barclays U.S. Global Aggregate Bond Index 10.0% HFRI Fund-of-Funds Composite
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FINAL

September 15, 2017

THE COLLEGE OF WILLIAM AND MARY
BOARD OF VISITORS
OFFICERS AND COMMITTEES
2017-2018

STANDING COMMITTEES:

EXECUTIVE COMMITTEE

Todd A. Stottlemeyer, Rector
H. Thomas Watkins III, Vice Rector
Sue H. Gerdelman, Secretary
Thomas R. Frantz
William H. Payne II
Lisa E. Roday
Karen Kennedy Schultz
Michael J. Fox

COMMITTEE ON ACADEMIC AFFAIRS

Karen Kennedy Schultz, Chair
S. Douglas Bunch, Vice Chair
Mirza Baig
Warren W. Buck III
James A. Hixon
Anne Leigh Kerr
John E. Littel
J.E. Lincoln Saunders
Eric D. Chason, faculty representative
Elijah S. Levine, student representative
Michael R. Halleran

COMMITTEE ON ADMINISTRATION, BUILDINGS AND GROUNDS

William H. Payne II, Chair
Anne Leigh Kerr, Vice Chair
Warren W. Buck III
James A. Hixon
Barbara L. Johnson
J.E. Lincoln Saunders
Karen Kennedy Schultz
Christopher J. Abelt, faculty representative
Annelise Yackow, student representative
Samuel E. Jones

(Design Review Board – William H. Payne II, Anne Leigh Kerr)

COMMITTEE ON ATHLETICS

Sue H. Gerdelman, Chair
 S. Douglas Bunch, Vice Chair
 Thomas R. Frantz
 J.E. Lincoln Saunders
 H. Thomas Watkins III
 Rex K. Kincaid, faculty representative
 Conor J. Rooney, student representative
Samantha K. Huge

COMMITTEE ON AUDIT AND COMPLIANCE

Christopher M. Little, Chair
 Brian P. Woolfolk, Vice Chair
 Mirza Baig
 Barbara L. Johnson
 John E. Littel
Kent B. Erdahl
Kiersten L. Boyce
Samuel E. Jones

COMMITTEE ON FINANCIAL AFFAIRS

H. Thomas Watkins III, Chair
 James A. Hixon, Vice Chair
 Mirza Baig
 S. Douglas Bunch
 Thomas R. Frantz
 Anne Leigh Kerr
 Christopher M. Little
 Brian P. Woolfolk
 Catherine A. Forestell, faculty representative
 T. Nicole Ng, student representative
Samuel E. Jones

Investments Subcommittee:

James A. Hixon, Chair
 Mirza Baig, Vice Chair
 S. Douglas Bunch
 Christopher M. Little
 H. Thomas Watkins III

RICHARD BLAND COLLEGE COMMITTEE

John E. Littel, Chair
 Warren W. Buck III, Vice Chair
 Sue H. Gerdelman
 Barbara L. Johnson
 William H. Payne, II
 Lisa E. Roday
 Karen Kennedy Schultz
 Brian P. Woolfolk
 Matthew J. Smith, faculty representative
 Kayla G. Zanders, student representative
Debbie L. Sydow

COMMITTEES OF THE WHOLE:

COMMITTEE ON UNIVERSITY ADVANCEMENT

Sue H. Gerdelman, Chair
 Christopher M. Little, Vice Chair
Matthew T. Lambert

COMMITTEE ON STRATEGIC INITIATIVES AND NEW VENTURES

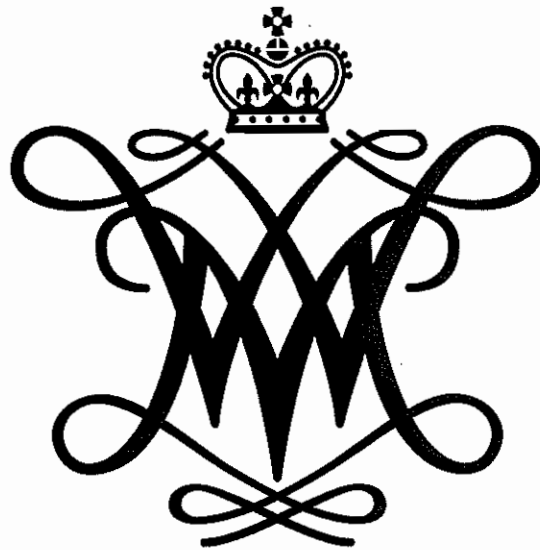
Thomas R. Frantz, Chair
 John E. Littel, Vice Chair
Henry R. Broadbush

COMMITTEE ON STUDENT AFFAIRS

Lisa E. Roday, Chair
 William H. Payne II, Vice Chair
Virginia M. Ambler

Board Liaison to MONROE LEGACY WORKING GROUP – Chris Little
 Board Liaison to RACE RELATIONS IMPLEMENTATION TEAM – Lisa Roday

BOARD OF VISITORS
WILLIAM & MARY



BOARD MEETING

Board Room - Blow Memorial Hall

November 17, 2017

MEETING AGENDA

Board of Visitors
William & Mary

November 17, 2017 - 10:15 a.m.
Board Room - Blow Memorial Hall

- I. Welcome and call to order Rector Todd A. Stottlemyer
- II. Approval of Minutes - September 13-15, 2017 Mr. Stottlemyer
- III. Opening Remarks Mr. Stottlemyer
President W. Taylor Reveley III
- IV. Closed Session (if necessary) Mr. Stottlemyer
- V. Reports of Standing Committee chairs
 - A. Richard Bland College Committee John E. Littel
 1. **Resolution 1:** Resolution to Approve Naming of the Statesmen Athletic Field *tab #1*
 2. **Resolution 19:** Receipt of the Consolidated Financial Report of The College of William and Mary in Virginia, Virginia Institute of Marine Science, and Richard Bland College for the Fiscal Year Ended June 30, 2017 (*joint with William & Mary*) *tab #19*
 - B. Committee on Audit and Compliance Christopher M. Little
 1. **Resolution 3:** Approval of 2018 Internal Audit Work Plan *tab #3*
 - C. Committee on University Advancement Sue H. Gerdelman
 - D. Committee on Administration, Buildings and Grounds William H. Payne II
 1. **Resolution 9:** Resolution to Approve Property Acquisition: 1317 Vernon Street *tab #9*
 2. **Resolution 10:** Resolution to Approve Demolition of Hoxton Hall *tab #10*
 3. **Resolution 11:** Resolution to Approve Naming of Donald W. Davis Hall *tab #11*
 4. **Resolution 12:** Resolution to Approve Proposed Amended Regulation Regarding Weapons on Campus *tab #12*

Board of Visitors
MEETING AGENDA
November 17, 2017

5. **Resolution 13:** Resolution to Approve Proposed Regulation Regarding Open Flames *tab #13*
 6. **Resolution 14:** Resolution to Approve Transfer of 406 & 410 Jamestown Road to the William & Mary Real Estate Foundation *tab #14*
 7. **Resolution 15:** Resolution to Appoint the Chief Facilities Officer as the Maintenance Code Official *tab #15*
 8. **Resolution 16:** Resolution to Approve the FY 2018 Transportation Alternatives Set-Aside Project *tab #16*
 9. **Resolution 17:** Resolution to Approve Non-General Fund Capital Project: Construct Busch Field House *tab #17*
- E. Committee on Athletics Sue H. Gerdelman
- F. Committee on Student Affairs Lisa E. Roday
- G. Committee on Strategic Initiatives and New Ventures Thomas R. Frantz
- H. Committee on Financial Affairs H. Thomas Watkins III
1. **Resolution 18:** Continuation: William & Mary Promise *tab #18*
 2. **Resolution 19:** Receipt of the Consolidated Financial Report of The College of William and Mary in Virginia, Virginia Institute of Marine Science, and Richard Bland College for the Fiscal Year Ended June 30, 2017 (*joint with Richard Bland College*) *tab #19*
 3. **Resolution 20:** Receipt of the Financial Report of the Intercollegiate Athletic Department for the Fiscal Year Ended June 30, 2017 *tab #20*
- I. Investments Subcommittee James A. Hixon
1. **Resolution 2:** Revision to the Investment and Spending Policy for Endowment *tab #2*
- J. Committee on Academic Affairs Karen Kennedy Schultz
1. **Resolution 4:** Award of Academic Tenure *tab #4*
 2. **Resolution 5:** Designated Professorships *tab #5*
 3. **Resolution 6:** Retirement of Richard J. Ash
Raymond A. Mason School of Business *tab #6*
 4. **Resolution 7:** Retirement of Howard J. Busbee
Raymond J. Mason School of Business *tab #7*
 5. **Resolution 8:** Retirement of Deborah S. Noonan
Department of Computer Science *tab #8*

Board of Visitors
MEETING AGENDA
November 17, 2017

- | | |
|---|------------------|
| VI. Monroe Legacy Working Group | Mr. Little |
| VII. Race Relations Implementation Team | Ms. Roday |
| VIII. Old Business | Mr. Stottlemeyer |
| IX. New Business | Mr. Stottlemeyer |
| X. Executive Session (if necessary) | Mr. Stottlemeyer |
| XI. Closing remarks | |
| XII. Adjournment | Mr. Stottlemeyer |

BLOW HALL ROOM 201:

@12:15-1:15 p.m. Lunch

BOARD ROOM

1:30-3:30 p.m.	Presidential Search Committee meeting	Mr. Watkins
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FULL BOARD MEETING
MINUTES – SEPTEMBER 13-15, 2017

MINUTES

Meeting of the Board of Visitors
The College of William and Mary in Virginia

September 13-15, 2017
Blow Memorial Hall - College of William and Mary

The Board of Visitors of The College of William and Mary in Virginia met on the campus in Williamsburg on Wednesday, Thursday and Friday, September 13-15, 2017.

On Wednesday, September 13, the Richard Bland College Committee met in the Board Room from 2:06 to 3:58 p.m. The Investments Subcommittee met from 2:30 to 3:40 p.m. and the Executive Committee met from 4:00 to 5:30 p.m. in the Board Conference Room. That evening the full Board convened for dinner in Plumeri House at 119 Chandler Court.

Those present on Wednesday evening were:

Mirza Baig
Warren W. Buck III
S. Douglas Bunch
Sue H. Gerdelman
James A. Hixon
Barbara L. Johnson
Anne Leigh Kerr
John E. Littel
Christopher M. Little

William H. Payne II
Lisa E. Roday
J.E. Lincoln Saunders
Karen Kennedy Schultz
Todd A. Stottlemeyer
H. Thomas Watkins III
Brian P. Woolfolk

Absent: Thomas R. Frantz

Also present was William and Mary President W. Taylor Reveley III.

At 8:30 p.m., the Rector convened the full Board and asked Ms. Gerdelman to read the motion for closed session. Ms. Gerdelman moved that the Board of Visitors convene in Executive Session for the purpose of discussing personnel matters pertaining to specific personnel, the performance and evaluations of specific executive employees, and to discuss specific recommendations related to future fundraising strategies as well as current development activities, as provided for in Section 2.2-3711.A.1. and 8., of the Code of Virginia. Motion was seconded by Mr. Hixon and approved by voice vote. The observers were asked to leave the room and the Board went into closed session at 8:30 p.m.

The Board reconvened in open session at 9:05 p.m. Ms. Gerdelman reviewed the topic discussed during closed session for the benefit of the observers, then moved to adopt the Resolution certifying that the closed session was held in compliance with the Freedom of Information Act. Motion was seconded by Mr. Hixon and approved by roll call vote of the Committee members conducted by Secretary of the Board Sue Gerdelman. (Certification **Resolution** is appended.)

There being no further business, the Board adjourned at 9:05 p.m.

Board of Visitors
MINUTES
Page 2

On Thursday, September 14, the Committee on Audit and Compliance, the Committee on University Advancement, the Committee on Administration, Buildings and Grounds and the Committee on Student Affairs met in the Board Room, while the Committee on Academic Affairs met in Blow Hall Room 201, and the Committee on Athletics met in Room 221 of Kaplan Arena.

Those present on Thursday were:

Mirza Baig
Warren W. Buck III
S. Douglas Bunch
Thomas R. Frantz
Sue H. Gerdelman
James A. Hixon
Barbara L. Johnson
Anne Leigh Kerr
John E. Littel
Christopher M. Little

William H. Payne II
Lisa E. Roday
J.E. Lincoln Saunders
Karen Kennedy Schultz
Todd A. Stottlemeyer
H. Thomas Watkins III
Brian P. Woolfolk
Faculty Representatives: Eric D. Chason
Student Representative: Elijah S. Levine

Others present were:

W. Taylor Reveley
Michael R. Halleran
Virginia M. Ambler
Kiersten L. Boyce
Henry R. Broaddus
Samantha K. Huge
Samuel E. Jones
Matthew T. Lambert

Jennifer B. Latour
Kent B. Erdahl
Michael J. Fox
W. Fanchon Glover
Amy S. Sebring
Brian W. Whitson
Sandra J. Wilms
Timothy A. Wolfe

Also in attendance were Staff Liaison Terence A. Fassanella, University Counsel Deborah Love, Dean Kate Conley, Dean Carrie Cooper, Dean Dave Douglas, Dean Spencer Niles, Dean John Wells, and other William and Mary staff.

The Committee on Audit and Compliance met from 7:45 to 10:00 a.m. The Committee on Academic Affairs met from 9:32 to 10:09 a.m. The Committee on University Advancement met from 10:15 to 11:23 a.m.

At 11:30 a.m., the Board traveled to Kaplan Arena for a tour and lunch. The Committee on Athletics met in Room 221 of Kaplan Arena from 1:15 to 2:00 p.m. then the Board returned to the Board Room.

At 2:25 p.m., the Board convened as a committee of the whole for the Provost's Report and Faculty Presentation. Academic Affairs Committee Chair Karen Kennedy Schultz called on Provost Michael Halleran, who briefly commented on the start of the new

academic year, noting that campus would celebrate the 50th anniversary of African American students in residence. He also mentioned the terrific Convocation speech by the Honorable John Charles Thomas, unveiling of the new mural by Steve Prince at Swem, the Black Student Organization Founder's dinner honoring Warren Buck, and commended Professor Emerita Jacqui McLendon for leading the celebration efforts. The Provost reflected on the events in Charlottesville, as an intersection of three issues: public safety, inclusion and free speech – all of which are essential to a healthy university community. Provost Halleran discussed the latest *US News and World Report* rankings, as well as the formula categories and weights, highlighting the methodology used. A brief discussion ensued.

Faculty Assembly Vice President and Chair of the Faculty Liaison Committee Jack Martin introduced the faculty presentation on the AidData Center for Development Policy by Professor Michael Tierney, director of the Institute for the Theory and Practice of International Relations. A brief discussion ensued, and the Faculty Presentation concluded at 3:25 p.m.

At 3:30 p.m., Ms. Roday convened the Board as a committee of the whole for the **Committee on Student Affairs**, and presided as chair. She recognized the William & Mary students who will serve as committee representatives: Nicole Ng for Financial Affairs, Conor Rooney for Athletics, Annelise Yackow for Administration, Buildings and Grounds, and Elijah Levine for Academic Affairs. Ms. Roday commented on resources available to DACA students, the club sports audit and the Secretary of Education's recent comments on Title IX and investigating campus sexual assaults.

Also introduced was the new Associate Vice President for Student Affairs (Campus Living) and Director of Residence Life Maggie Evans.

Ms. Ambler provided an update on the beginning of the year, then introduced Director of Student Leadership Development Anne Arseneau and Associate Professor of Education Jim Barber. Ms. Arseneau reported on fraternity and sorority life at William & Mary, showing student leadership development in action. Professor Barber reported on his research on fraternity learning environments and his experience as a faculty advisor to Sigma Phi Epsilon. A brief discussion ensued.

Student liaisons Nichole Ng and Conor Rooney reported on student leadership at William Mary from the students' perspective. A brief discussion ensued, concluding at 4:35 p.m.

The Committee on Administration, Buildings and Grounds met from 4:40 to 5:15 p.m.

The Board moved to the Wren Building and assembled in the Blue Room for the annual ceremony of the reading of the Board pledge, pinning of new members and signing of the Board Roster Book, as well as a Board photograph.

Board of Visitors
MINUTES
Page 4

On Friday, September 15, the Board reconvened at 8:00 a.m. The Committee on Strategic Initiatives and New Ventures and the Committee on Financial Affairs met in the Board Room prior to the full Board meeting.

Those present on Friday were:

Mirza Baig
Warren W. Buck III
S. Douglas Bunch
Thomas R. Frantz
Sue H. Gerdelman
James A. Hixon
Barbara L. Johnson
Anne Leigh Kerr
John E. Littel
Christopher M. Little

William H. Payne II
Lisa E. Roday
J.E. Lincoln Saunders
Karen Kennedy Schultz
Todd A. Stottlemeyer
H. Thomas Watkins III
Brian P. Woolfolk
Faculty Representatives: Eric D. Chason
Student Representative: Elijah S. Levine

Others present were:

W. Taylor Reveley
Michael R. Halleran
Virginia M. Ambler
Kiersten L. Boyce
Henry R. Broaddus
Samantha K. Huge
Samuel E. Jones
Matthew T. Lambert

Kent B. Erdahl
Michael J. Fox
W. Fanchon Glover
Jennifer B. Latour
Brian W. Whitson
Amy S. Sebring
Sandra J. Wilms

Also in attendance were Staff Liaison Terence A. Fassanella, University Counsel Deborah A. Love, Dean Kate Conley, Dean Carrie Cooper, Dean Spencer Niles, Dean John Wells, and other William and Mary staff.

Mr. Frantz convened the Board at 8:00 a.m. as a committee of the whole for the **Committee on Strategic Initiatives and New Ventures** and presided as chair. Mr. Frantz briefly reviewed the agenda and provided an update on activities of the Go Virginia initiative and regional activity. A brief discussion ensued.

Mr. Broaddus and Provost Halleran provided an update on W&M 2026 and a brief discussion ensued.

Mr. Frantz moved that the Committee on Strategic Initiatives and New Ventures convene in Closed Session to discuss the evaluation of the performance of departments or schools, as provided for in Section 2.2-3711.A. 1., of the Code of Virginia. Motion was seconded by Mr. Littel and approved by voice vote. The observers were asked to leave the room and the Committee went into closed session at 8:36 a.m.

Board of Visitors
MINUTES
Page 5

The Committee reconvened in open session at 10:09 a.m. Mr. Frantz reviewed the topic discussed during closed session, then moved to adopt the **Resolution** certifying that the closed session was held in compliance with the Freedom of Information Act. Motion was seconded by Mr. Littel and approved by roll call vote of the Board members conducted by Secretary to the Board Michael Fox. (Certification **Resolution** is appended.)

There being no further business, the Committee adjourned at 10:10 a.m.

The Committee on Financial Affairs met in the Board Room from 10:19 to 10:42 a.m.

Following a short break, the Rector convened the meeting of the full Board at 10:50 a.m.

Those present were:

Mirza Baig
Warren W. Buck III
S. Douglas Bunch
Thomas R. Frantz
Sue H. Gerdelman
James A. Hixon
Barbara L. Johnson
Anne Leigh Kerr
John E. Littel
Christopher M. Little

William H. Payne II
Lisa E. Roday
J.E. Lincoln Saunders
Karen Kennedy Schultz
Todd A. Stottlemeyer
H. Thomas Watkins III
Brian P. Woolfolk
Faculty Representatives: Eric D. Chason
Student Representatives: Elijah S. Levine

Others present were:

W. Taylor Reveley
Michael R. Halleran
Virginia M. Ambler
Kiersten L. Boyce
Henry R. Broaddus
Kent B. Erdahl
Michael J. Fox
W. Fanchon Glover

Samantha K. Huge
Samuel E. Jones
Matthew T. Lambert
Jennifer B. Latour
Amy S. Sebring
Brian W. Whitson
Sandra J. Wilms

Also in attendance were Staff Liaison Terence A. Fassanella, Richard Bland President Debbie L. Sydow, Richard Bland College Counsel Cynthia Norwood, University Counsel Deborah A. Love, Dean Kate Conley, Dean Spencer Niles, Dean John Wells, and other William and Mary staff.

Recognizing that a quorum was present, the Rector moved adoption of the minutes of the annual meeting of April 19-21, 2017. Motion was seconded by Mr. Littel and approved by voice vote.

In his opening remarks, Rector Stottlemeyer welcomed new Board members Mirza Baig, Barbara Johnson and Lincoln Saunders to their first meeting, acknowledged the work of the staff and the President and his team, recognized Warren Buck who spoke at the Black Student Organization Founders dinner, and expressed appreciation for Mr. Buck's founding of the organization. He thanked the Board members for their participation in the meetings.

In his opening remarks, President Reveley commented on the successful opening of the 2017-2018 academic year, and expressed his gratitude to the Board members for their input and willingness to give of their time and efforts.

Mr. Stottlemeyer moved that the Board of Visitors of the College of William and Mary convene in Closed Session for the purpose of approving personnel actions involving specific employees pertaining to the appointments, promotions, tenure and leaves of specific instructional faculty; discussing specific personnel matters and the evaluation of the performance of departments or schools where such evaluation will necessarily involve discussion of the performance of specific individuals; discussing internal investigations involving identifiable students and/or employees; discussing investment matters relating to the investment of public funds; discussing specific recommendations related to fundraising initiatives, priorities and strategies and grants and contracts for services or work to be performed by the College, as provided for in Section 2.2-3711.A.1., 2., 6., 9., and 29. of the Code of Virginia. Motion was seconded by Ms. Roday and approved by voice vote. Observers were asked to leave the room and the Board went into closed session at 10:58 a.m.

The Board reconvened in open session at 11:04 a.m. Mr. Stottlemeyer moved that the Board certify by roll call vote that, to the best of each member's knowledge, only matters lawfully exempted from the open meeting requirements under the Freedom of Information Act were discussed, and only matters identified in the motion to have the closed session were discussed. Motion was seconded by Mr. Littel and approved by roll call vote of the Board members conducted by Secretary to the Board Michael Fox. (Certification **Resolution** is appended.)

The Rector called for the reports of the standing committees.

Mr. Littel reported for the **Richard Bland College Committee** and reviewed the agenda. He thanked Richard Bland and William & Mary staff for working together on identifying opportunities for the College and the University to collaborate, noting that 2018-19 would be the last full year of the RBC-19 strategic plan and significant, measurable progress in the implementation of strategic goals has been achieved. Mr. Littel informed the Board that he has asked for recommendations in November from both Richard Bland and William & Mary staff that the Board can review and possibly adopt.

President Sydow thanked the members of the Board for their continued support and reported that Richard Bland has made positive strides in elevating the student profile, updating and expanding the curriculum, attracting highly qualified faculty, introducing inter-

collegiate athletics, modernizing instructional space, building partnerships with universities and launching innovative student success programs. In addition, the College now has a stronger and more engaged Foundation board and new auxiliary revenue streams that will be critical to future sustainability. The President acknowledged the weaknesses in financial reporting and IT security identified in the Auditor of Public Accounts audit. She expressed her appreciation for the support of the William & Mary finance team in making significant progress to ensure that deficiencies are addressed, and assured the Board of her commitment to securing the necessary resources to ensure full compliance going forward.

Following a brief review of the resolutions, noting the revision to the Six Year Plan on page 5, Mr. Littel moved adoption as a block of **Resolution 1**, Appointments to Fill Vacancies in the Instructional Faculty; **Resolution 2**, Appointment to Fill Vacancy in the Professionals and Professional Faculty; **Resolution 3 REVISED**, 2018-2024 Six-Year Plan; **Resolution 4**, Resolution to Approve 2018-2024 Capital Outlay Plan; and **Resolution 5**, Resolution of the Board of Visitors of Richard Bland College of William and Mary: Virginia College Building Authority Financing Authorization Motion was seconded by Mr. Payne and approved by voice vote. (**Resolution 3(R)** is appended.)

Mr. Littel moved adoption of **HANDOUT Resolution 20**, 2018-2020 Operating Budget Requests. Motion was seconded by Ms. Gerdelman and approved by voice vote. (**Handout Resolution 20** is appended.)

Ms. Schultz asked the Board to be aware that William & Mary staff are spending significant amounts of time assisting Richard Bland College with some administrative functions. She expressed the hope that William & Mary functions would not be adversely impacted.

Mr. Little reported for the Committee on Audit and Compliance and briefly reviewed the agenda, commenting on the APA audit of Richard Bland and William & Mary. There were no action items.

Ms. Gerdelman reported for the **Committee on University Advancement**, and briefly reviewed the agenda, noting there were no action items.

Ms. Gerdelman reported for the **Committee on Athletics**, briefly reviewed the agenda, and thanked the Board members for participating in the Kaplan Arena tour. There were no action items.

Ms. Roday reported for the **Committee on Student Affairs**, and briefly reviewed the agenda. There were no action items.

Mr. Payne reported for the **Committee on Administration, Buildings and Grounds**, and briefly reviewed the agenda.

Mr. Payne moved adoption as a block of **Resolution 10**, Resolution of the Board of Visitors of the College of William and Mary 9(D) Sale Pooled Bond Program: Replace

Busch Field Turf, Improve Rec Sports Pool, Renovate & Expand Zable Stadium, Improve Blow Hall Data Center, Construct West Utility Plant and Construct Integrative Wellness Center; **Resolution 11**, Resolution of the Board of Visitors of the College of William and Mary 2017 9(C) Revenue Bond Program Participation: Renovate Dormitories; **Resolution 12**, Resolution to Approve Capital Outlay Process for Construction Procurement; and **Resolution 13**, Resolution to Approve Revised Scope & Budget for McLeod Tyler Wellness Center. Motion was seconded by Ms. Roday and approved by voice vote.

Mr. Frantz reported for the **Committee on Strategic Initiatives and New Ventures**, and briefly reviewed the agenda. There were no action items.

Mr. Watkins reported for the **Committee on Financial Affairs**, and moved adoption as a block of **Resolution 14**, College of William and Mary 2018-2024 Six-Year Plan; **Resolution 15**, College of William and Mary 2018-2020 Operating Budget Requests; **Resolution 16**, Establishment of NCAA Quasi-Endowment; **Resolution 17**, Virginia Institute of Marine Science 2018-2024 Six-Year Plan; and **Resolution 18**, Virginia Institute of Marine Science 2018-2020 Operating Budget Requests. Motion was seconded by Mr. Littel and approved by voice vote.

Mr. Hixon reported for the **Investments Subcommittee**, and briefly reviewed the agenda, noting the subcommittee had discussed a change in asset allocation and in fund managers.

Ms. Schultz reported for the **Committee on Academic Affairs**. She welcomed Elijah Levine as the student committee representative and Mr. Bunch as Vice Chair, and thanked Eric Chason for returning as the faculty committee representative, then briefly reviewed the agenda.

Ms. Shultz moved adoption as a block of **Resolution 6**, Appointments to Fill Vacancies in the Instructional Faculty; **Resolution 7**, Designated Professorships; **Resolution 8**, Faculty Leaves of Absence; and **Resolution 9**, Award of Academic Tenure. Motion was seconded by Mr. Littel and approved by voice vote.

Mr. Little, reporting for the Monroe Legacy Working Group, introduced Sarah Bon-Harper, Executive Director of James Monroe's Highland, who provided an update on recent activities at Highland. A brief discussion ensued.

Ms. Roday report on the Race Relations Implementation Team, providing background for the benefit of the new members, reviewed accomplishments to date and commented on upcoming events, noting that the work of the implementation team will conclude at the end of this academic year. A brief discussion ensued.

Mr. Watkins provided an update on the Presidential Search, noting that the University of Virginia had just announced the appointment of James E. Ryan, dean of the Harvard

Graduate School of Education, as president effective July 1, 2018. Mr. Watkins stated that the William & Mary search has completed its first phase, released a presidential leadership profile and now moves into the second, more confidential phase working with the consultant on identifying potential candidates. Outreach on social media was illustrated with the showing of a short video to be released at the end of the month.

There was no Old Business.

Under New Business, the Rector called on Ms. Roday to review the formal resolution appointing student representatives to committees as discussed in July. Ms. Roday moved adoption of **Resolution 19**, Appointment of Student Representatives to Standing Committees of the Board of Visitors. Motion was seconded by Mr. Littel and approved by voice vote. (**Resolution 19** is appended.)

The Rector read the **Statement of Continuing Support by the Board of Visitors for DACA Students at William & Mary**, and moved its adoption. Motion was seconded by Ms. Roday and approved by voice vote. (**Resolution 21** is appended.)

Mr. Stottlemeyer moved that the Board of Visitors of the College of William and Mary convene in Executive Session for the purpose of discussing personnel matters pertaining to the performance and evaluations of specific executive employees; for consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation; and consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel, as provided for in Section 2.2-3711.A.1., 7. and 8., of the Code of Virginia. Motion was seconded by Ms. Roday and approved by voice vote. Observers were asked to leave the room and the Board went into Executive Session at 12:05 p.m.

The Board reconvened in open session at 12:27 p.m. Mr. Stottlemeyer moved that the Board certify by roll call vote that, to the best of each member's knowledge, only matters lawfully exempted from the open meeting requirements under the Freedom of Information Act were discussed, and only matters identified in the motion to have the closed session were discussed. Motion was seconded by Ms. Gerdelman and approved by roll call vote conducted by Mr. Stottlemeyer. (Certification **Resolution** is appended.)

There being no further business, the meeting adjourned at 12:28 p.m.

Board of Visitors

September 13, 2017

CERTIFICATION OF CLOSED SESSION

WHEREAS, the Board of Visitors of The College of William and Mary in Virginia has convened a closed session on this date pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

WHEREAS, §2.2-3712.D. of the Code of Virginia requires a certification by this Board of Visitors that such closed session was conducted in conformity with Virginia law;


NOW, THEREFORE, BE IT RESOLVED, That the Board of Visitors, reconvening in open session, hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed session to which this certification applies, and (ii) only such public business matters as were identified in the motion convening the closed session were heard, discussed or considered by the Board of Visitors.

VOTE

AYES: 16

NAYS: 0

ABSENT DURING CLOSED SESSION:


Todd A. Stottlemeyer
Rector of the College

September 15, 2017

CERTIFICATION OF CLOSED SESSION

WHEREAS, the Board of Visitors Committee on Strategic Initiatives and New Ventures has convened a closed session on this date pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

WHEREAS, §2.2-3712.D. of the Code of Virginia requires a certification by this Committee that such closed session was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED, That the Committee on Strategic Initiatives and New Ventures, reconvening in open session, hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed session to which this certification applies, and (ii) only such public business matters as were identified in the motion convening the closed session were heard, discussed or considered by the Committee on Financial Affairs.

VOTE

AYES: 17

NAYS: 0

ABSENT DURING CLOSED SESSION:



Thomas R. Frantz

Chair

Committee on Strategic Initiatives and
New Ventures

Board of Visitors

September 15, 2017

CERTIFICATION OF CLOSED SESSION

WHEREAS, the Board of Visitors of The College of William and Mary in Virginia has convened a closed session on this date pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

WHEREAS, §2.2-3712.D. of the Code of Virginia requires a certification by this Board of Visitors that such closed session was conducted in conformity with Virginia law;

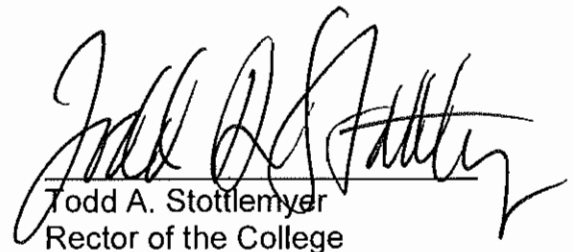
NOW, THEREFORE, BE IT RESOLVED, That the Board of Visitors, reconvening in open session, hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed session to which this certification applies, and (ii) only such public business matters as were identified in the motion convening the closed session were heard, discussed or considered by the Board of Visitors.

VOTE

AYES: 17

NAYS: 0

ABSENT DURING CLOSED SESSION:


Todd A. Stottlemeyer
Rector of the College

RICHARD BLAND COLLEGE OF WILLIAM AND MARY

SIX-YEAR PLAN

WHEREAS, the mission of Richard Bland College is to prepare students for university transfer through academically rigorous programs grounded in the liberal arts tradition of the College of William and Mary and to advance the Commonwealth's priorities through strategic partnerships, specialized programming, and scalable innovation; and

WHEREAS, the College's Six-Year Plan is rooted in the RBC-19 Strategic Plan and the goals set forth in the Governor's Enterprise Strategic Priorities for Building a New Virginia Economy, the Higher Education Opportunity Act (TJ21), and the SCHEV strategic plan; and

WHEREAS, it is important to the vitality of the Commonwealth and the diversity of its higher education system for the College to continue to provide a distinctive higher education option while ensuring that this education remains accessible and affordable to the citizens of the Commonwealth; and

WHEREAS, the College has determined those expenditures necessary to support and enhance its instructional, research, student service, and administrative operations; prioritized those expenditures; and recommended funding through a combination of Commonwealth, College, and reallocated funds; and

WHEREAS, the College continues to evaluate opportunities to improve the effectiveness and efficiency of its academic and administrative programs and activities, aware that fulfilling the goals of the Plan will require a combination of such efforts, tuition revenue, state support and increased philanthropy;

THEREFORE, BE IT RESOLVED, That upon recommendation of the President, the Board of Visitors of the College of William and Mary approves expenditures proposed in the College's updated Six-Year Plan and that the updated Six-Year Plan be prepared and submitted according to the requirements of the Higher Education Opportunity Act of 2011 and subsequent guidance from the State Council of Higher Education.

**RICHARD BLAND COLLEGE OF WILLIAM & MARY
SIX-YEAR PLAN (2018-20 through 2024):**

Part II NARRATIVE

A. Institutional Mission

Richard Bland College's mission is to prepare students for university transfer through academically rigorous programs grounded in the liberal arts tradition of William & Mary, and to expand access to college credentials through strategic partnerships, specialized programming, and scalable innovation.

B. Strategies

1. Adequate Administrative Support / Risk Management

RBC will explore ways to adequately and efficiently respond to recurring APA (Auditor of Public Accounts) recommendations through administrative infrastructure upgrades (technology solutions and adequate staffing of RBC finance functions) to minimize risk to the College and the State.

The College intends to accomplish this, in part, through service-level agreements and in-house hiring based upon recommendations from a joint RBC and William & Mary Shared Services Work Group appointed by Presidents Sydow and Reveley. Recommendations to the Board of Visitors for shared services will be based upon a full review of best practices and close analysis of reasonableness of implementation.

To the extent that resources permit, the College will continue its painstaking efforts to establish adequate administrative staffing levels and a stable and efficient infrastructure. Based upon analysis conducted to date by William & Mary, external consultants, and RBC, an approximate \$1.8 million infrastructure investment (including personnel and technology) is needed to create a reliable, compliant administrative operation that minimizes risk to RBC, William & Mary, the BOV, and the Commonwealth of Virginia.

RBC intends to invest a minimum of \$295,000 of the anticipated \$580,000 proposed tuition and fee increase for FY 19 to build this administrative infrastructure as is outlined in the six-year plan. In future fiscal years, RBC will continue to provide a similar level of investment as funds from tuition and fee revenue are available.

RBC is cognizant of the level of risk that its current administrative infrastructure presents and has worked diligently over the last five years to balance investment in compliance with

investment in the academic and student support services necessary to fulfill the College's core educational mission. Throughout, the administration has pursued innovation and demonstrated an entrepreneurial spirit, achieving notable success in growing enrollment (and related revenue) and, at the same time, generating new revenue through auxiliary operations and development efforts.

An additional and ongoing \$552,250 in general fund support (salary and fringe) is necessary to build and maintain the administrative infrastructure required to address recurring APA and Internal Audit risk concerns and to ensure financial stability and sustainability. Without these funds, RBC is at risk of a protracted and potentially unsuccessful stabilization endeavor.

The College remains focused on its key strategic planning goals of:

- a. Achieving optimal enrollment and delivering academic programs and services that respond to market demand;
- b. Collecting, analyzing, disseminating, and utilizing pertinent performance-related information to drive quality and continuous improvements;
- c. Developing and implementing revenue enhancement plans; and
- d. Deploying financial, physical, IT and human resources in direct support of the mission and vision.

Even as the College reaches a state of equilibrium for institutional and O&M spend, there is a continued focus on spans of controls, automating processes, and technical improvements (3, 5).

The College moved its payroll processing to the DOA Payroll Processing Bureau in FY16 and implemented the TAL (Time and Leave) mechanized solution for time reporting as well. With the planned Cardinal Finance integration conversion, the College is examining further process improvements related to purchasing and travel reimbursements. Conversations about shared service agreements with W&M are ongoing. These conversations include:

- o Aligning RBC more closely with William & Mary with regard to back office/administrative functions and academic/transfer programming;
- o Creating service level agreements (SLAs) for shared staffing/operations with William & Mary in areas such as financial reporting, procurement, technology, and human resources.

The College continues to drive auxiliary revenue through multiple uses of its campus facilities, with a focus on strategic partnerships that advance the educational mission. The Dinwiddie County Teen Expo, Master Gardener's workshop, Jacob's Ladder, Chrysalis, Camp Rainbow, VA Steam workshop, Pecan Festival and summer sports camps are just a few events recently hosted

by RBC. Tapping opportunities for increased brand awareness and raising auxiliary revenues are priorities.

2. The Exceptional Student Experience (ESE@RBC):

With a continuing emphasis on retaining and graduating students on-time and debt-free, RBC continues to expand and improve the ESE@RBC program, which was piloted in FY16 and fully launched in FY17. ESE@RBC combines highly personalized student support with predictive analytics, alerting appropriate faculty and staff members when student behaviors or other obstacles threaten their academic success. Each student is assigned a Learner Mentor who serves as coach, guide, mentor and advisor, using real-time information to keep students on track to graduation.

ESE@RBC enhancements include cross-training and customer service training in all functions of the student experience—making retention a campus-wide endeavor with all faculty and staff trained and bearing responsibility for student retention. In FY19 the College will develop a second-year experience course to build on the First Year Experience (FYE) piloted in FY 18. The goal of FYE is to equip students (42% of whom are first-generation) with study skills and life skills.

Expanding on collaborations and professional development made possible by the Complete College America initiative (spearheaded by SCHEV), RBC will build out a comprehensive program designed to prepare undecided students (over 70% at RBC) to identify a major and a transfer goal in the first semester of their second year. (\$50,000 in FY19 from Tuition and Fees, \$50,000 in FY 20 from Tuition and Fees).

3. Business Intelligence & Process Alignment

Business intelligence and process alignment will enable data-driven decision-making and improved efficiencies, thereby contributing to high-performance operations and institutional effectiveness. High-performance business processes will be established through:

- a. development of a comprehensive data warehouse repository that brings together all of the data necessary to research and analyze the effectiveness and efficiency of operations across functional units,
- b. Research and creation of analytical models that provide information in support of internal process improvements,
- c. Implementation of technologies that deliver metrics in real time through visualization and engagement at every level.

Merging the systems created as a part of ESE@RBC and the business intelligence initiative into a single, fluid structure can serve as a model for other institutions. Enhancements in real-time delivery and, more importantly, real-time data capture from discovered events that affect outcomes, will be a primary focus as the analytical models and processes are fine-tuned.

- o Staff three incremental FTE positions (Data Compliance Analyst for Institutional Research, a Database Developer and a Network Engineer). Two of the staff (Compliance Analyst & Network Engineer) are in direct support of Strategy #1 and funds are included as part of that line item, however the addition of those positions further allow us to advance BI initiatives [FY18 - \$92,750; 1 additional FTE (3 total FTE) in FY19 - \$162,750] (3, 5).

High-performance business processes are key differentiators between good and great institutions. The primary way of reaching the “great” pinnacle is to execute business processes with maximum efficiency and effectiveness, and to make the smartest decisions possible.

4. Mission Aligned Academic Portfolio – Work College

In FY 19, RBC will complete the discovery phase of a Work College initiative focused on providing students with real, hands-on knowledge and skills in data science through a work experience that is supplemental to their regular studies. RBC will explore opportunities to create a college environment where students, with proper supervision and training, will learn real skills while contributing as members of the College’s workforce to build out and improve on predictive modeling and analytics for the ESE@RBC Project. A pilot program with 20 students will be launched in FY 20.

RBC will utilize the existing Statesman Scholars program to reduce the cost to Virginia students with high-need and high potential. Currently, Statesman Scholars who are Federal Pell Eligible and have a high school GPA above a 3.5 are awarded a total financial aid package that includes federal, state, and institutional support. For these students the College packages grants and scholarships covering up to 80% of total out-of-pocket costs. Of this population, the College would select a pilot group of students who would receive the remaining 20% as work-study, making College free for this population.

These students would be employed in the IT/Institutional Research office, learning coding and utilizing data science to improve on predictive models for student success and other critical processes. (\$50,000 in FY19, \$100,000 in FY 20). To ensure that skills and experiences are relevant to the workforce, RBC will create a Business Council that meets at least two times each year to create a direct business link. RBC will also convene work sessions so that staff and faculty can hear directly from business leaders about the workforce needs of the region and state.

5. BANNER (ERP) Replacement

To deliver streamlined operations and control costs, the College will initiate a project to transition to a new Enterprise Resource Planning (ERP) system and Student Information System (SIS). The existing platform—Banner—is costly, inflexible and inappropriately scaled to RBC.

Costs anticipated for FY19 (\$50,000) include consulting services for the selected ERP/SIS vendor to conduct necessary analysis and configuration. Costs anticipated for FY20 (\$300,000) include closing out consulting costs coupled with product licensing costs for the new solution, as well as ongoing maintenance costs for the legacy system for the transition year.

Implementation of the ERP/SIS product would occur in FY20. Expected gains include substantially improved user experiences, reduced costs, and more effective utilization of the ERP/SIS product.

C. Evaluation of Prior Six-Year Plan

SEM Plan: During the 2017 & 2018 Biennium, the College continued the implementation on a Strategic Enrollment Management (SEM) plan that increased student headcount to 2,256 (well above the FY 19 target of 2,000), and 1,342 FTE toward a target of 1,500.

Centralized One-Stop: In 2017 the College fully implemented a new Exceptional Student Experience program that goes well beyond centralized services. This model assigns a caseload of students to a Learner Mentor who becomes a primary point of contact and an advocate for the student throughout the learner journey.

Predictive analytics through Nuro Learning and Canvas are being used to identify students who are at-risk to ensure that they receive all appropriate resources in support of their success.

Learning Outcome Culture: The College completed its 5th Year Interim Report to SACSCOC in 2015 and a monitoring report in 2016. A second monitoring report will be submitted in Fall 2017. A broad-based, course-level learning outcomes assessment program is now in place for all courses. Further, RBC is now assessing program-level outcomes for all identified curriculum goals in all programs at the College. The intent is to build learning outcomes assessment processes to ensure that course-level outcomes roll up into department-level outcomes, which roll up into program-level outcomes. Faculty will continue to receive appropriate training as needed, with training scheduled to be completed during the Faculty Development workshop days in Fall 2017.

Academic Portfolio: The College was recently approved by the Department of Education as an "Experimental Site" for Prior Learning Assessment and Competency Based Education (CBE) Credit (1 of only 3 colleges in Virginia). A recent redesign of the Associate of Arts and

repackaging of the Associate of Science degrees has facilitated the delivery of CBE. The General Education core will require an e-Portfolio for all students. Students will have the opportunity to utilize portfolio assessments to receive credit without having to complete an entire 3-credit hour course. This will eliminate so-called “momentum blockers” that students experience when taking a class in which they have already mastered some or all of the content. They can bridge the gap with online content toward the College’s Associate Degrees.

The College has expanded online course offerings with the majority of the Associate of Business degree available online, providing students the convenience they need to successfully complete a degree or certificate. The College has also implemented certificates of Liberal Arts, Project Management and Logistics.

Resource Alignment: Between 2012 and 2016, the College underwent an extensive re-organization to reduce administrative expenses and to reinvest in the core academic program of the institution. In FY 16 and 17, the investment focused on the Exceptional Student Experience, an innovative and highly promising student-success model. It also focused on strengthening core back office functions, an effort that must continue over the next several fiscal years in order to achieve financial stability.

D. Tuition Rate Increases

As part of a gradual, multi-year tuition-reset that is necessary to address severe underfunding, the College began and will continue with annual in-state tuition and E&G fee increases of approximately 9.9% in each of the years in the current six-year plan. This represents a \$590 annual increase (\$19 per credit hour) in year one of the biennium, and a \$630 annual increase (\$21 per credit hour) in year two.

After an extended period (20+ years) in which the College virtually froze tuition and fees at rates that were woefully insufficient to support basic operations and compliance, let alone keep up with inflation, this tuition/fee increase accomplishes two things. First, it brings the College into alignment with other residential colleges that provide robust student support services to promote student success, including the innovative ESE@RBC program. It also advances institutional effectiveness and compliance, providing necessary funding for baseline administrative support as dictated by best practices and the increasing volume of reporting required by state and federal entities.

Financial Aid

The College currently allocates \$60,000 per year from tuition and fee revenue to offset the impact of tuition and fee increases on low- and middle-income students. This amount will continue in future years. However, instead of further investment, the College will utilize unfunded scholarships (waivers) to advance SEM goals and to assist the high-need student

demographic, which is increasing. The utilization of unfunded scholarships (waivers) will allow the College to assist more students by awarding additional institutional scholarships. The additional waivers to be awarded from incremental tuition and fee increases in FY 19 and 20 is \$200,000 (work college and academic) each year.

E. Contributions to Economic Development

The College is an economic driver in the depressed Petersburg region. According to a recent study by the Weldon Cooper Center at UVA, College expenditures in FY 2015 had an employment effect of 255 personnel and generated \$14 million in state GDP and \$1 million in state revenues. These estimates include the direct economic effect of college-related spending, as well as the economic indirect and induced effects (i.e., multiplier effects) that result from purchases and payroll turnover when money changes hands in the state economy. Human capital improvements are estimated to contribute a present value of \$7 million in GDP and approximately \$1 million in state tax revenue. The total economic contribution resulting from RBC operations during FY 2015 was \$21 million in GDP and total state tax.

Academic programming developed in response to high demand fields like logistics and project management have been added in recent years. The College is actively engaged with regional Chambers of Commerce, the Crater Planning District Commission and Petersburg Area Regional Tourism, providing a venue for their events as well as student and employee volunteers. The College's Pecan Festival, which attracted more than 7,500 visitors to campus last fall, generated significant tourism dollars for the Petersburg region. The Comprehensive Economic Development Strategy (CEDS)—a federal program—contributes to effective economic development in America's communities and regions through a locally-based, regionally-driven economic development planning process. The College is represented on the CEDS board. Additional opportunities to stimulate economic development in the surrounding region through community involvement and partnerships with Virginia's Gateway Region and Crater Planning District Commission are currently being explored.

F. Capital Outlay

The College's Board of Visitors approved priorities for the institution's six-year plan, including the following items, as part of the FY16–18 Biennium.

**Construct/Renovate: Academic Innovation Center/Library Expansion
\$12,421,253 GF**

Approved for detailed planning during FY 2018, the project provides an expanded concept of the library as a modern tool for fostering innovation in scholarship while also providing renewed

space for study and collaboration. The Center for Teaching & Learning will provide a unique cultural center that inspires, supports, and contextualizes users' engagement with scholarship. A flexible, equipped space will inspire connected learning for a networked world through faculty development, student engagement, communities of practice, and technology-enhanced active learning. A renewed building filled with natural light, innovative media and displays of artwork and views of campus will engage imaginations and inspire conversation and reflection. This plan calls for approximately 10,000 sq. ft. of library resources, 7,000 sq. ft. of Information Technology Services and data center and 7,000 sq. ft. for Academic Innovation and training. A new elevator will be necessary to meet ADA requirements and to accommodate the change in space design.

G. Restructuring

Richard Bland College is steadily building its administrative capacity to either restructure to a Level II institution in the next two years, or to become a part of William & Mary's Level III structure during their next renewal cycle. In the interim, RBC seeks the ability to do the following in some structured capacity independent of the Level I institution requirements.

1. **Procurement.** In an effort to better manage RBC's limited resources (both personnel and fiscal) and create efficiencies by leveraging an already proven concept and pre-approved set of contracts, RBC seeks to use VASCUPP (Virginia Association of College and University Procurement Personnel) contracts without additional approval from the Department of General Services (DGS).
2. **Tuition Management.** Given the fluctuations in state funding and declining growth in overall state support over the last decade, it is essential to Richard Bland College's health that the Board of Visitors maintain the ability to set tuition and fees for its students. The Board of Visitors is uniquely positioned to understand the institution's operational model, financial needs, and market position relative to peer institutions both within and outside of the Commonwealth.
3. **Carryforward of E&G Funds.** The College's ability to carry forward E&G funds from year to year is essential given the uncertainties of state funding and the volatility of higher education markets. Institutions must be able to manage funds prudently without fear of penalty if they spend less than budgeted in a given year. With that assurance, institutions can more effectively manage and establish reasonable reserves to ensure they remain financially solvent during economic downturns and do not have to seek additional state support or burden students with additional costs to cover those gaps.

RICHARD BLAND COLLEGE**2018-2020 Operating Budget Requests**

Responding to guidance from the Governor's Office and the Virginia Department of Planning and Budget (DPB) as well as comments on Richard Bland College's (RBC) Six-Year Plan by the State "Op 6" review committee, the administration of the College recommends 2018-2020 operating budget requests as follows:

Priority 1- Provide Adequate Resources to Improve Richard Bland College Financial and Administrative Infrastructure**Proposed Request:**

FY 2018-19
\$ 552,250 GF
6.00 FTE

FY 2019-20
\$ 552,250 GF
6.00 FTE

It is critical that Richard Bland effectively respond to recurring APA (Auditor of Public Accounts) findings as documented in the FY 2016 audit. The just released draft of the FY 2016 audit provides some sense of the scope of this issue. At this point the State Auditor of Public Accounts has identified 13 internal control issues at RBC including 2 material weaknesses. Areas of concern noted by the APA range from Financial Reporting and Information Technology/Security to compliance with various financial, procurement and human resource policies and procedures.

Administrative infrastructure upgrades (IT systems, incremental staffing and appropriate training) are necessary to correct the internal control issues while minimizing risk to RBC and the State. To address this issue the Board of Visitors supports the administrations of William & Mary and Richard Bland College developing one or more memoranda of understanding allowing William & Mary to assume operational responsibility for management of certain non-instructional programs or activities as necessary.

While details of these agreements must be developed, prior studies have documented the need for significant infrastructure investment. To this end, in FY 2019 Richard Bland will invest a minimum of \$295,000 of an anticipated \$580,000 in incremental tuition increase to correct the identified deficiencies and build its administrative infrastructure. While similar investments are expected in the out-years, funding this request will allow significant progress over the biennium. The additional \$552,250 in base general fund support is necessary to build and maintain the administrative infrastructure required to address recurring APA and Internal Audit risk concerns and to ensure financial stability and sustainability. Without these funds, RBC is at risk of a protracted and potentially unsuccessful stabilization effort.

September 13-15, 2017

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It should be noted that improvement will take time. The draft audit report deals with FY 2016, FY 2017 is already in the books, and we are almost through one quarter of FY 2018. While RBC staff has taken actions to move it along the way in these areas, much more improvement is necessary.

Priority 2 – Improve Information Technology Systems**Proposed Request:****FY 2018-19**
\$ 50,000 GF**FY 2019-20**
\$ 300,000 GF

To deliver streamlined operations and control costs, the College will initiate a project to review its current use of the Banner Enterprise Resource Planning (ERP) as its system of choice. Funding in FY 2019 supports consulting services to review both current and optimal systems options given the size, scope and scale of Richard Bland College. Implementation and/or enhancements will occur during FY 2020.

Expected gains include substantially improved user experiences, reduced costs, and more effective utilization of the ERP/SIS product.

THEREFORE, BE IT RESOLVED, That the Board of Visitors approves the administration's proposed operating budget requested as outlined above.

**APPOINTMENT OF STUDENT REPRESENTATIVES
TO STANDING COMMITTEES OF THE BOARD OF VISITORS**

WHEREAS, since 2004 the Code of Virginia has permitted a student representative on the Board of Visitors, and since that time the *Bylaws* of the Board of Visitors have permitted the Rector to annually appoint the President of the Student Assembly of the College of William & Mary and a Richard Bland College student nominated by the College President to the position of non-voting, advisory representatives on the Board of Visitors; and

WHEREAS, since 2000 the Richard Bland student representative has served as a non-voting ex officio member of the Richard Bland College Committee; and

WHEREAS, the Rector, the William & Mary President and the Vice President for Student Affairs have determined that student participation on committees would be helpful and welcome, similar to the service of faculty committee representatives; and

WHEREAS, members of the Board of Visitors have recently approved the appointment of a William & Mary student representative as a non-voting member on four standing committees of the Board, specifically, Academic Affairs; Administration, Buildings and Grounds; Athletics; and Financial Affairs, similar to the committee membership now served by William & Mary faculty; and

WHEREAS, the students serving on these committees would be excused from closed sessions dealing with personnel or legal matters, or any other issue as determined by the chair of the respective committee;

THEREFORE, BE IT RESOLVED, That annually the Rector of the College, in consultation with the William & Mary President, the Vice President for Student Affairs, and the Student Assembly President, shall appoint one William & Mary student from among the Student Assembly President, the Vice President of the Student Assembly and the two student liaisons to the Board, to the position of a non-voting, advisory student representative to the Committee on Academic Affairs, the Committee on Administration, Buildings and Grounds; the Committee on Athletics; and the Committee on Financial Affairs, with the understanding that such student shall serve for a term of one academic year; and

BE IT FURTHER RESOLVED, That in the event a student representative is not able to complete a term, the Rector, acting in concert with the President of the university and the President of the Student Assembly, will appoint a replacement from among the student positions noted above; and

BE IT FINALLY RESOLVED, That the Board of Visitors of the College of William & Mary hereby approves the appointment of such student committee representatives effective with the 2017-2018 academic year.

**STATEMENT OF CONTINUING SUPPORT BY THE BOARD OF VISITORS
FOR DACA STUDENTS AT WILLIAM & MARY**

WHEREAS, the protections provided under the Deferred Action for Childhood Arrivals (DACA) program are slated to be phased out in March 2018, creating intense uncertainty for students enrolled in higher education under this program; and

WHEREAS, William & Mary currently enrolls 23 students under this program, and these students as well as those who enrolled under this program before them have been and remain exemplary and valued members of the university community; and

WHEREAS, "Who comes here, belongs here" remains a hallmark of the university community, the students who came to William & Mary under the DACA program belong at the university as much as any other current or former student.

THEREFORE, BE IT RESOLVED, That the Board of Visitors of The College of William & Mary in Virginia expresses its steadfast support of all students enrolled at the university under the Deferred Action for Childhood Arrivals program; and

BE IT FURTHER RESOLVED, That the Board of Visitors of the College of William & Mary in Virginia expresses its support for the ability of all students enrolled in higher education institutions throughout the United States of America under the Deferred Action for Childhood Arrivals program to continue their studies; and

BE IT FURTHER RESOLVED, That the Board of Visitors of the College of William & Mary in Virginia calls on our elected officials to work together to find a bipartisan solution that will allow our students to continue their studies uninterrupted at the university; and

BE IT FINALLY RESOLVED, That this resolution be spread upon the minutes of the Board and the President share this resolution with the university's student body and the campus community.

Board of Visitors

September 15, 2017

CERTIFICATION OF CLOSED SESSION

WHEREAS, the Board of Visitors of The College of William and Mary in Virginia has convened a closed session on this date pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

WHEREAS, §2.2-3712.D. of the Code of Virginia requires a certification by this Board of Visitors that such closed session was conducted in conformity with Virginia law;

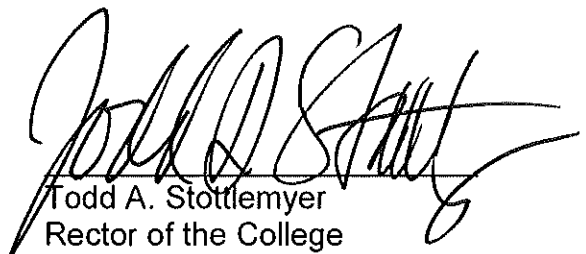
NOW, THEREFORE, BE IT RESOLVED, That the Board of Visitors, reconvening in open session, hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed session to which this certification applies, and (ii) only such public business matters as were identified in the motion convening the closed session were heard, discussed or considered by the Board of Visitors.

VOTE

AYES: 17

NAYS: 0

ABSENT DURING CLOSED SESSION:



Todd A. Stottlemeyer
Rector of the College

AGENDA ITEMS
Board of Visitors Meeting
William & Mary

November 15-17, 2017
Board Room - Blow Memorial Hall

RICHARD BLAND COLLEGE

- | | |
|-------------------------------|--|
| Resolution 1, <i>tab #1</i> | Resolution to Approve Naming of the Statesman Athletic Field |
| Resolution 19, <i>tab #19</i> | Receipt of the Consolidated Financial Report of The College of William and Mary in Virginia, Virginia Institute of Marine Science, and Richard Bland College for the Fiscal Year Ended June 30, 2017
(<i>joint with William & Mary</i>) |

WILLIAM & MARY

- | | |
|-------------------------------|---|
| Resolution 2, <i>tab #2</i> | Revision to the Investment and Spending Policy for Endowment |
| Resolution 3, <i>tab #3</i> | Approval of 2018 Internal Audit Work Plan |
| Resolution 4, <i>tab #4</i> | Award of Academic Tenure |
| Resolution 5, <i>tab #5</i> | Designated Professorships |
| Resolution 6, <i>tab #6</i> | Retirement of Richard J. Ash, Raymond A. Mason School of Business |
| Resolution 7, <i>tab #7</i> | Retirement of Howard J. Busbee, Raymond A. Mason School of Business |
| Resolution 8, <i>tab #8</i> | Retirement of Deborah S. Noonan, Department of Computer Science |
| Resolution 9, <i>tab #9</i> | Resolution to Approve Property Acquisition: 1317 Vernon Street |
| Resolution 10, <i>tab #10</i> | Resolution to Approve Demolition of Hoxton Hall |
| Resolution 11, <i>tab #11</i> | Resolution to Approve Naming of Donald W. Davis Hall |

Board of Visitors
AGENDA ITEMS
November 15-17, 2017

Resolution 12, <i>tab #12</i>	Resolution to Approve Proposed Amended Regulation Regarding Weapons on Campus
Resolution 13, <i>tab #13</i>	Resolution to Approve Proposed Regulation Regarding Open Flames
Resolution 14, <i>tab #14</i>	Resolution to Approve Transfer of 406 & 410 Jamestown Road to the William & Mary Real Estate Foundation
Resolution 15, <i>tab #15</i>	Resolution to Appoint the Chief Facilities Officer as the Maintenance Code Official
Resolution 16, <i>tab #16</i>	Resolution to Approve the FY 2018 Transportation Alternatives Set-Aside Project
Resolution 17, <i>tab #17</i>	Resolution to Approve Non-General Fund Capital Project: Construct Busch Field House
Resolution 18, <i>tab #18</i>	Continuation: William & Mary Promise
Resolution 19, <i>tab #19</i>	Receipt of the Consolidated Financial Report of The College of William and Mary in Virginia, Virginia Institute of Marine Science, and Richard Bland College for the Fiscal Year Ended June 30, 2017 (<i>joint with Richard Bland College</i>)
Resolution 20, <i>tab #20</i>	Receipt of the Financial Report of the Intercollegiate Athletic Department for the Fiscal Year Ended June 30, 2017

RICHARD BLAND COLLEGE
RESOLUTIONS

**RICHARD BLAND COLLEGE
RESOLUTION TO APPROVE NAMING
OF THE STATESMAN ATHLETIC FIELD**

Barbara Berkeley Ukrop, William & Mary Class of 1961, served on the William & Mary Board of Visitors from 2002 to 2009. Throughout her years of service, Ms. Ukrop was an active and engaged member of the Board, and one of her most significant contributions was in service to and in support of Richard Bland College, located in her hometown of Petersburg. Appointed to the Richard Bland College Committee in 2002, Ms. Ukrop succeeded Peter Clements as chair in 2004 and led the Committee until 2009, advancing various positive initiatives during that time.

In 2006, Ms. Ukrop served as honorary co-chair of *The Future of Richard Bland College* capital campaign, the first capital campaign in the Richard Bland College Foundation's history. As part of that campaign, Ms. Ukrop, along with her husband, Jim, pledged a significant testamentary gift to the College.

In recognition of Barbara Berkeley Ukrop's extraordinary generosity of time, talent and resources to Richard Bland College and to honor Ms. Ukrop's mother, Flora Willcox Berkeley, William & Mary Class of 1933, who had a tremendous impact on the Petersburg region, on behalf of the College's alumni, faculty and staff, the President recommends that the Athletic Field be named "Willcox Field."

THEREFORE, BE IT RESOLVED, That the Board of Visitors of The College of William and Mary in Virginia hereby approves naming the Statesman Athletic Field "Willcox Field."

BE IT FURTHER RESOLVED, That the Board of Visitors directs the Secretary to the Board to inform Barbara Ukrop of its action and to express its deep appreciation for her continuing support of Richard Bland College of The College of William and Mary in Virginia.

**WILLIAM & MARY
RESOLUTIONS**

COLLEGE OF WILLIAM & MARY
REVISION TO THE
INVESTMENT AND SPENDING POLICY FOR ENDOWMENT

The Board of Visitors is responsible for the investment of the endowment funds contributed to the College of William & Mary. The Committee on Financial Affairs of the Board of Visitors has the delegated fiduciary responsibility to oversee the policies and practices associated with endowment management.

It is the practice of the College to periodically review its operational policies and guidelines to ensure that the authorizations contained therein are in keeping with the current thinking of the Board of Visitors. The last revision was done in April 2015.

THEREFORE, BE IT RESOLVED, That the following Revision to the Investment and Spending Policy for Endowment be adopted as the policy by which the Committee on Financial Affairs governs the management of the endowment funds belonging to the College of William & Mary.

I. STATEMENT OF PURPOSE AND OBJECTIVES

- A. This policy is issued by the Committee on Financial Affairs of the Board of Visitors of The College of William & Mary in Virginia (hereinafter called "the Board"). The purpose of the policy is to not only foster clear understanding of the Board's investment objectives and practices, but also provide clear guidelines for action.
- B. The College of William & Mary (hereinafter called "the College") was established in 1693 by British royal charter. In 1906 the College became a public institution affiliated with the Commonwealth of Virginia. The College is an active public charity and accepts private donations to supplement and enhance the quality of the educational environment available to students, faculty, and the community.
- C. This statement applies to those pooled endowment funds for which the Board has investment responsibility (hereinafter called the "Endowment"). At this time only one investment portfolio exists for the Board of Visitors, the General Fund, which serves as the general depository for gift contributions to the Endowment.
- D. This document can be modified as necessary by the full Board upon recommendation by the Committee on Financial Affairs and should be formally reviewed by the Committee not less than once every three years.

II. DEFINITIONS

Endowment funds are contributions given to the College with a donor-imposed restriction that the funds are not to be expended but are to be invested for the purpose of producing income and capital gains. Unless otherwise stated by the donor the principal of the funds is to be maintained in perpetuity. The donor may also place restrictions on the purpose or purposes for which the income may be expended.

Funds functioning as endowment (quasi endowments) are funds that the Board of Visitors has designated not to be expended but are to be invested for the long term purpose of producing income and capital gains. Where expendable funds from donors have been designated by the Board as quasi endowment provisions may allow for Board approved distributions of principal. Quasi endowments can be either unrestricted or donor restricted for a particular purpose.

Total return is the sum of realized and unrealized gains and losses and current income achieved in the form of interest, dividends, and rents. **Real total return** is total return adjusted for inflation as measured by the Higher Education Price Index (HEPI), or the CPI + 1%, when the HEPI statistic is unavailable. **Real growth** in the endowment is real total return less that of annual spending and management fees.

III. FIDUCIARY RESPONSIBILITIES

In addition to other responsibilities assigned by the Rector, the Committee on Financial Affairs has oversight responsibility for the College's endowment funds. Toward that responsibility, the Committee on Financial Affairs has created an Investments Subcommittee, comprised of members from the larger Committee and/or the Board at large, who meet and interact with the College's Senior Vice President for Finance and Administration and the Investment Consultant on a more frequent basis, conducting oversight and executing duties on behalf of the Committee as permitted by this policy. This Subcommittee has the standing responsibility to monitor investment performance; periodically review the Board's investment guidelines and allocations; and after thorough evaluation recommend to the full Board the retention and dismissal of investment counsel, annual spending from the endowment (rates and dollar amounts), and amendments to existing investment guidelines. The Subcommittee may authorize the Investment Consultant to conduct searches for new or replacement investment managers as required. The Subcommittee may also direct tactical shifts or rebalancing among asset classes so long as the changes are within the asset allocation ranges included in Section VII of this policy. Under normal conditions only the Board of Visitors, or the Executive Committee acting between meetings of the Board, shall have the power to employ or discharge investment advisors for the College's endowment. However, if the Chair of the Committee on Financial Affairs, senior College administrators, or the Investment Consultant to the Board, believe that any portion of the endowment is in immediate and undue risk by its investment with any manager, then the Chair of the Committee on Financial Affairs shall have the power to immediately terminate that relationship and/or give instructions to reduce or eliminate the perceived threat to the invested endowment. The Board of Visitors will then be apprised of the circumstances that required immediate action at its next regularly scheduled meeting.

Members of the Board of Visitors also have a legal responsibility to manage funds in compliance with The Uniform Prudent Management of Institutional Funds Act, passed by the Virginia legislature in 2012. With respect to fiduciary responsibilities, Chapter 11 of Title 64.2 Section 1101 of The Code of Virginia (1950 as amended) specifies the following standards of conduct in managing and investing an institutional fund:

- A. Subject to the intent of a donor expressed in a gift instrument, an institution, in managing and investing an institutional fund, shall consider the charitable purposes of the institution and the purposes of the institutional fund.
- B. In addition to complying with the duty of loyalty imposed by law other than this chapter, each person responsible for managing and investing an institutional fund shall manage and invest the fund in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

C. In managing and investing an institutional fund, an institution:

1. May incur only costs that are appropriate and reasonable in relation to the assets, the purposes of the institution, and the skills available to the institution; and
2. Shall make a reasonable effort to verify facts relevant to the management and investment of the fund.

D. An institution may pool two or more institutional funds for purposes of management and investment.

E. Except as otherwise provided by a gift instrument, the following rules apply:

1. In managing and investing an institutional fund, the following factors, if relevant, shall be considered:
 - a. General economic conditions;
 - b. The possible effect of inflation or deflation;
 - c. The expected tax consequences, if any, of investment decisions or strategies;
 - d. The role that each investment or course of action plays within the overall investment portfolio of the fund;
 - e. The expected total return from income and the appreciation of investments;
 - f. Other resources of the institution;
 - g. The needs of the institution and the fund to make distributions and to preserve capital; and
 - h. An asset's special relationship or special value, if any, to the charitable purposes of the institution.
2. Management and investment decisions about an individual asset shall be made not in isolation but rather in the context of the institutional fund's portfolio of investments as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the fund and to the institution.
3. Except as otherwise provided by law other than this chapter, an institution may invest in any kind of property or type of investment consistent with this section.
4. An institution shall diversify the investments of an institutional fund unless the institution reasonably determines that, because of special circumstance, the purposes of the fund are better served without diversification.

5. Within a reasonable time after receiving property, an institution shall make and carry out decisions concerning the retention or disposition of the property or to rebalance a portfolio, in order to bring the institutional fund into compliance with the purposes, terms, and distribution requirements of the institution as necessary to meet other circumstances of the institution and the requirements of this chapter.
6. A person that has special skills or expertise, or is selected in reliance upon the person's representation that the person has special skills or expertise, has a duty to use those skills or that expertise in managing and investing institutional funds.

Employees of the College, or others engaged by the College in any business or advisory capacity, are expected to uphold and abide by the College of William & Mary's Code of Ethics.

IV. INVESTMENT OBJECTIVES

- A. The Board seeks to achieve maximum long-term total returns within prudent levels of risk. Returns are expected not only to preserve but enhance the real value (inflation-adjusted purchasing power) of the Endowment after funds are released for current use. To meet these goals, the investment objective is to achieve real growth of 2% over the long term (i.e., real total return less that of annual spending and management fees). The measure of inflation to be used in adjusting for real purchasing power should be the Higher Education Price Index, a measure of college and university costs.
- B. Risk should be reduced with a broadly diversified portfolio of asset classes, which may include the following: common and preferred shares of domestic and foreign corporations listed and traded on public markets, convertible bonds or debentures or preferred shares which are convertible into corporate stock, warrants or rights to equity securities, domestic or foreign fixed income traded on public markets, cash or cash-equivalent securities, public and private real estate investment trusts, and limited partnerships in the following: hedge funds with sufficient transparency and history satisfactory to the Board, venture capital, buyouts, distressed debt, timber, oil and gas, managed futures, and other private equity type of investments. Investment risks will be considered within the context of the whole Endowment portfolio.
- C. All investment portfolios will be managed and evaluated from a basis of total return. All management fees will be born by the individual portfolios from interest income, dividends, and realized capital gains.
- D. Prospective investments in alternative assets will take into consideration required disclosure needs for reporting at the end of the fiscal year, recognizing that some

managers employ highly sophisticated and proprietary strategies and some have underlying holdings that cannot be readily priced in the market; in such cases, these managers do not release sufficient information that can be validated, tested, and relied upon during the course of an audit. Consequently, investments in alternative assets will require rigorous screening before being admitted into the portfolio.

V. ENDOWMENT SPENDING POLICY

The fiscal year payout will be calculated as a percentage of the average market value of the investment portfolio for the three previous calendar year-ends. Following review and recommendations from the Investments Subcommittee, the payout percentage and the annual overhead expense for internal management costs will be decided or adjusted as deemed prudent by the Committee on Financial Affairs as the annual private funds budget is prepared.

Guidelines for spending from an institutional fund are addressed by UPMIFA in Chapter 11 of Title 64.2 Section 1102 of the Code of Virginia (1950 as amended):

- A. Subject to the intent of a donor expressed in the gift instrument, an institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the institution. In making a determination to appropriate or accumulate, the institution shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors:
 - 1. The duration and preservation of the endowment fund;
 - 2. The purposes of the institution and the endowment fund;
 - 3. General economic conditions;
 - 4. The possible effect of inflation or deflation;
 - 5. The expected total return from income and the appreciation of investments;
 - 6. Other resources of the institution; and
 - 7. The investment policy of the institution.
- B. To limit the authority to appropriate for expenditure or accumulate under subsection A, a gift instrument shall specifically state the limitation.
- C. Terms in a gift instrument designating a gift as an endowment, or a direction or authorization in the gift instrument to use only “income,” “interest,” “dividends,” or “rents, issues, or profits,” or “to preserve the principal intact,” or words of similar import:

1. Create an endowment fund of permanent duration unless other language in the gift instrument limits the duration or purposes of the fund; and
2. Do not otherwise limit the authority to appropriate for expenditure or accumulate under subsection A.

VI. DELEGATION OF MANAGEMENT AND INVESTMENT FUNCTIONS

Chapter 11 of Title 64.2 Section 1103 of the Code of Virginia (1950 as amended) addresses those considerations in the delegation of management and investment functions:

A. Subject to any specific limitation set forth in a gift instrument or in law other than this chapter, an institution may delegate to an external agent the management and investment of an institutional fund to the extent that an institution could prudently delegate under the circumstances. An institution shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, in:

1. Selecting an agent;
2. Establishing the scope and terms of the delegation, consistent with the purposes of the institution and the institutional fund; and
3. Periodically reviewing the agent's actions in order to monitor the agent's performance and compliance with the scope and terms of the delegation.

B. In performing a designated function, an agent owes a duty to the institution to exercise reasonable care to comply with the scope and terms of the delegation.

C. An institution that complies with subsection A is not liable for the decisions or actions of an agent to which the function is delegated.

D. By accepting delegation of a management or investment function from an institution that is subject to the laws of the Commonwealth, an agent submits to the jurisdiction of the courts of the Commonwealth in all proceedings arising from or related to the delegation of the performance of the delegated function.

E. An institution may delegate management and investment functions to its committees, officers, or employees as authorized by law of the Commonwealth other than this chapter.

Consistent with the authorizations cited above in the Code of Virginia, the Board of Visitors has accordingly selected through the public procurement process an Investment Consultant which is responsible for advising the Board on matters of constructing a prudent policy portfolio, asset allocation, manager selection and diversification, strategic and tactical allocations, portfolio rebalancing, performance calculation and reporting, risk and expected return assessments, and advice on general business and economic outlook.

Accordingly, the engaged Investment Consultant is responsible for recommending to the Board the engagement and disposition of investment managers and reporting investment performance to the Board, at the fund level as well as on a manager specific level. More specific delegation of duties is addressed later on in this policy.

VII. PORTFOLIO COMPOSITION AND ASSET ALLOCATION

- A. Asset allocation is the single most important component of investment strategy. For purposes of investment policy, the endowment assets shall be classified in three parts: Equities, Fixed Income, and Alternatives. The Committee will establish for equities, fixed income, and alternatives a long-term policy range or band, as well as long-term target allocation.
- B. Equities are intended to provide long-term capital appreciation and a growing stream of income. It is recognized that equities will likely entail the assumption of greater price variability than fixed income and alternative investments. The purposes of fixed income investments are to provide a hedge against deflation, to provide a source of current income, and to help diversify the total endowment. The purposes of alternatives are to help diversify the total endowment and utilize a combination of less correlated investments when the metrics for equities and fixed income are not attractive.
- C. Asset allocation ranges for the portfolio's investments in each asset class are established by the full Board and listed below. Within the approved ranges, the Committee on Financial Affairs may change the normative policy allocations whenever it deems necessary or desirable; such changes may be enacted by a simple majority of the full Committee on Financial Affairs at an announced meeting which attains a quorum. Allocations can also be changed between announced meetings of the Committee on Financial Affairs when a simple majority of the full Committee approves said action as detailed in an official mailing or telephone ballot distributed to the full Committee. Normative policy allocations are noted below as long-term target allocations which reflect the Committee on Financial Affairs' long-term strategic objectives. It is the responsibility of the Endowment's external Investment Consultant to monitor the allocations of the overall portfolio and report any deviations, should they develop, to the Committee on Financial Affairs. Should deviations occur within the allocations to equities, and/or fixed income and/or alternatives before the next full meeting of the Committee, then notification will be sent to the Chair of the Committee who is authorized

to approve any actions that will put the portfolio back into compliance.

ASSET ALLOCATION

	LONG-TERM TARGET ALLOCATION	RANGE
<u>Equities</u>	55.0%	0-85% <u>35-75%</u>
U. S. Common Stock	44.0 <u>33.0</u> %	0-60% <u>15-45%</u>
Non-U.S. Common Stock	11.0 <u>22.00</u> %	0-80% <u>0-35%</u>
<u>Alternatives*</u>	10.0%	0-30% <u>0-20%</u>
<u>Fixed Income</u>	35.0%	15-60% <u>25-60%</u>
U. S. Bonds	25.0 <u>24.0</u> %	15-45%
Non U.S. Bonds	10.0 <u>11.0</u> %	0-15%
<u>Cash</u>	0.0%	0-25%

* Alternatives is a general term referring to equity or equity-like investments characterized by longer time horizons, less liquidity, no readily available market price, and often less transparency. Such investments may include, for example, private real estate investments (~~REITS~~) and limited partnerships in private equity investments, hedge funds, managed futures, venture capital, distressed debt, timber, and oil and gas. ~~All investments in alternative vehicles will be pursued through fund-of-funds, unless the Board of Visitors otherwise approves direct investment.~~

- D. Based on the recommendation of the Investment Consultant, new cash flow shall be forwarded to investment managers on a quarterly basis, or when sufficient contributions are received. As a general rule, new cash will be used to rebalance the total fund in the direction of the long-term targets currently in place.

VIII. SOCIAL RESPONSIBILITY

The Board of Visitors may from time to time feel it necessary and prudent to incorporate into its investment platform elements of social responsibility that reflect the Board's thinking on important societal issues. Accordingly, the Board may direct its Investment Consultant and College staff to implement certain restrictions, impose constraints, or otherwise create separate accounts that take into consideration specific goals and objectives of social investing.

The Board has taken a position on conditions in Darfur and given direction to the Investment Consultant to monitor the security holdings in the separate account relationships, making sure that the underlying securities are not on any known and respected lists of companies that suggest support of the current Sudanese government. Companies that are known to conduct substantive business in Sudan will be prohibited in any Board of Visitors separately managed account.

Secondly, the Board of Visitors has approved the creation of a separate endowment account, called the Green Account, which will be funded from student fees. This investment account will be invested and monitored by the Investment Consultant according to guidelines that specify and promote environmental "green" initiatives.

IX. MANAGER GUIDELINES

When securities are commingled into investment pools with multiple participants, the Committee on Financial Affairs will evaluate the investment pool as a whole for its overall asset quality, stability, and historical performance. In such cases, if the Board of Visitors decides to participate, the investment policies and practices of the commingled pool will override the Board's policies and guidelines required of actively managed separate accounts. However, where applicable, the Committee on Financial Affairs will measure its commingled pool investments according to equity and fixed income guidelines established for separately managed accounts.

When active investment management responsibilities are delegated to an investment advisor for a separately managed account the Committee on Financial Affairs will establish guidelines regarding the quality and suitability of assets allowed in the portfolio. These guidelines are as follows:

GUIDELINES FOR EQUITIES

- A. The overall investment objective of active Equities is to outperform the appropriate benchmarks ~~by at least one percentage point~~, net of fees, as well as a peer group of managers on a consistent basis over a complete market cycle. Individual active managers may be expected to outperform other indices, or hybrid indices, which more closely parallel the manager's investment style. Such indices will be determined on a case-by-case basis in consultation with the Investment Consultant.

- B. Through periodic reviews of the investment portfolio, the Committee on Financial Affairs will determine how well a manager is performing against the benchmarks -- taking into account that manager's investment style as well as other known market conditions. Ultimately, the Committee determines whether changes are warranted in the composition or management of the equity portfolio.
- C. Common stock managers may at their discretion hold cash equivalents, exchange-traded funds or bonds to the extent provided by the allocation ranges in Section VII, with the understanding that their performance will be measured against equity benchmarks which are fully invested.
- D. No more than 5% of the aggregate market value in equity may be invested in the securities of any one company at cost except by written exception. It shall be the responsibility of the Investment Consultant to monitor the fund's overall exposure to individual securities and report any violations immediately to the Chair of the Committee. If a violation exists, the Chair of the Committee is granted the authority to approve any changes that will bring the portfolio back into compliance.
- E. Financial futures, option contracts, and other financial derivative instruments may not be employed without the Committee's prior permission
- F. It is understood that investing in pooled or mutual funds means that the investments will be governed by the fund's own set of guidelines and restrictions. While it is the intent to invest in funds which meet the general intent of these guidelines, there may, in fact, be instances in which funds' guidelines differ in a number of ways. In such cases, the mutual fund guidelines and restrictions will supersede those outlined above.

GUIDELINES FOR FIXED INCOME

- A. The investment objective of active Fixed Income is to outperform the appropriate benchmarks by at least one percentage point, net of fees, as well as a peer group of managers on a consistent basis over a complete market cycle. Individual active managers, with the exception of index funds, may be expected to outperform other indices, or hybrid indices, which more closely parallel the manager's investment style. Such indices will be determined on a case-by-case basis in consultation with the manager.
- B. Through periodic reviews of the investment portfolio, the Committee on Financial Affairs will determine how well a manager is performing against the benchmarks -- taking into account that manager's investment style as well as other known market conditions. Ultimately, the Committee determines whether changes are warranted in the composition or management of the fixed income portfolio.
- C. Money market instruments and fixed income-like exchange-traded funds may be used,

but equities are excluded.

- D. Securities in the fixed income portfolio must be rated a minimum of “~~BBB~~-BBB” by two of the following three major rating organizations: Fitch, Moody's or Standard & Poor's. The weighted average of the fixed income portfolio shall be "A-" or higher. The prospect of credit risk or risk of permanent loss must be avoided. The investment manager shall inform the Board's engaged Investment Consultant, or the Chair of the Committee on Financial Affairs if no consultant is employed, if a held security has been downgraded below investment grade by two rating agencies and the Chair shall decide whether the security is retained or sold.
- E. In general, fixed income must be well diversified with respect to economic sector, financial sector, and issuer in order to minimize risk exposure. No more than 5% of the aggregate market value in fixed income may be invested in the securities of any single issuer, with the exception of the U. S. Government or its agencies.
- F. It is understood that investing in pooled or mutual funds means that the investments will be governed by the fund's own set of guidelines and restrictions. While it is the intent to invest in funds which meet the general intent of these guidelines, there may, in fact, be instances in which funds' guidelines differ in a number of ways. In such cases, the mutual fund guidelines and restrictions will supersede those outlined above.

GUIDELINES FOR ALTERNATIVES

- A. The investment objective of Alternatives is to outperform the appropriate benchmarks ~~by at least one percentage point~~, net of fees, as well as a peer group of managers on a consistent basis over a complete market cycle. Individual managers, with the exception of index funds, may be expected to outperform other indices, or hybrid indices, which more closely parallel the manager's investment style. Such indices will be determined on a case-by-case basis in consultation with the manager.
- B. Through periodic reviews of the investment portfolio, the Committee on Financial Affairs will determine how well a manager is performing against the benchmarks -- taking into account that manager's investment style as well as other known market conditions. Ultimately, the Committee determines whether changes are warranted in the composition or management of the alternative portfolio.
- C. In general, alternatives must be well diversified with respect to economic sector, financial sector, and issuer in order to minimize risk exposure. No more than 5% of the aggregate market value in alternatives may be invested in the securities of any single issuer, with the exception of the U. S. Government or its agencies.
- D. It is understood that investing in pooled or mutual funds means that the investments will

be governed by the fund's own set of guidelines and restrictions. While it is the intent to invest in funds which meet the general intent of these guidelines, there may, in fact, be instances in which funds' guidelines differ in a number of ways. In such cases, the mutual fund guidelines and restrictions will supersede those outlined above.

X. GUIDELINES FOR TRANSACTIONS

Except under unusual circumstances, all transactions should be entered into on the basis of best execution, which means best realized net price. Notwithstanding the above, commissions may be designated for payment of services rendered to the endowment in connection with its management; however, under normal business conditions it shall be the standing policy of the College and its Board of Visitors not to direct brokerage, and such practice will be directed only with prior approval from the Chair of the Committee on Financial Affairs.

XI. MONITORING OF OBJECTIVES AND RESULTS

- A. If at any time the Investment Consultant believes that any policy guideline contained herein inhibits investment performance, or puts the Endowment at undue risk, it is that consultant's responsibility to communicate this view to the Committee. In the event that an Investment Consultant believes that circumstances warrant immediate exception to any standing instructions or guidelines cited in this policy, the consultant will so notify the Chair of the Committee on Financial Affairs or, in his/(her) absence, the Rector. If the request is verbal it will be necessary for the Investment Consultant to later document the request in writing to include the reason for exception and its prospective duration. The Chair of the Committee on Financial Affairs will have the authority to use his/(her) best judgment in deciding the matter unilaterally or deferring the decision to the Rector. The issue of the exception and the decision rendered would be reported to the Committee by the Chair of the Committee on Financial Affairs at the next scheduled meeting of the Board of Visitors.
- B. The investment manager(s) will provide selected performance and accounting information at the end of each calendar quarter to the Board's administrative staff, the engaged custodian, and the engaged Investment Consultant. This information will include relevant historical performance data and sufficient commentary to explain current strategy and investment returns. The manager(s) will also provide, as needed, detailed information to the administrative staff, custodian, and Investment Consultant pertaining to unit valuation, capital appreciation, realized gains or losses, income earned, and income distributed back to the College.

- C. The Investment Consultant will meet with the Committee on Financial Affairs at least on an annual basis. The Investment Consultant will be expected to include the following in presentation to the Committee:
1. Review performance of the respective portfolios (or commingled fund pools) owned by or in which the College participates. Performance review will include at least the latest quarter, six-months, year, and since inception. Relevant statistical benchmarks as requested by the Committee will also be provided for comparison purposes.
 2. Explain to the Committee's satisfaction how and why performance differed from the relevant benchmarks.
 3. Disclose to the Committee the level of market risk inherent in the portfolio (e.g., the beta of the portfolio, Sharpe ratio, up quarters versus down quarters) and the means and methodology by which risk is monitored and controlled.
 4. Discuss investment strategy (or that of the firm) and relate how such strategy complies or conflicts with the Committee's established investment guidelines. Review the current and prospective economic climate and discuss what implications this has on the College's invested endowment.
 5. Recommend to the Committee any modifications to further improve the performance and efficiency of assets under management.

XII. BENCHMARKS FOR PERFORMANCE MEASUREMENT

In order to measure and evaluate the individual investment performance of the College's retained investment advisor(s), and that of investment performance in the aggregate, the Committee on Financial Affairs has established the following benchmarks by which the advisor(s) will be evaluated. The investment advisor(s) will be notified prior to inception which objective(s) apply to them.

<u>Asset Class</u>	<u>Benchmark</u>	<u>Peer Group</u>
Large Cap Core	S&P 500 Index	Morningstar US OE Large Cap
Large Cap Growth	Russell 1000 Growth Index	Morningstar US OE Large Cap Growth
Large Cap Value	Russell 1000 Value Index	Morningstar US OE Large Cap Value
Mid Cap Core	Russell Mid Cap Index	Morningstar US OE Mid Cap
Mid Cap Growth	Russell Mid Cap Growth Index	Morningstar US OE Mid Cap Growth
Mid Cap Value	Russell Mid Cap Value Index	Morningstar US OE Mid Cap Value
Small Cap Core	Russell 2000 Index	Morningstar US OE Small Cap
Small Cap Growth	Russell 2000 Growth Index	Morningstar US OE Small Cap Growth
Small Cap Value	Russell 2000 Value Index	Morningstar US OE Small Cap Value
Real Estate	FTSE NAREIT (Equity REITs) Index	Morningstar US OE Real Estate
International Developed Markets	MSCI EAFE Index	Morningstar US OE Foreign Large Blend
International Emerging Markets	MSCI Emerging Markets (Free) Index	Morningstar US OE Diversified Emerging Market
International Small Cap	H-A International MSCI ACWI ex USA Small Cap Index	Morningstar US OE Foreign Small-Cap
Alternative Investments	HFRI Fund-of-Funds Composite Index	NA
U.S. Fixed Income	Barclays US Aggregate Bond Index	Morningstar US OE Intermediate-Term Bond
Global Fixed Income	Citigroup World Government Bond Index	Morningstar US OE World Bond
Emerging Markets Fixed Income	JPM EMBI Global Diversified Index	Morningstar US OE Emerging Markets Bond

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In order to measure and evaluate the Total Account investment performance, the Committee on Financial Affairs has established the following benchmarks by which the Total Account will be evaluated.

Total Account	25 10.0% S&P 500 Index 42 10.0% Russell Mid Cap Index 3 1.0% Russell 2000 Index 9 13.0% MSCI EAFE Index 26 .0% MSCI Emerging Markets Index 3.0% MSCI ACWI ex US Small Cap Index 2.0% FTSE NAREIT (Equity REITs) Index 25 24.0% Barclays U.S. Aggregate Bond Index 56 .0% Citigroup World Gov't Bond Index 5.0% JPM EMBI Global Diversified Index 10.0% HFRI Fund-of-Funds Composite
Total Domestic Equity	100.0% Russell 3000 Index
Total International Equity	100.0% MSCI World Ex US ACWI ex US Index
Total Fixed Income	100.0% Barclays U.S. Global Aggregate Bond Index
Alternative	100.0% HFRI Fund-of-Funds Composite

In order to measure and evaluate the how the Total Account investment performance has fared over long periods of time, maintaining consistent exposures to the broad market, the Committee on Financial Affairs has established a long-term blended **policy benchmark** in which the following indexes will be represented by weight.

Total Account	44 33.0% Russell 3000 Index 41 22.0% MSCI World ex US Index ACWI ex US 35.0% Barclays U.S. Global Aggregate Bond Index 10.0% HFRI Fund-of-Funds Composite
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COLLEGE OF WILLIAM & MARY and RICHARD BLAND COLLEGE
APPROVAL OF 2018 INTERNAL AUDIT WORK PLAN

As provided in the Office of Internal Audit Charter, the Director is responsible for preparing an annual risk-based work plan.

The proposed 2018 Work Plan for the Office of Internal Audit includes the following audits:

- Information Technology Disaster Recovery Plan review
- Foundation/College working arrangement and compliance review
- School of Education Centers audit
- Student employment audit
- Advancement finance and accounting internal control audit
- Dining Services audit (cycle approach)
- Retirement Plan book transfer testing
- Fleet vehicle gas card process review
- VIMS Budget Office operational and internal control audit
- Richard Bland College Athletic Department and sponsored camps audit
- Richard Bland College Finance/Accounting transition support

Recurring Audit Activities:

- Quarterly/monthly small purchase charge card monitoring
- Commonwealth Fraud, Waste and Abuse Hotline Investigations

The 2018 Work Plan has been reviewed by the Committee on Audit and Compliance and management of the College of William & Mary and Richard Bland College, and is hereby recommended to the Board of Visitors.

THEREFORE, BE IT RESOLVED, That the 2018 Work Plan for the Office of Internal Audit is approved by the Board of Visitors.

COLLEGE OF WILLIAM & MARY
AWARD OF ACADEMIC TENURE

The following members of the Instructional Faculty at the College of William & Mary have been recommended for the award of academic tenure by the appropriate departmental committees and chairs, the appropriate deans, and by the Provost and President.

BE IT RESOLVED, That upon recommendation of the President, the Board of Visitors of the College of William & Mary approves the following members of the Faculty be awarded academic tenure, effective with the beginning of the indicated academic year:

SIMON MIDDLETON, Associate Professor of History
Effective 2017-2018

ADRIENNE M. PETTY, Associate Professor of History
Effective 2017-2018

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COLLEGE OF WILLIAM & MARY
DESIGNATED PROFESSORSHIPS

The following members of the Instructional Faculty of the College of William & Mary have been recommended for designated professorships.

BE IT RESOLVED, That upon recommendation of the President, the Board of Visitors of the College of William & Mary approves the designated professorships for the following members of the Faculty of the College, effective with the 2017-18 academic year:

JULIE A. AGNEW, Richard C. Kraemer Term Professor of Business

ELIZABETH A. CANUEL, Chancellor Professor of Marine Science

RONALD J. MONARK, Charles & Mari Ann Banks Clinical Professor of Entrepreneurship

COLLEGE OF WILLIAM & MARY
RETIREMENT OF RICHARD J. ASH
RAYMOND A. MASON SCHOOL OF BUSINESS

Richard J. Ash, Charles and Mari Ann Banks Clinical Professor of Business and the Executive Director of the Alan B. Miller Center for Entrepreneurship at the Raymond A. Mason School of Business, earned his undergraduate degree from Boston University (cum laude). He earned his law degree from Fordham University and became a member of the New York and Federal Bar. He joined the faculty of William & Mary in 1999.

Clinical Professor Ash has extensive teaching experience including at Hofstra University and the Darden School of Business at the University of Virginia. He was the creator and CEO of such firms as Dillon Technologies, Inc., a medical device company; Chairman and Chief Financial Officer of Mentech Advisors, Inc.; President and Chief Executive Officer of Roan Venture LP, a venture capital innovation incubator company; Managing Partner of Janus Group LTD; Managing Director of VenCap, Inc., a venture capital SBIC; and President & Chief Executive Officer of Mentor Technology Ventures, LLC, a venture capital firm.

Clinical Professor Ash also served as Senior Officer in the Corporate Finance Division at J. P. Morgan, Morgan Guaranty Trust Company of New York, and at Drexel Harriman Ripley. While at W&M he has served as an advisor to NASA and the Department of Energy (Jefferson Lab) and a commercialization advisor to the National Science Foundation. He has received several major teaching awards at the W&M Mason School of Business including the student-selected MBA Outstanding Professor Award in 2005 and the Alfred N. Page Teaching Award in 2006.

BE IT RESOLVED, That the Board of Visitors acknowledges the retirement of Richard J. Ash; expresses its appreciation for his many contributions to the College of William & Mary; and approves with deep gratitude for his seventeen years of service, a change in status from the Charles and Mari Ann Banks Clinical Professor of Business to the Charles and Mari Ann Banks Clinical Professor of Business, Emeritus.

BE IT FURTHER RESOLVED, That this resolution be spread upon the minutes of the Board and that a copy of the same be delivered to Clinical Professor Richard J. Ash with best wishes for continuing and creative work in the years ahead.

COLLEGE OF WILLIAM & MARY
RETIREMENT OF HOWARD J. BUSBEE
RAYMOND A. MASON SCHOOL OF BUSINESS

Howard J. Busbee earned a B.A. degree in Accounting from the College of William & Mary, and J.D. and Master of Law and Taxation degrees from the William & Mary Law School. Professor Busbee is a CPA and a member of the Virginia Bar. As Clinical Professor of Business at the Raymond A. Mason School of Business his teaching interests have focused on taxation and accounting. Clinical Professor Busbee joined the Mason School of Business in 2001 as Assistant Dean of the Master of Accounting and Undergraduate Business programs. He held that position for four years, until becoming a full-time instructor in 2005.

Prior to joining the Business School, he was a Tax Partner with 33 years of experience in the Philadelphia, Atlanta and Richmond offices of PricewaterhouseCoopers, and served as the firm's Southeast Regional Tax Director and on its Board of Partners. In addition to significant teaching and publication experience while a member of the firm, he provided tax planning services to a variety of publicly-held and middle market companies, in such areas as corporate federal and state taxation, international tax planning, mergers and acquisitions, closely-held business entities and personal financial planning for executives.

Clinical Professor Busbee serves as Vice Chair of the William & Mary Real Estate Foundation, Co-Chair of the Robert Boyle Legacy Society, Chair-elect of the Olde Guard Council, member of the Richmond regional For the Bold Campaign Committee, and a member of various giving societies at the College. He is past Chair of the William & Mary Foundation, past President of the W&M Alumni Association, and past co-director of the W&M Tax Conference Advisory Council. He is the recipient of the Alumni Association's Alumni Medallion, the Order of the Coif and the Citizen Lawyer Award from the Law School, and various teaching and service awards from the School of Business. His professional and community activities have included service as President or Chair of the Atlanta Tax Forum, Atlanta Estate Planning Council, Academy Theatre, Theatre Virginia Board and the Richmond Private Business Study Group. He is an Emeritus Trustee of the Williamsburg Community Health Foundation and Vice President of the Foundation for Hospital Art. His other activities have included the United Way of Greater Richmond and Virginia Special Olympics.

BE IT RESOLVED, That the Board of Visitors acknowledges the retirement of Howard Busbee; expresses its appreciation for his many contributions to the College of William & Mary; and approves with deep gratitude for his thirteen years of service, a change in status from Clinical Professor of Business to Clinical Professor of Business, Emeritus.

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BE IT FURTHER RESOLVED, That this resolution be spread upon the minutes of the Board and that a copy of the same be delivered to Clinical Professor Busbee with best wishes for continuing and creative work in the years ahead.

COLLEGE OF WILLIAM & MARY
RETIREMENT OF DEBORAH S. NOONAN
DEPARTMENT OF COMPUTER SCIENCE

Deborah S. Noonan has retired as Senior Lecturer after 33 years of teaching in the Department of Computer Science. She received a B.A. in German from the University of Maryland in 1973 and an M.S. in Computer Science from the College of William & Mary in 1981. Debbie has helped lead the way for NTE faculty, from her start at the College in 1983, when there were few long-term NTE faculty, to the present, when the contributions of fully instructional faculty are crucial to the College's success.

Ms. Noonan has taught generations of students in our introductory computer science classes. Positive experiences in her classes have led many students to pursue a major in Computer Science. In addition to her contributions as a teacher, and freshman and major advisor, she has been a long-serving member of the department's undergraduate curriculum committee and served as the faculty sponsor for the Association for Computing Machinery student chapter. In the latter capacity, she accompanied a William & Mary team to the world finals of the 2012 ACM International Collegiate Programming Contest in Warsaw, Poland.

Ms. Noonan's contributions to the College extend beyond her department, as she has served on the Parking Advisory Committee, the Goldwater Selection Committee, and has been the chair of the Special Interest Housing Committee for many years, of which she is a founding member. Most recently, she was elected to the Committee on Academic Status.

In sum, Debbie Noonan's commitment to the College and its students exemplifies the best of the College of William & Mary and the Computer Science department.

BE IT RESOLVED, That the College of William & Mary acknowledges the retirement of Deborah S. Noonan; expresses its appreciation for her many contributions to the College; and approves, with deep gratitude for her 33 years of service, a change in status from Senior Lecturer to Senior Lecturer, Emerita.

BE IT FURTHER RESOLVED, That the resolution be spread upon the minutes of the Board and a copy of the same be delivered to Ms. Noonan with best wishes for continuing and creative work in the years ahead.

**VIRGINIA INSTITUTE OF MARINE SCIENCE
RESOLUTION TO APPROVE PROPERTY ACQUISITION:
1317 VERNON STREET**

WHEREAS, from time to time, the Virginia Institute of Marine Science has the opportunity to purchase property that is adjacent to the campus, of strategic interest to the Virginia Institute of Marine Science, at a bargain price to the institution, or for some other equally compelling reason; and

WHEREAS, the 2006 Management Agreement (the "Agreement"), governed by the restructured Higher Education Financial and Administrative Operations Act of 2005, Chapter 4.10 of the Title 23 of the Code of Virginia, as renewed in 2009 and 2013, allows the Board of Visitors to use its non-general funds to purchase property without the approval of the Governor, the General Assembly, or any other Commonwealth agency; and

WHEREAS, the Agreement authorized the Virginia Institute of Marine Science to establish its own policies and procedures for the purchase of property, using the Commonwealth's due diligence policies as a model template; and

WHEREAS, the Virginia Institute of Marine Science has been negotiating with the owners of 1317 Vernon Street and have come to agreement on purchase price; and

WHEREAS, the property is adjacent to Virginia Institute of Marine Science holdings and of strategic interest to the Virginia Institute of Marine Science to allow a buffer from private homes along the Boat Basin boundary; and

WHEREAS, the Virginia Institute of Marine Science is performing its due diligence on the property and has determined the land is in good condition and also is in the process of obtaining a secure title; and

WHEREAS, the Virginia Institute of Marine Science has determined to use indirect cost recoveries, a non-general fund source to purchase the land; and

WHEREAS, the Dean/Director of the Virginia Institute of Marine Science recommends approval of the property acquisition, with an anticipated closing date in the Winter 2017;

THEREFORE, BE IT RESOLVED, by the Rector and the Board of Visitors of The College of William and Mary in Virginia, that approval is given to the Virginia Institute of Marine Science to purchase 1317 Vernon Street at the agreed-upon price, and in accordance with all authorities, policies, and procedures in force and necessary under the Agreement; and

BE IT FURTHER RESOLVED, That the Senior Vice President for Finance and Administration, the VIMS Chief Financial and Administrative Officer, the VIMS Chief Operations Officer, and the University General Counsel are authorized to execute any and all documents pertaining to the acquisition.

**VIRGINIA INSTITUTE OF MARINE SCIENCE
RESOLUTION TO APPROVE DEMOLITION OF
HOXTON HALL**

WHEREAS, the Virginia Institute of Marine Science hereby requests The College of William & Mary Board of Visitors' approval to demolish Hoxton Hall (FAACS #268-00B15), to allow for future development on the Gloucester Point Campus. This building is in very poor condition and not suitable for renovation and reuse; and

WHEREAS, the College and the Commonwealth entered into a 2006 Management Agreement (the "Agreement"), governed by the restructured Higher Education Financial and Administrative Operations Act of 2005, Chapter 4.10 of the Title 23 of the *Code of Virginia* as amended and renewed in 2009 and 2013; and

WHEREAS, the Agreement authorizes the College's Board of Visitors to approve demolition of buildings subject to review by the Commonwealth's Art and Architectural Review Board and the Department of Historic Resources; and

WHEREAS, under the Management Agreement, the Virginia Institute of Marine Science will follow established policies and procedures for the demolition of buildings and structures;

THEREFORE, BE IT RESOLVED, by the Rector and the Board of Visitors of The College of William and Mary in Virginia, that the proposed demolition of Hoxton Hall is approved in accordance with established policies and procedures; and

BE IT FURTHER RESOLVED, That the Senior Vice President for Finance and Administration, the VIMS Chief Operations Officer, the College Building Official and their respective staffs, are authorized to take all actions necessary to remove the building, in accordance with established policies and procedures.

**VIRGINIA INSTITUTE OF MARINE SCIENCE
RESOLUTION TO APPROVE
NAMING OF DONALD W. DAVIS HALL**

Dr. Donald W. Davis, a former Department Chair for Biology in Arts and Sciences, is considered to be the founder of the Virginia Institute of Marine Science. Dr. Davis believed there needed to be separation between state regulation and marine research, and after 10 years of tireless efforts, the Virginia Fisheries Laboratory, the precursor to VIMS, opened on July 6, 1940 in Yorktown.

In recognition of his early persistence to promote marine science and to his efforts to establish a marine laboratory at William & Mary, it is recommended that the new state-of-the-art Consolidated Scientific Research Facility on VIMS' Gloucester Point campus be named Donald W. Davis Hall.

Donald Davis earned both bachelor's and Ph.D. degrees from Harvard University. He served on the College's biology faculty from 1916-1950. In 1930, he began a year of intense activity including an amendment to Senate Bill 121 that would have provided that "The College of William & Mary shall establish a laboratory for the study and experimentation with oysters and other seafoods with a view to conserving and increasing such oysters and other seafood".

Although that bill did not pass, continued lobbying centered around the importance of separation of scientific and educational programs from regulatory ones. Davis stated, "These contrasting functions being highly divergent in type and method it is appropriate that the formal investigational and educational function be separated from the regulatory duties of the Commissioner of Fisheries and assigned to the College of William & Mary." Recognition of the importance of that separation eventually led to the establishment of VIMS and development of its tripartite mission of research, education, and advisory service.

The new Consolidated Scientific Research Facility was made possible through Virginia's College Building Authority during the 2012-2014 biennium. The 32,000 square-foot building is designed to house VIMS' multiple advisory service centers, the Virginia Sea Grant program, Information Technology, and the News & Media office.

THEREFORE, BE IT RESOLVED, That the Board of Visitors of The College of William and Mary in Virginia approves the recommendation of the President and the Dean and Director of the Virginia Institute of Marine Science to name the new building Donald W. Davis Hall; and

BE IT FURTHER RESOLVED, That an appropriate plaque be placed in the building to recognize this designation; and

BE IT FINALLY RESOLVED, That a copy of this resolution be presented to Virginia Davis Faulconer, daughter of Donald W. Davis, with an expression of appreciation for Dr. Davis' vision for establishing an institution that provides unbiased scientific advice concerning the status of the Commonwealth's marine resources.

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COLLEGE OF WILLIAM & MARY RESOLUTION TO APPROVE PROPOSED AMENDED REGULATION REGARDING WEAPONS ON CAMPUS

WHEREAS, protecting the safety of the campus community is of utmost importance to the Board of Visitors of The College of William and Mary in Virginia;

WHEREAS, § 23.1-1301.A.1 of the Code of Virginia authorizes the Board of Visitors to make rules and regulations concerning the College;

WHEREAS, in 2011 the Board promulgated the Weapons on Campus Regulation;

WHEREAS, the Board of Visitors deems important to amend the Regulation to address possession of weapons inside all buildings controlled by the College, at outdoor locations where people congregate, and at events on property controlled by the College; and

WHEREAS, the Board of Visitors has reviewed the proposed amendments to its Weapons on Campus Regulation;

THEREFORE, BE IT RESOLVED, That, upon recommendation of the President, the Board approves the amendments to the Weapons on Campus Regulation, a copy of which is attached hereto, as a proposed regulation to be published in the Virginia Register, and to be considered for final adoption at the February meeting of the Board.

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TITLE 8. EDUCATION
COLLEGE OF WILLIAM AND MARY
Chapter 20
Proposed Amended Regulation

REGISTRAR'S NOTICE: The College of William and Mary is exempt from the Administrative Process Act in accordance with § 2.2-4002 A 6 of the Code of Virginia, which exempts educational institutions operated by the Commonwealth.

Title of Regulation: **8VAC115-20. Weapons on Campus** (amending **8VAC115-20-10, 8VAC115-20-20, 8VAC115-20-30**).

Statutory Authority: § 23.1-1301.A.1 of the Code of Virginia.

Effective Date:

Agency Contact: Kiersten Boyce, Compliance and Policy Officer, College of William & Mary, P.O. Box 8795, Williamsburg, VA 23187, telephone (757) 221-2743, or email kboyce@wm.edu.

Summary:

The regulation establishes the weapons limitation policy at the College of William & Mary; proposed changes are noted.

CHAPTER 20
WEAPONS ON CAMPUS

8VAC115-20-10. Definitions.

The following words and terms when used in this chapter shall have the following meanings unless the context clearly indicates otherwise:

"Police officer" means law-enforcement officials appointed pursuant to Article 3 (§ 15.2-1609 et seq.) of Chapter 16 and Chapter 17 (§ 15.2-1700 et seq.) of Title 15.2, Article 3 (§ 23.1-809) of Chapter 8 (§ 23.1-800 et seq.) of Title 23.1, Chapter 2 (§ 29.1-200 et seq.) of Title 29.1, or Chapter 1 (§ 52-1 et seq.) of Title 52 of the Code of Virginia or sworn federal law-enforcement officers.

"University property" means any property, vehicle, or vessel owned, leased, or controlled by the College of William & Mary in Virginia, including the Virginia Institute of Marine Science.

"Weapon" means any instrument of combat, or any object not designed as an instrument of combat but carried for the purpose of inflicting or threatening bodily injury. Examples include but are not limited to:

(1) firearms, including any pistol, revolver, rifle, shotgun, air-pistol, paintball gun, or other weapon designed or intended to propel a bullet, cartridge, or missile of any kind by action of an explosion of any combustible material;

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(2) knives, including any dirk, bowie knife, switchblade knife, ballistic knife, butterfly knife, sword, machete, razor, spring stick, or other bladed weapon with a blade longer than four inches;

(3) razors or metal knuckles;

(4) blackjacks, foils, or hatchets;

(5) bows and arrows, crossbows, and slingshots;

(6) nun chakhas, including any flailing instrument consisting of two or more rigid parts connected in such a manner as to allow them to swing freely, which may also be known as a nun chuck, nunchaku, shuriken, or fighting chain;

(8) throwing stars, including any disc, of whatever configuration, having at least two points or pointed blades which is designed to be thrown or propelled and which may be known as an oriental dart

(9) stun guns, including any device that emits a momentary or pulsed output that is electrical, audible, optical, or electromagnetic in nature and that is designed to temporarily incapacitate a person; or

(8) any explosive or incendiary device, including fireworks or other devices relying on any combination of explosives and combustibles to be set off to generate lights, smoke, or noise any firearm or any other weapon listed in § 18.2-308 A of the Code of Virginia.

"Weapon" does not include: (1) knives or razors commonly used for domestic or academic purposes; or pen or folding knives with blades less than four inches in length; or (2) mace, pepper spray, and other such items carried for use in accordance with the purpose intended by the original manufacturer.

8VAC115-20-20. Possession of weapons prohibited.

Possession, storing, or carrying of any weapon by any person, except a police officer or an individual authorized pursuant to university policy, is prohibited on university property in any university building, in outdoor spaces where people regularly congregate or are congregating (including the Sunken Garden, Wren Yard, Wren Courtyard, Barksdale Field, vicinity of Swem Sundial, and athletic practice fields (whether intercollegiate, campus recreation, or intramural), academic buildings, administrative buildings, student residence and student life buildings, or dining or athletic facilities, or while attending an official university event, such as an athletic, academic, social, recreational or educational event, or on vehicles or vessels that are university property.

Entry upon such university property in violation of this prohibition is expressly forbidden. Persons violating this prohibition are subject to arrest. Members of the university community are also subject to disciplinary action.

8VAC115-20-30. Person lawfully in charge.

In addition to individuals authorized by university policy, College of William & Mary police officers are lawfully in charge for the purposes of forbidding entry upon or remaining upon university property while possessing or carrying weapons in violation of this prohibition.

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COLLEGE OF WILLIAM & MARY RESOLUTION TO APPROVE PROPOSED REGULATION REGARDING OPEN FLAMES

WHEREAS, protecting the safety of the campus community is of utmost importance to the Board of Visitors of The College of William and Mary in Virginia;

WHEREAS, § 23.1-1301.A.1 of the Code of Virginia authorizes the Board of Visitors to make rules and regulations concerning the College;

WHEREAS, existing College policy requires a permit before igniting any open flame on College property;

WHEREAS, third parties and visitors to campus may be unaware of College policy, but are responsible for awareness of regulations that have the force of law;

WHEREAS, the Board of Visitors deems it important to supplement existing College policy by adopting a regulation requiring a permit before the igniting or maintaining an open flame on property controlled by the College, including in its buildings; and

WHEREAS, the Board of Visitors has reviewed the proposed regulation governing Open Flames on Campus;

THEREFORE, BE IT RESOLVED, That, upon recommendation of the President, the Board approves the Open Flames on Campus Regulation, a copy of which is attached hereto, as a proposed regulation to be published in the Virginia Register, and to be considered for final adoption at the February meeting of the Board.

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TITLE 8. EDUCATION

COLLEGE OF WILLIAM AND MARY

Chapter 40

Proposed Regulation

REGISTRAR'S NOTICE: The College of William and Mary is exempt from the Administrative Process Act in accordance with § 2.2-4002 A 6 of the Code of Virginia, which exempts educational institutions operated by the Commonwealth.

Title of Regulation: **8VAC115-40. Open Flames on Campus** (adding **8VAC115-40-10, 8VAC115-40-20, 8VAC115-40-30**).

Statutory Authority: § 23.1-1301.A.1 of the Code of Virginia.

Effective Date:

Agency Contact: Kiersten Boyce, Compliance and Policy Officer, College of William & Mary, P.O. Box 8795, Williamsburg, VA 23187, telephone (757) 221-2743, or email kboyce@wm.edu.

Summary:

The regulation establishes the limitations on the presence of open flame in university buildings or on university property, and imposes the requirement for a permit for certain activities involving open burning or open flames. This is the first regulation on this subject.

CHAPTER 40

OPEN FLAMES ON CAMPUS

8VAC115-40-10. Definitions.

The following words and terms when used in this chapter shall have the following meanings unless the context clearly indicates otherwise:

"Open flame" means any activity or device producing a flame, including, but not limited to candles, tiki torches, oil lanterns, butane burners, incense, campfires, bonfires, fire pits, and grills.

"University property" means any property, vehicle, or vessel owned, leased, or controlled by the College of William & Mary in Virginia, including the Virginia Institute of Marine Science.

8VAC115-20-30. Permit required for open burning and open flames; exceptions.

- A. *Open flames are prohibited on all university property, including within university buildings and facilities, except pursuant to a permit issued by the university.*
- B. *Exceptions to the requirement for a permit are:*
 1. *Activities taking place within the scope of academic coursework when under the supervision of the relevant faculty member;*

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2. *Flames created for the transient purpose of lighting a cigarette, cigar, pipe, or similar smoking device, provided such activity is in an authorized location, is otherwise lawful, and the burning or smoking elements are safely and responsibly disposed; and*
3. *Small celebration candles used briefly and in an appropriate quantity in connection with a celebration, provided such activity is not left unattended, is in an authorized location, is otherwise lawful, and the smoking or burning elements are safely and responsibly disposed.*

8VAC115-40-30. Permits.

Persons seeking to ignite an open flame must apply to the office of Environmental Health & Safety (EH&S) for a permit to perform the activity. Permits may be issued on for one-time event or activity, or on a recurring or on-going basis.

Applicants must apply at least five working days in advance of the activity to ensure consideration. An applicant's history of compliance with previous permits will be considered in a decision to grant a permit.

Persons granted permits are required to comply with all conditions of the permit.

8VAC115-40-40. Person lawfully in charge.

In addition to individuals authorized by university policy, College of William & Mary police officers and representatives of the Office of Environmental Health & Safety are lawfully in charge for the purposes of forbidding entry upon or remaining upon university property while in violation of this prohibition.

8VAC115-40-50. Compliance with Policy.

Persons who fail to obtain a permit or to comply with its conditions are subject to arrest, and to prosecution under State law. Members of the university community are also subject to disciplinary action, including termination or expulsion.

**COLLEGE OF WILLIAM & MARY
RESOLUTION TO APPROVE
TRANSFER OF 406 & 410 JAMESTOWN ROAD TO THE
WILLIAM & MARY REAL ESTATE FOUNDATION**

WHEREAS, the College of William & Mary acquired the property at 406 Jamestown Road (City of Williamsburg tax map 495-01-01-003,4) in 2012 by use of non-general funds, and had previously acquired 410 Jamestown Road (495-01-01-001,2) in 1999 by non-general funds; and

WHEREAS, under the University's Management Agreement of 2006, as amended in 2009 and 2013, the Board of Visitors has authority to determine the disposition of property acquired with non-general funds, in accordance with section Code of Virginia §23.1-1019; and

WHEREAS, under Chapter 836 of the 2017 Acts of Assembly, the Commonwealth has authorized the University to "convey fee simple title in and to one or more parcels of land to the William and Mary Real Estate Foundation (WMREF)... for the purpose of developing and establishing...operational related facilities including...student services or other auxiliary-related activities;" and

WHEREAS, the property at 406 and 410 Jamestown Road is undeveloped; and

WHEREAS, the William & Mary Real Estate Foundation has developed plans for the property which support, among other purposes, student services and other auxiliary (or ancillary) activities; and

WHEREAS, it has become necessary to transfer 406 and 410 to the William & Mary Real Estate Foundation in order to effectuate its development; and

WHEREAS, upon completion, the William & Mary Real Estate Foundation will own and oversee operation of the facility or facilities for the benefit of William & Mary students; and

WHEREAS, the University will accomplish the property transfer via the granted authorities governing real property, as established by the Management Agreement and Chapter 836; and will follow all applicable real estate policies and procedures established under the Management Agreement, relating to property transfer; therefore,

BE IT RESOLVED, By the Rector and the Board of Visitors of The College of William and Mary in Virginia, that approval is given to the University to transfer 406 and 410 Jamestown Road to the William & Mary Real Estate Foundation, in accordance with all restructured authorities, policies, and procedures in force and necessary to accomplish same; and

BE IT FURTHER RESOLVED, By the Rector and the Board of Visitors of The College of William and Mary in Virginia, that the administrative officers of the College are authorized to execute any and all contracts and documents required and pertaining to the property transfer.

**COLLEGE OF WILLIAM & MARY
RESOLUTION TO APPOINT THE
CHIEF FACILITIES OFFICER AS THE
THE MAINTENANCE CODE OFFICIAL**

WHEREAS, the William & Mary Associate Vice President for Facilities Management also serves as the Chief Facilities Officer for the University and reports to the Senior Vice President for Finance and Administration; and

WHEREAS, the Chief Facilities Officer has responsibility and oversight of both the University's construction program and its physical plant maintenance programs; and

WHEREAS, the Commonwealth observes and enforces three main facilities management codes: Building Code, Fire Code and Maintenance Code; and

WHEREAS, under Tier 3 of the University's Management Agreement, the Board of Visitors has the authority to assign a building code official to oversee execution and enforcement of the Building Code; and

WHEREAS, the Commonwealth retains the authority of the Fire Marshal and execution of the Fire Code; and

WHEREAS, in keeping with its Tier 3 authority to assign a Building Code Official, the Senior Vice President for Finance and Administration has created the position of Maintenance Code Official, with the following responsibilities: to ensure buildings, structures, and exterior areas are maintained in good repair, provide a safe and sanitary environment, and conform to the codes under which they were constructed; and

WHEREAS, hiring a separate official to fulfill this task would be unnecessary, redundant and not in the best interest of the University; and

WHEREAS, the position of Chief Facilities Officer can and shall fulfill the responsibilities of the Maintenance Code Official position without conflict of interest;

THEREFORE, BE IT RESOLVED, That upon recommendation of the President, the Board of Visitors of the College of William & Mary hereby appoints the Chief Facilities Officer the University's Maintenance Code Official; and

BE IT FURTHER RESOLVED, That the Board of Visitors of The College of William & Mary hereby charges the Maintenance Code Official with administering the Maintenance Code of Virginia.

**COLLEGE OF WILLIAM & MARY
RESOLUTION TO APPROVE THE FY 2018
TRANSPORTATION ALTERNATIVES SET-ASIDE PROJECT**

WHEREAS, in 2014 the City of Williamsburg applied for a Transportation Alternative Program (TAP) grant from the Virginia Department of Transportation (VDOT), and were notified of their success in 2016, receiving \$1.0M towards a \$1.2M grant; and

WHEREAS, the successful project was a pedestrian and bike trail running from Treyburn Drive (see map) to Ironbound Road along College Woods and parallel to Monticello Avenue; and

WHEREAS, the City engineers collaborated and coordinated with the university on the City's project, using the university's own estimate of cost for the then-proposed "Monticello Avenue Multi-Use Trail;" and

WHEREAS, subsequent to the award of the TAP grant, the university has determined that it is eligible to apply for a similar grant from the Transportation Alternatives Set-Aside ("the Grant"), to support construction of a walkway and bike-path from Compton Drive to Monticello Avenue (see map) thereby providing the missing link to the Monticello Avenue Multi-Use trail; and

WHEREAS, the need for both projects is precipitated by unprotected student, pedestrian and bike traffic along Monticello Avenue, a major east-west corridor and thoroughfare through the City that includes only an in-road bike path and no lighting or other pedestrian traffic safety measures; and

WHEREAS, the total cost of the proposed Compton Drive Multi-Use Trail ("the Project") is estimated to be \$889,449 of which, according to the terms of the grant, the institution will be responsible for 20%, or \$179,890; and

WHEREAS, the Project is in accordance with the university's 2015 campus master plan (page 93) and with the university's Strategic Plan (Administration and Infrastructure, Goal 4) to provide a safe and secure environment; and

WHEREAS, in accordance with the Commonwealth Transportation Board construction allocation procedures, it is necessary that a resolution be received from the sponsoring local jurisdiction or agency requesting the Virginia Department of Transportation to establish a Transportation Alternatives project for the university.

THEREFORE BE IT RESOLVED, That the College of William & Mary requests that the Commonwealth Transportation Board establish a project for construction of the Compton Drive Multi-Use Trail; and

November 15-17, 2017

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BE IT FURTHER RESOLVED, That the College of William & Mary hereby agrees to provide the 20% matching contribution to this Project, which is estimated to be \$179,890; and

BE IT FURTHER RESOLVED, That the College of William & Mary hereby agrees to enter into a project administration agreement with the Virginia Department of Transportation and provide the necessary oversight to ensure the project is developed in accordance with all state and federal requirements for design, right of way acquisition, and construction of a federally funded transportation project; and

BE IT FURTHER RESOLVED, That the College of William & Mary will be responsible for maintenance and operating costs of any facility constructed with the Grant funds unless other arrangements have been made with VDOT; and

BE IT FURTHER RESOLVED, That if the College of William & Mary subsequently elects to cancel this project, the University hereby agrees to reimburse VDOT for the total amount of costs expended by the department through the date that the department is notified of such cancellation. The College of William & Mary also agrees to repay any funds previously reimbursed that are later deemed ineligible by the Federal Highway Administration; and

BE IT FURTHER RESOLVED, That the Board of Visitors of the College of William & Mary hereby grants authority to the Senior Vice President for Finance and Administration and his staff to apply for Transportation Alternative funds for FY 2018, and to execute project administration agreements, as well as any other documents necessary, for the approved Transportation Alternative projects.

BE IT FINALLY RESOLVED, That this resolution supercedes any previous resolutions.

This 17th day of November, 2017.

By: _____

Sue H. Gerdelman
Secretary, Board of Visitors

Attest: _____

Michael J. Fox
Secretary to the Board of Visitors

**COLLEGE OF WILLIAM & MARY
RESOLUTION TO APPROVE
NON-GENERAL FUND CAPITAL PROJECT:
CONSTRUCT BUSCH FIELD HOUSE**

WHEREAS, from time to time, the University requires the authorization of capital projects outside of the normal Commonwealth biennial cycle; and

WHEREAS, the 2006 Management Agreement (the "Agreement"), governed by the restructured Higher Education Financial and Administrative Operations Act of 2005, and Chapter 10 of the Title 23.1 of the Code of Virginia (the "Act"), as renewed, requires the Board of Visitors to approve any capital projects meeting the definition; and

WHEREAS, the Agreement allows the Board of Visitors to authorize at any time non-general fund projects without the approval of the Governor, the General Assembly, or any other Commonwealth agency, unless that approval requires debt authorization from the General Assembly; and

WHEREAS, under the Agreement, the University has established the appropriate policies and procedures to initiate, develop, manage and complete such projects; and

WHEREAS, in 2015, the University initiated a Preplanning Study to address the facility needs of the women's Field Hockey team and develop building options for private fund development; and

WHEREAS, the project option chosen provides a 2,900 GSF facility which includes locker room space for Field Hockey, Goalies' changing room, a trainer's room, public restrooms and filming platform; and

WHEREAS, the Athletics program is in the process of raising private funds to support the project budget of \$2.377M and has subsequently secured a lead gift; and

WHEREAS, the project will take approximately 8 months to design and 10 months to construct in conjunction with other projects occurring in the immediate area; and

WHEREAS, the University is indebted to the generosity of the donors who are making this project possible.

THEREFORE, BE IT RESOLVED, That the Rector and the Board of Visitors of The College of William and Mary in Virginia authorize the scope and budget for the capital project "Construct Busch Field House" as presented in accordance with all authorities, policies, and procedures in force and necessary under the Agreement; and

BE IT FURTHER RESOLVED, That the Board authorizes the Senior Vice President for Finance and Administration and his staff to pursue all necessary steps for the accomplishment of said project.

COLLEGE OF WILLIAM & MARY

CONTINUATION: WILLIAM & MARY PROMISE

For fiscal year 2019 (FY 2019), the administration recommends that the University maintain the William & Mary Promise as the operating model for enhancing and sustaining quality, affordability and access. The tuition structure included in the Promise, in combination with its other elements, provides the University with the resources necessary to respond to state funding actions and implement aspects of its Six-Year Plan as submitted to the Commonwealth, while providing a four-year tuition guarantee for incoming Virginia undergraduates, reducing net tuition for the vast majority of middle-income Virginia families, and reducing the student loan debt burden for these students.

In April 2013, the Board of Visitors approved **Resolution 25, Approval and Implementation: William and Mary Promise**, setting tuition rates for incoming full-time in-state undergraduate students for fiscal years 2014 through 2016. A review of the program shows that the University has been able to increase in-state applicants and maintain the overall quality of the undergraduate student body while generating the resources necessary to improve faculty and staff salaries and implement other institutional initiatives. Setting FY 2019 tuition for incoming full-time in-state undergraduates now provides prospective Virginia students and their families with tuition information prior to accepting an offer of admission.

Tuition and fees for out-of-state undergraduate as well as in-state and out-of-state graduate and professional students will be set by the Board at its April 2018 meeting, reflecting State funding actions and market conditions for each student group.

Revenue generated from this tuition increase, in combination with other revenues and reallocated funds, will likely be used to address personnel costs, including the University's share of any state mandated fringe and health benefit changes, need-based financial aid, and institutional initiatives. The exact uses will be determined in part by budget actions taken by the Governor and General Assembly during the 2018 session.

THEREFORE, BE IT RESOLVED, That the Board of Visitors of The College of William and Mary in Virginia, on the recommendation of the President, approves continuation of the William & Mary Promise as the operating model for the University, and

BE IT FURTHER RESOLVED, That the Board of Visitors of The College of William and Mary in Virginia, on the recommendation of the President, approves the FY 2018 tuition for incoming in-state undergraduates at \$17,434.

**COLLEGE OF WILLIAM & MARY
RECEIPT OF THE CONSOLIDATED FINANCIAL REPORT OF
THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA,
VIRGINIA INSTITUTE OF MARINE SCIENCE, AND RICHARD BLAND COLLEGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The Consolidated Financial Report of The College of William and Mary in Virginia, Virginia Institute of Marine Science, and Richard Bland College for the fiscal year ended June 30, 2017, has been presented by the Senior Vice President for Finance and Administration and the Chief Financial Officer to the Presidents of the Colleges, who have approved it for presentation to the Rector and the Board of Visitors.

The statements included in this consolidated Financial Report provide a concise analysis of the College's financial affairs for fiscal year 2016-2017. The report is subject to a detailed audit to be conducted by the Auditor of Public Accounts.

RESOLVED, That the Unaudited Consolidated Financial Report for the Year Ended June 30, 2017 (*see separate booklet*) for The College of William and Mary in Virginia, Virginia Institute of Marine Science, and Richard Bland College is hereby received by the Board of Visitors.



WILLIAM & MARY

CHARTERED 1693

**Unaudited Consolidated Financial Report
For The Year Ended June 30, 2017**



WILLIAM & MARY

CHARTERED 1693

2016-2017 CONSOLIDATED FINANCIAL REPORT
FOR
THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA,
VIRGINIA INSTITUTE OF MARINE SCIENCE
AND
RICHARD BLAND COLLEGE

November 1, 2017

To the Board of Visitors of The College of William and Mary, Virginia Institute of Marine Science and Richard Bland College:

We are pleased to submit the following consolidated annual financial report for The College of William and Mary, Virginia Institute of Marine Science and Richard Bland College for the fiscal year ended June 30, 2017. Financial management has prepared and is responsible for the consolidated financial statements and all information in the financial report. The financial statements have been prepared in conformity with generally accepted accounting principles consistently applied.

The statements contained in this report are intended to provide a picture of the flow of financial resources during the fiscal year 2016-17 and the balances available for the future.

Management believes that the current internal control systems provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, and that the financial records are reliable for preparing financial statements and maintaining accountability for assets. These statements are augmented by written policies and organizational structure providing division of responsibilities, careful selection and training of the financial staff, and a program of internal audits.

The financial statements remain subject to audit by the State Auditor of Public Accounts.

Respectfully submitted,

Samuel E. Jones
Senior Vice President for Finance
and Administration
The College of William and Mary

Penelope G. Howard, CPA
Chief Financial Officer
Richard Bland College

**The College of William and Mary in Virginia
Richard Bland College**

June 30, 2017

The Board of Visitors

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H. Thomas Watkins III - Vice Rector
Sue H. Gerdelman - Secretary

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John Charles Thomas
Brian P. Woolfolk

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David J. Snyder IV - Richard Bland College

Faculty Representatives

Eric D. Chason - College of William and Mary
D. Jill Mitten - Richard Bland College

Staff Liaison

David N. Morales – College of William and Mary

OFFICERS OF ADMINISTRATION

The College of William and Mary in Virginia

W. Taylor Reveley III, President
Michael R. Halleran, Provost
Virginia M. Ambler, Vice President for Student Affairs
Henry R. Broaddus, Vice President for Strategic Initiatives
Samuel E. Jones, Senior Vice President for Finance and Administration
Matthew T. Lambert, Vice President for University Advancement

Richard Bland College

Debbie L. Sydow, President

**THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA,
VIRGINIA INSTITUTE OF MARINE SCIENCE
AND RICHARD BLAND COLLEGE**

ANNUAL FINANCIAL REPORT 2016 - 2017

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**The College of William & Mary in Virginia,
Virginia Institute of Marine Science
and Richard Bland College
Consolidated Financial Statements**

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

This Management's Discussion and Analysis (MD&A) is required supplemental information to the consolidated financial statements designed to assist readers in understanding the accompanying financial statements. The following information includes a comparative analysis between the current fiscal year ended June 30, 2017 and the prior year ended June 30, 2016. Significant changes between the two fiscal years and important management decisions are highlighted. The summarized information presented in the MD&A should be reviewed in conjunction with both the financial statements and associated footnotes in order for the reader to have a comprehensive understanding of the institution's financial status and results of operations for fiscal year ended June 30, 2017. William & Mary's management has prepared the MD&A, along with the financial statements and footnotes. W&M's management is responsible for all of the information presented for The College of William and Mary (W&M), the Virginia Institute of Marine Science (VIMS), and their affiliated foundations. Richard Bland College's (RBC) management is responsible for all of the information presented for RBC and its affiliated foundation.

The financial statements have been prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement Number 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, as amended by GASB Statement Numbers 37 and 38, and 63. Accordingly, the three financial statements required are the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The aforementioned statements are summarized and analyzed in the MD&A.

These financial statements are consolidated statements that include The College of William and Mary in Virginia (W&M), the Virginia Institute of Marine Science (VIMS) and Richard Bland College (RBC). All three entities are agencies of the Commonwealth of Virginia reporting to the Board of Visitors of the College of William and Mary and are referred to collectively as the "University" within the MD&A as well as in the financial statements under the columns titled "University", unless otherwise indicated.

The institutions' affiliated foundations are also included in these statements consistent with *GASB Statement No. 61, The Financial Reporting Entity: Omnibus- An Amendment of GASB Statements No. 14 and 34*, however they are excluded from this MD&A, except where noted. The University has a total of nine foundations, of which the financial information for eight of the foundations is presented in the statements under the column titled "Component Units". While affiliated foundations are not under the direct control of the Board of Visitors, this presentation provides a more holistic view of resources available to support the University and its mission. Additional information and detail related to the foundations can be found in the Component Unit Financial Information footnote. The ninth foundation, Intellectual Properties, was established FY08 and is presented as blended in the University column as required by GASB 61, because W&M has a voting majority of the board.

Financial Summary

Statement of Net Position

The Statement of Net Position provides a snapshot of the University's financial position, specifically the assets, deferred outflows of resources, liabilities, deferred inflows of resources and resulting net position as of June 30, 2017. The information presented for FY 16 for comparative purposes has been restated for FY 16 beginning Net Position adjustments. The information allows the reader to determine the University's assets available for future operations, amounts owed by the University and the categorization of net position as follows:

- (1) Net Investment in Capital Assets – reflects the University’s capital assets net of accumulated depreciation and any debt attributable to their acquisition, construction or improvements.
- (2) Restricted – reflects the University’s endowment and similar funds whereby the donor has stipulated that the gift or the income from the principal, where the principal is to be preserved, is to be used to support specific programs. Donor restricted funds are grouped into generally descriptive categories of scholarships, research, departmental uses, etc.
- (3) Unrestricted – reflects a broad range of assets available to the University that may be used at the discretion of the Board of Visitors for any lawful purpose in support of the University’s primary mission of education, research and public service. These assets are derived from student tuition and fees, state appropriations, indirect cost recoveries from grants and contracts, auxiliary services sales and gifts.

Summary Statement of Net Position

	<u>FY 2017</u>	<u>FY 2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<u>Assets:</u>				
Current	\$ 71,719,421	\$ 70,530,880	\$ 1,188,541	1.69%
Capital, net of accumulated depreciation	856,806,391	841,590,796	15,215,595	1.81%
Other non-current	147,361,380	138,047,959	9,313,421	6.75%
Total assets	<u>1,075,887,192</u>	<u>1,050,169,635</u>	<u>25,717,557</u>	<u>2.45%</u>
<u>Deferred outflows of resources:</u>				
Pension related	25,860,334	17,679,350	8,180,984	46.27%
Loss on refunding of debt	5,268,943	5,005,962	262,981	5.25%
Total deferred outflows of resources	<u>31,129,277</u>	<u>22,685,312</u>	<u>8,443,965</u>	<u>37.22%</u>
<u>Liabilities:</u>				
Current	90,454,817	89,193,866	1,260,951	1.41%
Non-current	363,939,801	362,434,619	1,505,182	0.42%
Total liabilities	<u>454,394,618</u>	<u>451,628,485</u>	<u>2,766,133</u>	<u>0.61%</u>
<u>Deferred inflows of resources:</u>				
Pension related	3,885,000	8,639,000	(4,754,000)	-55.03%
Gain on refunding of debt	670,279	545,484	124,795	22.88%
Total deferred inflows of resources	<u>4,555,279</u>	<u>9,184,484</u>	<u>(4,629,205)</u>	<u>-50.40%</u>
<u>Net Position:</u>				
Net investment in capital assets	627,232,631	603,595,005	23,637,626	3.92%
Restricted	103,530,768	90,036,486	13,494,282	14.99%
Unrestricted	(82,696,827)	(81,589,513)	(1,107,314)	-1.36%
Total net position	<u>\$648,066,572</u>	<u>\$612,041,978</u>	<u>\$ 36,024,594</u>	<u>5.89%</u>

The overall result of the University’s FY 17 operations was an increase in net position of approximately \$36.0 million or 5.90 percent, bringing total net position to \$648.1 million. The growth is due to an increase in the net investment in capital assets of \$23.6 million along with an increase in restricted net assets of \$13.5 million. These increases were offset by a marginal decrease in unrestricted net assets of \$1.1 million.

Total assets increased by \$25.7 million. Capital assets, net of accumulated depreciation, increased by \$15.2 million primarily as a result of ongoing construction projects for instruction, research and residential facilities offset by capitalization of completed projects. These projects are discussed in more detail under *Capital Asset and Debt Administration* below. Other non-current assets increased by 9.3 million as a result

of an increase in restricted investments due to improvement in market conditions. The \$8.4 million increase in deferred outflows of resources is due to the recording of pension liability obligations of \$8.1 million.

Total liabilities increased by \$2.8 million, which reflects a net increase in both current liabilities and non-current liabilities. The change in current liabilities was primarily attributable to an increase in the advance from the Treasury of Virginia for working capital used pending the receipt of funds from bond sale proceeds and deferred revenue offset by a decrease in accounts payable and accrued expenses. Non-current liabilities increased by \$1.5 million due to decrease in Notes and Bonds payable as a result of normal payment of debt offset by an increase in net pension liability.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the results from operations for the fiscal year. Revenues for the daily operation of the University are presented in two categories: operating and non-operating. Operating revenues include the significant categories of tuition and fees, grants and contracts, and the sales of auxiliary enterprises representing exchange transactions. Non-operating revenues include the significant categories of state appropriations, gifts and investment income representing non-exchange transactions. Net other revenues include capital appropriations, grants and contributions.

Summary Statement of Revenues, Expenses and Changes in Net Position

	<u>FY 2017</u>	<u>FY 2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating revenues	\$ 329,795,811	\$ 313,533,991	\$ 16,261,820	5.19%
Operating expenses	<u>457,435,383</u>	<u>437,611,625</u>	<u>19,823,758</u>	4.53%
Operating gain/(loss)	(127,639,572)	(124,077,634)	(3,561,938)	-2.87%
Net Non-operating revenues	<u>121,949,443</u>	<u>103,368,379</u>	<u>18,581,064</u>	17.98%
Income/(Loss) before other revenues	(5,690,129)	(20,709,255)	15,019,126	72.52%
Net other revenues	<u>41,714,723</u>	<u>68,531,979</u>	<u>(26,817,256)</u>	-39.13%
Increase in net position	<u>\$ 36,024,594</u>	<u>\$ 47,822,724</u>	<u>\$(11,798,130)</u>	-24.67%

Overall, the result from operations was an increase in net position of \$36.0 million. This resulted in a net change year over year of negative \$11.8 million. The decrease was due to a reduction in other revenues for capital appropriations and capital grants and contributions for capital projects. Overall there were increases in each of the other major revenue categories -- operating revenues and non-operating revenues with the exception of Other Revenues as described below.

Focusing only on operating revenues and expenses, an increase of \$16.3 million in operating revenue was driven primarily by an increase in tuition and fees and growth in grants and contract revenue. See the following section of *Summary of Revenues* for further details. Operating expenses increased notably in instruction, student services, auxiliary enterprises and student aid. See the following section of *Summary of Expenses* for further details.

With the inclusion of state appropriations for the University in the non-operating category, the University will typically display an operating loss for the year. For FY 17, state appropriations contributed almost \$76.5 million or 63% of non-operating revenue as shown in summary below.

The following table provides additional details of the operating, non-operating and other revenues of the University.

<u>Summary of Revenues</u>				
	<u>FY 2017</u>	<u>FY 2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Revenues:				
Student Tuition and Fees, net of scholarship allowances	\$ 183,722,612	\$ 166,936,326	\$ 16,786,286	10.06%
Federal, State, Local and Non-governmental grants and contracts	46,235,148	45,524,095	711,053	1.56%
Auxiliary Enterprise, net of scholarship allowances	93,751,701	93,597,766	153,935	0.16%
Other	6,086,350	7,475,804	(1,389,454)	-18.59%
Total Operating Revenues	<u>329,795,811</u>	<u>313,533,991</u>	<u>16,261,820</u>	<u>5.19%</u>
Non-Operating:				
State Appropriations	76,479,905	71,984,252	4,495,653	6.25%
Gifts, Investment Income and other income and expenses	45,469,538	31,384,127	14,085,411	44.88%
Total Non-Operating	<u>121,949,443</u>	<u>103,368,379</u>	<u>18,581,064</u>	<u>17.98%</u>
Other Revenues, Gains and (Losses):				
Capital Appropriations	28,540,554	46,394,308	(17,853,754)	-38.48%
Capital Grants and Gifts	14,272,718	22,137,671	(7,864,953)	-35.53%
Total Other Revenues, Gains and (Losses)	<u>42,813,272</u>	<u>68,531,979</u>	<u>(25,718,707)</u>	<u>-37.53%</u>
Total Revenues	<u>\$ 494,558,526</u>	<u>\$ 485,434,349</u>	<u>\$ 9,124,177</u>	<u>1.88%</u>

Within the operating revenue category, student tuition and fees increased \$16.8 million, net of scholarship allowances. A slight increase in State, Local, and Non-governmental Grants and Auxiliary enterprise revenue was offset by the decrease in other revenue. Non-operating revenues grew significantly, with increases in both State Appropriations, Gifts, Investment Income and Other revenue. The University experienced a decrease in Total Other Revenues due to the timing of capital project funding and the completion of construction projects.

Details of the operating expenses of the University are summarized below:

Summary of Operating Expenses

	<u>FY 2017</u>	<u>FY 2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Expenses:				
Instruction	\$ 126,631,958	\$ 121,411,787	\$ 5,220,171	4.30%
Research	54,704,041	55,073,331	(369,290)	-0.67%
Public Service	32,481	25,571	6,910	27.02%
Academic Support	37,071,608	36,115,938	955,670	2.65%
Student Services	16,557,309	14,444,155	2,113,154	14.63%
Institutional Support	46,099,179	42,362,163	3,737,016	8.82%
Operation and Maintenance of Plant	26,411,278	25,457,297	953,981	3.75%
Student Aid	32,661,886	31,531,887	1,129,999	3.58%
Auxiliary Enterprise	84,582,694	80,677,846	3,904,848	4.84%
Depreciation	32,254,322	30,043,967	2,210,355	7.36%
Other Operating Expenses	428,627	467,683	(39,056)	-8.35%
Total Operating Expenses	<u>\$ 457,435,383</u>	<u>\$ 437,611,625</u>	<u>\$ 19,823,758</u>	<u>4.53%</u>

For FY17, operating expenses increased most significantly in Instruction, Student Services, Institutional Support, and Auxiliary Enterprises. Student Aid remains a growth area year over year as financial need continues to rise.

Statement of Cash Flows

The Statement of Cash Flows provides detailed information about the University's sources and uses of cash during the fiscal year. Cash flow information is presented in four distinct categories: Operating, Non-capital Financing, Capital Financing and Investing Activities. This statement aids in the assessment of the University's ability to generate cash to meet current and future obligations.

Summary Statement of Cash Flows

	<u>FY 2017</u>	<u>FY 2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Cash Flows from:				
Operating Activities	\$ (87,799,812)	\$ (89,790,944)	\$ 1,991,132	2.22%
Non-capital Financing	116,191,661	111,808,453	4,383,208	3.92%
Capital and related Financing	(25,593,486)	(21,566,155)	(4,027,331)	-18.67%
Investing Activities	(3,283,076)	5,789,809	(9,072,885)	-156.70%
Net Increase in Cash	<u>\$ (484,713)</u>	<u>\$ 6,241,163</u>	<u>\$ (6,725,876)</u>	<u>107.77%</u>

Cash flow from operations and non-capital financing reflects the sources and uses of cash to support the core mission of the University. The primary sources of cash supporting the core mission of the University in FY17 were tuition and fees - \$179.1 million, auxiliary enterprise revenues - \$95.1 million, state appropriations - \$76.5 million, and research grants and contracts - \$45.4 million and gifts - 39.4.

The primary uses of operating cash in FY17 were payments to employees - \$251.0 million representing salaries, wages and fringe benefits and payments to suppliers of goods and services - \$116.2 million.

Cash flow from capital financing activities reflects the activities associated with the acquisition and construction of capital assets including related debt payments. The primary sources of cash in FY17 were capital appropriations - \$31.8 million, capital grants and contributions - \$13.9 million. The primary uses of cash were for capital expenditures - \$54.5 million and debt payments - \$22.3 million.

The change in cash flows from investing activities is due to investment income and purchase and sale of investments.

Capital Asset and Debt Administration

The College of William & Mary

The following list provides highlights of capital projects completed, in progress, or in design during FY17.

- ***Projects Completed in FY17*** – Seven projects were placed into service in FY17. Tyler Hall was returned to service following comprehensive renovation, construction was completed on Integrated Science Center Phase 3, and construction was completed on significant additions to the Law School, Zable Stadium, the School of Business - Entrepreneurship Center, Student Recreation Center restrooms, and the Kaplan Arena Ticket Booth. These projects will be closed out as soon as warranty inspections are completed.
- ***Projects in Progress*** – Including the seven projects above, there are 31 projects currently in progress, with seven in design, three in construction, and 21 in the process of being closed out.

Projects in Design – A brief description of each project in design at the end of the fiscal year is provided below:

- ***The Lake Matoaka Dam Spillway Improvement*** project addresses Virginia dam safety regulations, which require that high risk dams have the capacity to pass off 90% of the flow created by probable maximum precipitation. The capacity will be created by hardening the downstream face of the dam using roller compacted concrete to allow passage of flow by overtopping without damage to the earthen embankment.
- ***The West Utility Plant*** project will create a new regional utility plant that will reduce the load on the existing Swem Plant and create sufficient chilled water/hot water capability to support the west side of South Campus, including a new Fine and Performing Arts Complex as part of W&M's Campus Master Plan.
- ***The Alumni House expansion project*** will construct a significant addition to the existing Bright House and 1990's addition, enabling Advancement to significantly improve support to W&M alums.
- The ***One Tribe Place stabilization project*** will preserve the 1984 addition for future renovation or repurposing of this portion of the residence hall.
- ***The Fine and Performing Arts project*** will expand and renovate Phi Beta Kappa Hall (PBK), construct a new music building, and improve pedestrian and vehicular circulation in the immediate vicinity. PBK will house Theater, Dance, and Speech and feature a 100-seat student laboratory, a 250-seat studio (black box) theater and a 500-seat renovated main theater. The music building will feature a 125-seat recital hall and a 450-seat recital hall. Both facilities will be uniquely suited to the instructional and acoustic needs of the supported programs.
- Design has been completed on an accessibility project that will install a ramp, elevator and accessible restrooms in ***Adair Hall*** and improve pathways on campus. Construction will commence in early FY18.

- Design has been completed on the ***stormwater improvement project*** and construction will commence in early FY18.

Construction - A brief description of each project in construction at the end of the fiscal year is provided below:

- ***The Integrative Wellness Center project*** will co-locate all campus physical and mental health resources (Health Center, Counseling Center, Center for Mindfulness and Authentic Excellence (CMAX) and selected recreational activities which promote relaxation (e.g., yoga, massage, etc.) The synergy of these activities is intended to stress prevention via intervention and to create an environment which promotes relaxation and healing.
- The renovation of ***Landrum Hall*** will bring over 200 beds up to current standards with all new rooms and restrooms, lounge and collaboration spaces, and support spaces.
- Upgrade of the ***Recreation Services swimming pool*** will improve water and air quality in the space and improve safety and comfort for swimmers, coaches, and visitors.

Looking ahead, W&M will shift its focus to design of the Integrated Science Complex (Phase 4), design of a significant addition to the Sadler Center, and design of an expanded Muscarelle Museum Briggs Center expansion project. The Residence Hall recapitalization program will continue with replacement or renovation of the Green and Gold Village facilities.

Virginia Institute of Marine Science (VIMS)

The following list provides highlights of property acquisitions completed in FY17 as well as capital projects in progress or in design during FY17.

- ***Property Acquisition Completed in FY17*** - VIMS has authority from the Commonwealth of Virginia to purchase property adjacent to its Gloucester Point and Wachapreague campuses as well as to acquire property for the Virginia Estuarine & Coastal Research Reserve as privately-owned properties become available.
 - In December 2016, VIMS procured two parcels of land for its Wachapreague campus. No properties were acquired during this fiscal year for the Gloucester Point campus or for the Virginia Estuarine & Coastal Research Reserve.
- ***Projects in Progress.*** VIMS did not complete any capital projects in FY17, but had several projects either in design or under construction.

Projects in Design

- The Mechanical Systems and Repair Building Envelope of ***Chesapeake Bay Hall project*** involves the replacement of the heating and ventilation systems and repair of the exterior envelope of Chesapeake Bay Hall. The construction manager was selected in FY17 and the project is currently in schematic design. The final project completion date is planned for FY20.
- The ***Facilities Management Building project*** will provide a new 15,000 square-foot modern building to relocate and house Facilities Management administrative offices, maintenance trades shops, automotive and equipment repair garage, grounds keeping, housekeeping, and central

shipping and receiving units. Construction is expected to begin in FY18 with a final completion date anticipated for October 2018.

Construction

- VIMS contracted with a ship builder to construct a ***Research Vessel*** (to be named the R/V Virginia), which will replace the existing and outdated R/V Bay. The vessel's hull steel was nested, prepped and ready for welding by June 30, 2017. The vessel is expected to be completed by August 2018.
- The ***Consolidated Scientific Research Facility project*** will construct a new 32,000 square-foot building to provide research, study, office and technology space for the departments of Information Technology, Marine Advisory Services, Virginia Sea Grant, Center for Coastal Resources Management, and the Communications Center. The building foundation, steel structure, concrete floor slabs, and exterior sheathing were completed as of June 30, 2017. The mechanical, electrical, and plumbing contractors completed 50% of the interior utility installation. The exterior skin barrier was approximately 80% complete by the end of the fiscal year and roofing installation and masonry crews were 40% complete. The final project is expected to be complete in late FY18.

Future projects for VIMS will include replacing the Eastern Shore Laboratory Complex and the Oyster Research Hatchery. Once completed, both projects will provide new state-of-the-art facilities in marine research.

Richard Bland College

The following list provides highlights of capital projects completed, in progress, or in design during FY17.

- ***Projects Completed in FY17*** – As part of a broader State authorization for maintenance projects, RBC completed the construction of a Consolidated Storage Building in FY17. The building, located on the west side of Johnson Road, will serve as a storage facility for facilities personnel, keeping tools and supplies closer to the heart of activity on campus and improving efficiency.

Construction

- The renovation of the former Humanities and Social Sciences into residential space was approved by the General Assembly in 2016 and funded by 9C bonds issued in FY17. This project aligns with RBC's strategic plan and will expand the residential population for RBC, providing a stronger student experience in preparation of successful transfer to a four-year institution and achievement of a bachelor's degree. The project is currently under construction and once complete will provide an additional 75 beds to the campus, bringing the residential population up to 475 students. The rooms are traditional residential space, with one to three beds per room and shared bathroom suites.

Debt Activity

The University's long-term debt is comprised of bonds payable, notes payable, capital lease payable and installment purchases. The bonds payable are Section 9(c) bonds which are general obligation bonds issued and backed by the Commonwealth of Virginia on behalf of the University. These bonds are used to finance capital projects which will produce revenue to repay the debt. The University's notes payable consists of Section 9(d) bonds, which are issued by the Virginia College Building Authority's (VCBA) Pooled Bond Program. These bonds are backed by pledges against the University's general revenues. As of June 30, 2017 the University has outstanding balances for Section 9(c) bonds and Section 9(d) bonds of \$70.7 million and \$149.6 million respectively.

The outstanding balance of 9(c) bonds can be summarized in five major categories as follows excluding unamortized premiums/discounts: (1) Renovation of Dormitories - \$32.3 million, (2) Commons Dining Hall - \$5.4 million, (3) Other housing / residence - \$4.1 million and (4) New Dormitory - \$20.5 million. The majority of the 9(d) balance at June 30, 2017 is related to: One Tribe Place - \$20.7 million, the Miller Hall School of Business - \$15.1 million, the Barksdale dormitories - \$14.7 million, Cooling Plant - \$17.6 million, Integrated Science Center - \$12.6 million, the Parking Deck - \$6.5 million, Recreation Sports Center - \$5.7 million, Marshall-Wythe Law School Library - \$9.3 million, Expansion of the Sadler Center - \$7.1 million, Integrative Wellness Center - \$9.3, Athletic related projects – \$8.0 million and various other projects – \$7.4 million.

Economic Outlook

Our strong economic health continues to reflect W&M's ability to recruit students, its status as a public institution within the Commonwealth of Virginia's higher education system, our ability to raise revenue through tuition and fees, grants and contracts and private funds, and our ability to reallocate funds to support the University's highest priorities.

W&M continues to recruit, admit and retain top-caliber students even as we compete against the most selective public and private institutions in the country. Freshman applications to the University continue to be strong, with 14,921 students seeking admission for fall 2017. With an incoming class size of 1,534 students, W&M has almost 9.7 applicants for every student enrolled. Given its robust applicant pool, the credentials of admitted students remain strong, reflecting William & Mary's highly selective nature. These statistics, coupled with the University's academic reputation, suggest a strong continuing student demand for the future. Similarly, the Virginia Institute of Marine Science (VIMS) continues to see significant success in its academic, research and advisory programs, particularly in high profile areas such as coastal flooding, sea-level rise, and water quality. Richard Bland College (RBC) continues its growth trajectory as well, with steady increases in both headcount and full-time equivalent enrollments. In terms of student mix, RBC has successfully increased its efforts to draw students from outside of the area, with 42% of its students coming from outside the tri-cities region. RBC has formed a partnership with Navitas, a leader in global higher education, to increase their international population on campus by 100 students over the next two years. These continued efforts at growing both the RBC population, and increasing retention and graduation rates, speak to the focused effort by RBC administration on achieving its aspirational goal of 100% student success.

State support for operations is a function of general economic conditions and the priority assigned to higher education among competing demands for Commonwealth resources. After ending FY16 with a revenue shortfall, the Commonwealth announced budget reductions for all public colleges and universities as well as most state agencies. The actions resulted in both one-time reductions for W&M in FY17 and FY18, as well as base operating reductions in FY18 totaling approximately \$2.2 million in state support at W&M. Despite those reductions, growth from other revenue sources remained strong in FY17 largely mitigating the impact to the University overall. In addition, the Commonwealth ended FY17 with a surplus alleviating concerns that additional reductions might extend into future fiscal years. However, given historical fluctuations in state support and competing demands, the University continues to exercise caution in budget commitments that assume State funding support.

The rebound in endowment value began in FY10 and continued through FY17, after a slight decline in FY16. As of June 30, 2017, the market value of W&M's Endowment was \$874.1 million compared to \$803.7 million in FY16 – a year over year increase of 8.75%. Growth in FY17 included both investment returns net of fees, new gifts and receivables, market changes in externally managed accounts, changes in property holdings and spending withdrawals. The Board of Visitors' endowment recognized a 13.0% one-year investment return as of June 30, 2017 with the William and Mary Investment Trust recognizing a 12.1% return. Together, these remain the largest of the investment portfolios and both remain highly diversified across asset classes.

Relative to private fund raising, William & Mary continued its success in FY17 raising over \$134 million in gifts and commitments and exceeding over \$100 million in gifts and commitments for each of the last five years. Gifts raised in FY17 are part of an eight-year, \$1 billion fundraising campaign that was launched in FY13. As of June 30, 2017, W&M has raised \$712.2 million. We fully anticipate meeting the campaign goal, with more than 45,000 total donors, including over 19,250 undergraduate alumni donors. At those levels, our undergraduate alumni donor giving rate is 29.9% -- the highest percentage of alumni giving of any public college or University in the country.

In addition to operating dollars, investments in our academic facilities and infrastructure remain strong. We saw significant improvements to our facilities with the completion of the Integrated Science Center, Phase 3 and the renovation of Tyler Hall. With significant support from the Commonwealth for additional construction and renovation, we have begun planning for a series of new projects that will provide state-of-the-art educational and performance facilities for our music, theater and dance programs, as well as expansions to our student health, residential, and recreational programs on the Williamsburg campus. Projects currently underway to construct a new research vessel, a new research facility and a new facilities management building will greatly enhance VIMS research and administrative capacities.

Consolidated Financial Statements

**The College of William and Mary in Virginia, Virginia Institute of Marine Science
and Richard Bland College - Consolidated Report
Statement of Net Position
As of June 30, 2017**

	ASSETS	University	Component Units
Current assets:			
Cash and cash equivalents (Note 3)	\$ 25,345,077	\$ 26,845,503	
Investments (Note 3)	24,743,463	15,275,231	
Appropriation available	319,161	-	
Receivables, net of allowance for doubtful accounts (Note 5)	14,153,153	6,923,778	
Due from commonwealth	3,177,352		
Inventories	466,268	7,600	
Pledges receivable	-	9,784,989	
Prepaid expenses	3,383,245	725,993	
Other assets	131,702	189,915	
Total current assets	71,719,421	59,753,009	
Non-current assets:			
Restricted cash and cash equivalents (Note 3)	32,838,378	10,002,479	
Restricted investments (Note 3)	91,733,748	385,723,074	
Investments (Note 3)	20,100,175	267,568,047	
Receivables	-	21,403,338	
Notes receivable, net of allowance for doubtful accounts (Note 5)	2,689,079	-	
Pledges receivable	-	26,829,748	
Capital assets, nondepreciable (Note 6)	121,792,493	19,684,763	
Capital assets, depreciable net of accumulated depreciation of \$432,541,331 (Note 6)	735,013,898	15,478,346	
Other assets	-	2,601,734	
Other restricted assets	-	157,972,882	
Total non-current assets	1,004,167,771	907,264,411	
Total assets	1,075,887,192	967,017,420	
Deferred outflows of resources			
Pension related	25,860,334		
Loss on refunding of debt	5,268,943		
Total deferred outflows of resources	31,129,277		
Total assets and deferred outflows of resources	1,107,016,469		
	LIABILITIES		
Current liabilities:			
Accounts payable and accrued expenses (Note 7)	43,767,980	2,081,615	
Unearned revenue	15,049,469	698,768	
Deposits held in custody for others	939,789	302,062	
Advance from the Treasurer of Virginia (Note 18)	4,246,592		
Obligations under securities lending program	-		
Long-term liabilities-current portion (Note 9)	26,009,692	1,580,738	
Short term debt	-		
Other liabilities	441,295	49,669	
Total current liabilities	90,454,817	4,712,852	
Long-term liabilities-non-current portion (Note 9)	363,939,801	61,125,054	
Total liabilities	454,394,618	65,837,906	
Deferred inflows of resources			
Pension related	3,885,000		
Gain on refunding of debt	670,279		
Total deferred inflows of resources	4,555,279		
Total liabilities and deferred inflows of resources	458,949,897		
	NET POSITION		
Net investment in capital assets	627,232,631	14,838,465	
Restricted for:			
Nonexpendable:			
Scholarships and fellowships	10,207,511	131,248,904	
Research	-	15,743,302	
Loans	-	24,230	
Departmental uses	46,154,485	159,130,741	
Other	-	208,821,976	
Expendable:			
Scholarships and fellowships	11,416,351	106,825,319	
Research	-	6,449,575	
Debt service	2,312,331	-	
Capital projects	6,332	13,324,414	
Loans	615,359	81,181	
Departmental uses	32,818,399	156,323,289	
Other	-	41,350,635	
Unrestricted	(82,696,827)	47,017,483	
Total net position	\$ 648,066,572	\$ 901,179,514	

The accompanying Notes to the Financial Statements are an integral part of this statement.

**The College of William and Mary in Virginia, Virginia Institute of Marine Science
and Richard Bland College - Consolidated Report
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2017**

	University	Component Units
Operating revenues:		
Student tuition and fees, net of scholarship allowances of \$35,823,448	\$ 183,722,612	\$ -
Gifts and contributions	-	38,616,490
Federal grants and contracts	35,883,252	-
State grants and contracts	3,535,522	-
Local grants and contracts	275,759	-
Nongovernmental grants and contracts	6,540,615	-
Auxiliary enterprises, net of scholarship allowances of \$16,205,561	93,751,701	-
Other	6,086,350	13,613,602
Total operating revenues	329,795,811	52,230,092
Operating expenses: (Note 11)		
Instruction	126,631,958	3,386,125
Research	54,704,041	632,524
Public service	32,481	694,868
Academic support	37,071,608	4,600,663
Student services	16,557,309	748,952
Institutional support	46,099,179	11,187,786
Operation and maintenance of plant	26,411,278	1,487,059
Student aid	32,661,886	1,569,658
Auxiliary enterprises	84,582,694	7,121,849
Depreciation	32,254,322	858,377
Other	428,627	30,717,988
Total operating expenses	457,435,383	63,005,849
Operating loss	(127,639,572)	(10,775,757)
Non-operating revenues/(expenses):		
State appropriations (Note 12)	76,479,905	-
Gifts	39,431,724	-
Net investment revenue	10,030,146	67,414,648
Pell grant revenue	5,558,419	-
Interest on capital asset related debt	(6,215,737)	(251,338)
Other non-operating revenue	2,819,314	4,269,076
Other non-operating expense	(6,154,328)	(248,568)
Net non-operating revenues	121,949,443	71,183,818
Income/(loss) before other revenues, expenses, gains or losses	(5,690,129)	60,408,061
Capital appropriations	28,540,554	-
Capital grants and contributions	14,272,718	6,304,947
Loss on disposal of assets	(1,098,549)	-
Additions to permanent endowments	-	17,290,712
Net other revenues, expenses, gains or losses	41,714,723	23,595,659
Increase/(Decrease) in net position	36,024,594	84,003,720
Net position - beginning of year, restated (Note 2)	612,041,978	817,175,794
Net position - end of year	\$ 648,066,572	\$ 901,179,514

The accompanying Notes to the Financial Statements are an integral part of this statement.

**The College of William and Mary in Virginia, Virginia Institute of Marine Science
and Richard Bland College - Consolidated Report
Statement of Cash Flows
For the Year Ended June 30, 2017**

Cash flows from operating activities:	
Tuition and fees	\$ 179,117,313
Scholarships	(33,573,930)
Research grants and contracts	45,376,340
Auxiliary enterprise charges	95,091,433
Payments to suppliers	(116,154,156)
Payments to employees	(251,002,881)
Payments for operation and maintenance of facilities	(11,861,110)
Loans issued to students and employees	(545,954)
Collection of loans to students and employees	448,414
Other receipts	5,750,964
Other payments	(446,245)
	<hr/>
Net cash used by operating activities	(87,799,812)
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Cash flows from noncapital financing activities:	
State appropriations	76,479,905
Gifts	39,431,724
Agency receipts	1,630,608
Agency payments	(2,284,825)
Direct Loan receipts	47,490,969
Direct Loan disbursements	(47,490,969)
Other non-operating receipts	4,479,836
Other non-operating disbursements	(3,545,587)
	<hr/>
Net cash provided by noncapital financing activities	116,191,661
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Cash flows from capital financing activities:	
Proceeds from issuance of capital debt	2,689,326
Capital appropriations	31,767,767
Capital grants and contributions	13,913,581
Advance from the Treasurer of Virginia	4,246,592
Payment to the Treasurer of Virginia	(2,004,876)
Insurance payments	393,774
Capital expenditures	(54,545,653)
Principal paid on capital-related debt	(14,301,060)
Interest paid on capital-related debt	(8,025,553)
Proceeds from sale of capital assets	272,616
	<hr/>
Net cash used by capital and related financing activities	(25,593,486)
	<hr/>
Cash flows from investing activities:	
Investment income	1,043,310
Investment expense	(155,321)
Proceeds from sale of investments	134,466,135
Purchase of investments	(138,637,200)
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Net cash provided by investing activities	(3,283,076)
	<hr/>
Net increase/(decrease) in cash	(484,713)
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Cash-beginning of year	58,668,168
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Cash-end of year	\$ 58,183,455
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**The College of William and Mary in Virginia
and Richard Bland College - Consolidated Report
Statement of Cash Flows
For the Year Ended June 30, 2017**

Reconciliation of Cash-end of year-Cash Flow Statement, to Cash and Cash Equivalents-Statement of Net Position :

Statement of Net Position	
Cash and cash equivalents	\$ 25,345,077
Restricted cash and cash equivalents	<u>32,838,378</u>
Net cash and cash equivalents	<u><u>\$ 58,183,455</u></u>
Reconciliation of net operating expenses to net cash used by operating activities:	
Net operating loss	\$ (127,639,572)
Adjustments to reconcile net operating expenses to cash used by operating activities:	
Depreciation expense	32,254,322
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
Receivables-net	846,260
Inventories	102,426
Prepaid expense	(2,328,447)
Accounts payable	4,882,668
Unearned revenue	484,050
Deposit held for others	260
Compensated absences	446,696
Pension liability	12,705,000
Deferred outflows of resources related to pension obligations	(8,180,984)
Deferred inflows of resources related to pension obligations	(4,754,000)
Software licenses liability	216,127
VRS Special Revenue Allocation	3,183,000
Other liability	<u>(17,618)</u>
Net cash used in operating activities	<u><u>\$ (87,799,812)</u></u>

**NONCASH INVESTING, NONCAPITAL FINANCING, AND CAPITAL
AND RELATED FINANCING TRANSACTIONS**

Amortization of a deferred loss	\$ 596,515
Donated capital assets	\$ 359,137
Reduction/amortization of bond premium	\$ 2,436,777
Net accumulated change in fair value of investments	\$ 6,649,848

The accompanying Notes to Financial Statements are an integral part of this statement.

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**Notes to
Financial Statements
Year Ended June 30, 2017**

The College of William and Mary in Virginia, Virginia Institute of Marine Science and Richard Bland College - Consolidated Report

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The consolidated financial statements of the College of William and Mary includes the financial statements of the College of William and Mary in Virginia (William and Mary or W&M) located in Williamsburg, Virginia, its York River campus at the Virginia Institute of Marine Science (VIMS) and Richard Bland College (RBC), collectively referred to as “the University”. All three entities are recognized as distinct state agencies within the Commonwealth of Virginia’s statewide system of public higher education with a shared governing board appointed by the Governor of Virginia. In this capacity, the University’s Board of Visitors is responsible for overseeing governance of all three entities. The University is a component unit of the Commonwealth of Virginia and is included in the general purpose financial statements of the Commonwealth.

The accompanying financial statements present all funds for which the University’s Board of Visitors is financially accountable. Related foundations and similar non-profit corporations for which the University is not financially accountable are also a part of the accompanying financial statements under Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*. These entities are legally separate and tax exempt organizations formed to promote the achievements and further the aims and purposes of the University. These component units are described in Note 13.

The University has nine component units as defined by GASB Statement 61 – the College of William and Mary Foundation, the Marshall-Wythe School of Law Foundation, the Alumni Association, the Athletic Educational Foundation, the School of Business Foundation, the Virginia Institute of Marine Science Foundation, the Richard Bland College Foundation, the Real Estate Foundation and the Intellectual Property Foundation. These organizations are separately incorporated tax-exempt entities and have been formed to promote the achievements and further the aims and purposes of the University. The Foundations are private, non-profit organizations, and as such the financial statement presentation follows the recommendation of accounting literature related to non-profits. As a result, reclassifications have been made to convert the Foundation’s financial information to GASB format.

Although the University does not control the timing or amount of receipts from the Foundations, the majority of resources or income which the Foundations hold and invest are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundations can only be used by or for the benefit of the University, the Foundations are considered component units of the University and are discretely presented in the financial statements with the exception of the Intellectual Property Foundation. The Intellectual Property Foundation is presented blended in the University column because the University has a voting majority of the governing board of the Foundation.

The College of William and Mary Foundation is a private, not-for-profit corporation organized under the laws of the Commonwealth of Virginia to “aid, strengthen, and expand in every proper and useful way” the work of William and Mary. For additional information on the College of William and Mary Foundation, contact the Foundation at Post Office Box 8795, Williamsburg, Virginia 23187.

The Marshall-Wythe School of Law Foundation is a non-stock, not-for-profit corporation organized under the laws of the Commonwealth of Virginia, established for the purpose of soliciting and receiving gifts to support the W&M School of Law. The Foundation supports the Law School through the funding of scholarships and fellowships, instruction and research activities, and academic support. For additional information on the Marshall-Wythe School of Law Foundation, contact the Foundation Office at Post Office Box 8795, Williamsburg, Virginia 23187.

The William and Mary Alumni Association is a private, not-for-profit corporation organized under the laws of the Commonwealth of Virginia which provides aid to W&M in its work, and promotes and strengthens the bonds of interest between and among William and Mary and its alumni. For additional information on the Alumni Association, contact the Alumni Association Office at Post Office Box 2100, Williamsburg, Virginia 23187-2100.

The William and Mary Athletic Educational Foundation is a not-for-profit corporation organized under the laws of the Commonwealth of Virginia. The purpose of the Foundation is to promote, foster, encourage and further education, in all enterprises of all kinds at William and Mary, but it principally supports W&M's Athletic Department. For additional information on the Athletic Educational Foundation, contact the Foundation Office at 751 Ukrop Drive, Williamsburg, Virginia 23187.

The William and Mary Business School Foundation is a non-stock, not-for-profit corporation organized under the laws of the Commonwealth of Virginia. The purpose of the Business School Foundation is to solicit and receive gifts to endow the W&M School of Business Administration and to support the School through the operations of the Foundation. For additional information on the William and Mary Business School Foundation, contact the Foundation Office at Post Office Box 2220, Williamsburg, Virginia, 23187.

The Virginia Institute of Marine Science Foundation is a not-for-profit corporation organized under the laws of the Commonwealth of Virginia. The purpose of the Foundation is to support the Virginia Institute of Marine Science primarily through contributions from the public. For additional information on the Virginia Institute of Marine Science Foundation, contact the Foundation Office at Post Office Box 1346, Gloucester Point, Virginia, 23062.

The Richard Bland College Foundation is a private, not-for-profit corporation organized under the laws of the Commonwealth of Virginia which provides scholarships, financial aid, and books to RBC's students, along with support for faculty development and cultural activities. For additional information on the Richard Bland College Foundation, contact the Foundation Office at 11301 Johnson Road, South Prince George, Virginia 23805.

The William and Mary Real Estate Foundation is a nonprofit organization incorporated under the laws of the Commonwealth of Virginia in September 2006. Its purpose is to acquire, hold, manage, sell, lease and participate in the development of real properties in support of the educational goals of William and Mary and VIMS. For additional information on the William and Mary Real Estate Foundation, contact the Foundation Office at Post Office Box 8795, Williamsburg, Virginia, 23187-8795.

The Intellectual Property Foundation is a nonprofit organization incorporated under the laws of the Commonwealth of Virginia in September 2007. Its purpose is to handle all aspects of the intellectual property of William and Mary in support of the educational goals of the University. The Intellectual Property Foundation is presented blended with the University because the University has a voting majority of the board. For additional information on the William and Mary Intellectual Property Foundation, contact the Foundation Office at Post Office Box 8795, Williamsburg, Virginia, 23187-8795.

The Omohundro Institute of Early American History and Culture (OIEAHC), sponsored by William and Mary, is a separate non-profit entity organized exclusively for educational purposes. Its Executive Board determines matters of policy and has responsibility for financial and general management as well as resource development. The Executive Board consists of up to six members, including the chief academic officer of the University as an ex officio member. Given university representation on the board, the support to the Institute is blended in the University column on the financial statements. For FY17, the university contributed \$905,912 to the Institute through direct payment of expenses.

The following summarizes the unaudited financial position of the OIEAHC at June 30, 2017:

Assets	<u>\$ 17,595,601</u>
Liabilities	26,193
Net Assets	<u>17,569,408</u>
Liabilities and Net Assets	<u>\$ 17,595,601</u>

The total unaudited receipts and disbursements of the OIEAHC were \$3,242,656 and \$2,107,527 respectively, for the year ended June 30, 2017. Separate financial statements for the OIEAHC may be obtained by writing the Treasurer, Omohundro Institute of Early American History and Culture, P.O. Box 8781, Williamsburg, Virginia 23187-8781.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), including all applicable GASB pronouncements. Pursuant to the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and Statement No. 35, *Basic Financial Statements - and Management’s Discussion and Analysis - for Public Colleges and Universities*. The University follows accounting and reporting standards for reporting as a special-purpose government engaged in business-type activities and accordingly, is reported within a single column in the basic financial statements.

Basis of Accounting

The financial statements of the University have been prepared using the economic resources measurement focus and the accrual basis of accounting, including depreciation expense related to capitalized fixed assets. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Bond premiums and discounts are deferred and amortized over the life of the debt. All significant intra-agency transactions have been eliminated.

Cash and Cash Equivalents

In accordance with the GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, definition, cash and cash equivalents consist of cash on hand, money market funds, and temporary highly liquid investments with an original maturity of three months or less.

Investments

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, requires that purchased investments, interest-bearing temporary investments classified with cash, and investments received as gifts be recorded at fair value, and reported in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. (See Note 3.) Realized and unrealized gains and losses are reported in investment income as non-operating revenue in the Statement of Revenues, Expenses, and Changes in Net Position.

Receivables

Receivables consist of tuition and fee charges to students and auxiliary enterprises’ sales and services. Receivables also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to grants and contracts. Receivables are recorded net of estimated uncollectible amounts.

Inventories

Inventories at the Williamsburg and York River (Virginia Institute of Marine Science) campuses are reported using the consumption method, and valued at average cost. RBC does not report any inventory.

Prepaid Expenses

As of June 30, 2017, the University's prepaid expenses included items such as insurance premiums, membership dues, conference registrations and publication subscriptions for FY18 that were paid in advance.

Capital Assets

Capital assets are recorded at historical cost at the date of acquisition or acquisition value at the date of donation in the case of gifts. Construction expenses for capital assets and improvements are capitalized when expended. The University's capitalization policy on equipment includes all items with an estimated useful life of two years or more. All three campuses capitalize all items with a unit price greater than or equal to \$5,000. The Williamsburg and York River campuses capitalize buildings and improvements other than buildings with a cost greater than or equal to \$100,000. Library materials for the academic or research libraries are capitalized as a collection and are valued at cost. The Williamsburg and York River campuses capitalize intangible assets with a cost greater than or equal to \$50,000 except for internally generated computer software which is capitalized at a cost of \$100,000 or greater. Richard Bland College capitalizes intangible assets with a cost greater than or equal to \$20,000.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets as follows:

Buildings	40-50 years
Infrastructure	10-50 years
Equipment	2-30 years
Library Books	10 years
Intangible Assets – computer software	3-20 years

Collections of works of art and historical treasures are capitalized at cost or fair value at the date of donation. These collections, which include rare books, are considered inexhaustible and therefore are not depreciated.

Deferred Outflows of Resources

Deferred outflows of resources are defined as the consumption of net assets applicable to a future reporting period. The deferred outflows of resources have a positive effect on net position similar to assets.

Unearned Revenue

Unearned revenue represents revenue collected but not earned as of June 30, 2017. This is primarily comprised of revenue for student tuition and fees paid in advance of the semester, amounts received from grant and contract sponsors that have not yet been earned and advance ticket sales for athletic events.

Compensated Absences

Employees' compensated absences are accrued when earned. The liability and expense incurred are recorded at year-end as accrued compensated absences in the Statement of Net Position, and as a component of compensation and benefit expense in the Statement of Revenues, Expenses, and Changes in Net Position. The applicable share of employer related taxes payable on the eventual termination payments is also included.

Noncurrent Liabilities

Noncurrent liabilities include principal amounts of bonds payable, notes payable, capital lease payable and installment purchase agreements with contractual maturities greater than one year as well as estimated amounts for accrued compensated absences that will not be paid within the next fiscal year. Also included is pension liability for defined benefit plans administered through the Virginia Retirement System.

Pensions

The Virginia Retirement System (VRS) State Employee Retirement Plan and the Virginia Law Officers' System (VaLORS) Retirement Plan are single employer pension plans that are treated like cost-sharing plans. For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflow of resources related to pensions, pension expense, information about the fiduciary net position of the VRS State Employee Retirement Plan and the VaLORS Retirement Plan, as well as the additions to/deductions from the VRS State Retirement Plan's and the VaLORS Retirements Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources

Deferred inflows of resources are defined as the acquisition of net assets applicable to a future reporting period. The deferred inflows of resources have a negative effect on net position similar to liabilities.

Net Position

The University's net position is classified as follows:

Net Investment in Capital Assets – consists of total investment in capital assets, net of accumulated depreciation and outstanding debt obligations.

Restricted Net Position – Nonexpendable – includes endowments and similar type assets whose use is limited by donors or other outside sources and as a condition of the gift, the principal is to be maintained in perpetuity.

Restricted Net Position – Expendable – represents funds that have been received for specific purposes and the University is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external parties.

Unrestricted Net Position – represents resources derived from student tuition and fees, state appropriations, unrestricted gifts, interest income, and sales and services of educational departments and auxiliary enterprises. When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense toward restricted resources, and then toward unrestricted.

Scholarship Allowances

Student tuition and fee revenues and certain other revenues from charges to students are reported net of scholarship allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship allowances are the difference between the actual charge for goods and services provided by the University and the amount that is paid by students and/or third parties on the students' behalf. Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). The alternative method is a simple calculation that computes scholarship discounts and allowances on a college-wide basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid. Student financial assistance grants and other Federal, State or nongovernmental programs are recorded as either operating or non-operating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. To the extent that revenues from these programs are used to satisfy

tuition, fees, and other charges, the University has recorded a scholarship allowance.

Federal Financial Assistance Programs

The University participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants (SEOG), Federal Work Study, Perkins Loans, and Direct Loans, which includes Stafford Loans, Parent Loans for Undergraduate Students (PLUS) and Graduate PLUS Loans. Federal programs are audited in accordance with 2 CFR 200, subpart F.

Classification of Revenues and Expenses

The University presents its revenues and expenses as operating or non-operating based on the following criteria:

Operating revenues - includes activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises, (3) most Federal, State and Local grants and contracts and (4) interest on student loans.

Non-operating revenues - includes activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, and GASB Statement No. 34, such as State appropriations and investment income.

Operating and Non-operating expenses - includes interest on debt related to the purchase of capital assets and losses on the disposal of capital assets. All other expenses are classified as operating expenses.

2. RESTATEMENT OF NET POSITION

Net position as previously reported June 30, 2016	\$ 612,523,478
Richard Bland College Adjust Due from VCBA receivable	<u>(481,500)</u>
Net position at July 1, 2017	<u>\$ 612,041,978</u>

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

Pursuant to Section 2.2-1800, et. seq., Code of Virginia, all state funds of the University are maintained by the Treasurer of Virginia, who is responsible for the collection, disbursement, custody and investment of State funds. Cash held by the University is maintained in accounts that are collateralized in accordance with the Virginia Securities for Public Deposits Act, Section 2.2-4400, et. seq. Code of Virginia. The Virginia Security for Public Deposits Act eliminates any custodial credit risk for the University.

Investments

The investment policy of the University is established by the Board of Visitors and monitored by the Board's Financial Affairs Committee. In accordance with the Board of Visitors' Resolution 6(R), November 16, 2001, Resolution 12(R) November 21-22, 2002, and as updated by the Board in April 2015 investments can be made in the following instruments: cash, U.S. Treasury and Federal agency obligations, commercial bank certificates of deposit, commercial paper, bankers' acceptances, corporate notes and debentures, money market funds, mutual funds, convertible securities and equities.

Credit Risk

The risk that an issuer or other counterparty to an investment will not fulfill its obligations. GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires the disclosure of the credit quality rating on any investments subject to credit risk.

Concentration of Credit Risk

Concentration of credit risk requires the disclosure by amount and issuer of any investments in any one issuer that represents five percent or more of total investments. Investments explicitly guaranteed by the U.S. government and investments in mutual funds or external investment pools and other pooled investments are excluded from this requirement. The University's investment policy does not limit the amount invested in U.S. Government or Agency Securities. As of June 30, 2017, none of the investments in stocks or bonds represents five percent or more of the total investments; therefore, the College did not have concentration of credit risk.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in the possession of the outside party. All investments are registered and held in the name of the University and therefore, the University does not have this risk.

Interest Rate Risk

The interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University limits its exposure to interest rate risk by limiting its maximum maturity lengths of investments and structuring its portfolio to maintain adequate liquidity to ensure the University's ability to meet its operating requirements.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The University had no investments in foreign currency but had foreign deposits in the amount of \$625,280 as of June 30, 2017.

Fair Value Measurement

Certain assets and liabilities of the University are reflected in the accompanying financial statements at fair value. The University follows the provisions in GASB Statement 72, *Fair Value Measurement and Application*. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). GASB 72 establishes a fair value hierarchy and specifies that the valuation techniques used to measure fair value shall maximize the use of observable inputs and minimize the use of unobservable inputs. Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under GASB 72 are described below:

Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities that the University has the ability to access at the measurement date;

Level 2—Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, or inputs other than quoted prices that are observable (directly or indirectly) for the asset or liability; and

Level 3—Prices, inputs or sophisticated modeling techniques, which are both significant to the fair value measurement and unobservable (supported by little or no market activity).

As required by GASB 72, assets and liabilities are classified within the level of the lowest significant input considered in determining fair value.

GASB 72 permits a governmental unit to establish the fair value of investments in non-governmental entities that do not have a readily determinable fair value by using the Net Asset Value (“NAV”) per share (or its equivalent), such as member units or an ownership interest in partners’ capital. The University uses the NAV or its equivalent as provided by the investment funds to value its investments in certain limited partnerships. Investments valued using the NAV or its equivalent are not categorized within the fair value hierarchy, and are presented in the table below.

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The following table presents investments as of June 30, 2017:

Investments Measured at Fair Value

	<u>6/30/2017</u>	<u>Level 1</u>	<u>Level 2</u>
Investments by Fair Value Level			
Debt Securities			
Corporate Bonds	\$ 27,886,676	\$ -	\$ 27,886,676
Commercial Paper	5,391,394	-	5,391,394
Agency Unsecured Bonds and Notes	15,404,089	-	15,404,089
Agency Mortgage Backed Securities	11,711,650	-	11,711,650
Mutual and Money Market Funds	51,454,119	51,454,119	-
Fixed Income and Comingled Funds	<u>94,729</u>	<u>94,729</u>	<u>-</u>
Total Debt Securities	<u>111,942,657</u>	<u>51,548,848</u>	<u>60,393,809</u>
Equity Securities			
Common and Preferred Stocks	12,322,837	12,322,837	-
Equity Index	5,219,781	5,219,781	-
Equity Index and Pooled Funds	29,912,329	29,912,329	-
Real Estate	<u>418,836</u>	<u>418,836</u>	<u>-</u>
Total Equity Securities	<u>47,873,783</u>	<u>47,873,783</u>	<u>-</u>
Total Investments by Fair Value level	<u>159,816,440</u>	<u>99,422,631</u>	<u>60,393,809</u>
Other - Rare Coin	280		
Investments measured at the Net Asset Value (NAV)			
Equity Hedge Long/Short	711,115		
Diversified Event Driven	1,264,210		
Commodities	153,621		
Managed Futures/Commodities	772,407		
Multi Strategy	2,071,389		
Relative Value	880,354		
Private Equity	487,656		
Funds in Liquidation	<u>42,942</u>		
Total Investments measured at the NAV	<u>6,383,694</u>		
Total Investments	<u>\$ 166,200,414</u>		

Securities traded on U.S. or foreign exchanges are valued at the last reported sales price or, if there are no sales, at the latest bid quotation. Mutual funds and exchange traded funds listed on U.S. or foreign exchanges are valued at the closing net asset value; mutual funds not traded on national exchanges are valued in good faith at the pro-rata interest in the net assets of these entities. Short-term government and agency bonds and notes are valued based on market driven observations and securities characteristics including ratings, coupons and redemptions. The values of limited partnerships are determined in good faith at the pro-rata interest in the net assets of these entities. Investments held by these entities are valued at prices which approximate fair value. The estimated fair value of certain investments in the underlying entities, which may include private placements and other securities for which values are not readily available, are determined in good faith by the investment advisors or third party administrators of the respective entities and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. These investments are valued using valuation techniques such as the market approach, income approach, and cost approach. The estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments, and these differences could be material.

The following table summarizes liquidity provisions related to the College's investments measured at Net Asset Value:

Investments Measured at NAV

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Equity Hedge Long/Short	\$ 711,115	\$ -	Quarterly	95 days
Diversified Event Driven	1,264,210	-	Quarterly	appropriate notice
Commodities	153,621	-	Monthly	35 days
Managed Futures/Commodities	772,407	-	Monthly	10-65 days
Multi Strategy	2,071,389	-	Quarterly	100 days
Relative Value	880,354	-	Semi-Annual	95 days
Private Equity	487,656	83,519	Illiquid	-
Funds in Liquidation	42,942	-	Illiquid	-
Total Investments measured at NAV	<u>\$ 6,383,694</u>	<u>\$ 83,519</u>		

Interest Rate Risk: Maturities

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Less than 1 year</u>	<u>1-5 years</u>
Agency unsecured bonds and notes:			
Federal Home Loan Bank	\$ 4,495,095	\$ 4,495,095	\$ -
Federal Home Loan Mortgage Corp	7,918,325	-	7,918,325
Federal National Mortgage Assn	2,990,669	-	2,990,669
Commercial Paper	3,393,544	3,393,544	-
Corporate Bonds	27,886,676	24,276,188	3,610,488
Fixed Income and Commingled Funds	94,729	94,729	-
Mutual and money market funds:			
Money market	28,238,148	28,238,148	-
Mutual funds - Investment Funds	23,215,971	23,215,971	-
Mutual funds - Wells Fargo	587,370	587,370	-
State non-arbitrage program	16,032,998	16,032,998	-
	<u>\$ 114,853,525</u>	<u>\$ 100,334,043</u>	<u>\$ 14,519,482</u>

Credit and Concentration of Credit Risks

	<u>Fair Value</u>	<u>Moody's Credit Rating</u>	<u>Unrated</u>
<u>Cash Equivalents</u>			
Certificate of deposit	\$ 120,075	\$ -	\$ 120,075
Money market	28,238,148	-	28,238,148
Commercial Paper	1,997,850	-	1,997,850
State non-arbitrage program - AAAM	<u>18,557,860</u>	<u>-</u>	<u>18,557,860</u>
Total cash equivalents	<u>48,913,933</u>	<u>-</u>	<u>48,913,933</u>
<u>Investments</u>			
Agency unsecured bonds and notes:			
Federal Home Loan Bank	\$ 4,495,095	\$ -	\$ 4,495,095
Federal Home Loan Mortgage Corp	7,918,324	-	7,918,324
Federal National Mortgage Assn	2,990,670	-	2,990,670
Commercial Paper	3,393,544	-	3,393,544
Corporate Bonds:			
Aa2	1,199,304	1,199,304	-
Aa3	1,801,362	1,801,362	-
A1	15,538,554	15,538,554	-
A2	5,222,711	5,222,711	-
A3	4,124,745	4,124,745	-
Fixed Income and Commingled Funds	94,729	-	94,729
Mutual funds:			
Investment Funds	23,215,971	-	23,215,971
Wells Fargo	<u>587,370</u>	<u>-</u>	<u>587,370</u>
Total investments	<u>70,582,379</u>	<u>\$27,886,676</u>	<u>\$42,695,703</u>
<u>Other Investments</u>			
Other	65,979,127		
Rare coins	280		
Property held as investment for endowments	<u>15,600</u>		
Total other investments	<u>65,995,007</u>		
Total cash equivalents and investments	<u>\$ 185,491,319</u>		

4. DONOR RESTRICTED ENDOWMENTS

Investments of the University's endowment funds are pooled and consist primarily of gifts and bequests, the use of which is restricted by donor imposed limitations. The Uniform Management of Institutional Funds Act, Code of Virginia Title 55, Chapter 15 sections 268.1-268.10, permits the spending policy adopted by the Board of Visitors to appropriate an amount of realized and unrealized endowment appreciation as the Board determines to be prudent. In determining the amount of appreciation to appropriate, the Board is required by the Act to consider such factors as long- and short-term needs of the institution, present and anticipated financial requirements, expected total return on investments, price level trends, and general economic conditions. The amount available for spending is determined by applying the payout percentage to the average market value of the investment portfolio for the three previous calendar year-ends. The payout percentage is reviewed and adjusted annually as deemed prudent.

The University, at FY17 year-end, had a net appreciation of \$14,591,583 which is available to be spent and is reported in the Statement of Net Position in the following categories: Restricted Expendable for Scholarships and Fellowships - \$7,929,579, Restricted Expendable for Capital Projects - \$198,927, Restricted Expendable for Research - \$14,913, Restricted Expendable for Departmental Uses - \$5,132,789 and Unrestricted - \$1,315,375. The amounts for Research and Capital Projects were reclassified to Unrestricted because the total net position for Restricted Expendable for Research and Restricted Expendable for Capital Projects were negative for the University.

5. ACCOUNTS AND NOTES RECEIVABLES

Receivables include transactions related to accounts and notes receivable and are shown net of allowance for doubtful accounts for the year ending June 30, 2017 as follows:

Accounts receivable consisted of the following at June 30, 2017:

Student Tuition and Fees	\$ 2,622,036
Auxiliary Enterprises	458,177
Federal, State and Non-Governmental Grants & Contracts	8,850,808
Other Activities	<u>2,247,891</u>
Gross Receivables	14,178,912
Less: allowance for doubtful accounts	<u>(25,759)</u>
Net Receivables	<u><u>\$ 14,153,153</u></u>

Notes receivable consisted of the following at June 30, 2017:

Non-current portion:	
Federal student loans and promissory notes	\$ 2,821,030
Less: allowance for doubtful accounts	<u>(131,951)</u>
Net non-current notes receivable	<u><u>\$ 2,689,079</u></u>

6. CAPITAL ASSETS

A summary of changes in the various capital asset categories for the year ending June 30, 2017 consists of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Non-depreciable capital assets:				
Land	\$ 25,314,003	\$ 36,790	\$ -	\$ 25,350,793
Inexhaustible artwork and Historical treasures	75,829,707	417,069	(67,388)	76,179,388
Construction in Progress	<u>104,003,879</u>	<u>36,086,565</u>	<u>(119,828,132)</u>	<u>20,262,312</u>
Total non-depreciable capital assets	<u>205,147,589</u>	<u>36,540,424</u>	<u>(119,895,520)</u>	<u>121,792,493</u>
Depreciable capital assets:				
Buildings	797,069,860	118,347,189	(3,845,790)	911,571,259
Equipment	77,014,457	10,701,074	(3,068,551)	84,646,980
Infrastructure	82,318,596	34,941	-	82,353,537
Other improvements	13,142,056	1,445,642	(878,738)	13,708,960
Library Materials	90,054,957	1,119,499	(22,020,050)	69,154,406
Computer software	<u>5,870,087</u>	<u>250,000</u>	<u>-</u>	<u>6,120,087</u>
Total depreciable capital assets	<u>1,065,470,013</u>	<u>131,898,345</u>	<u>(29,813,129)</u>	<u>1,167,555,229</u>
Less accumulated depreciation for:				
Buildings	248,085,223	22,723,515	(3,711,512)	267,097,226
Equipment	49,865,603	5,230,156	(2,177,323)	52,918,436
Infrastructure	35,940,880	2,224,847	-	38,165,727
Other improvements	6,656,799	623,598	(878,175)	6,402,222
Library Materials	83,375,755	1,318,079	(21,972,787)	62,721,047
Computer software	<u>5,102,546</u>	<u>134,127</u>	<u>-</u>	<u>5,236,673</u>
Total accumulated depreciation	<u>429,026,806</u>	<u>32,254,322</u>	<u>(28,739,797)</u>	<u>432,541,331</u>
Depreciable capital assets, net	<u>636,443,207</u>	<u>99,644,023</u>	<u>(1,073,332)</u>	<u>735,013,898</u>
Total capital assets, net	<u>\$ 841,590,796</u>	<u>\$ 136,184,447</u>	<u>\$(120,968,852)</u>	<u>\$ 856,806,391</u>

Capitalization of Library Books

The methods employed to value the general collections of W&M's Earl Gregg Swem Library, W&M's Marshall-Wythe Law Library, VIMS' Hargis Library, and RBC Library are based on average cost determined by each library. The average cost of the Swem Library purchases of books was \$43.41 for FY17. The average cost of the Law Library purchases of books was \$88.80 for FY17. Special collections maintained by each library are valued at historical cost or acquisition value. The average cost of library books purchased for VIMS was \$51.61 for FY17. The average cost of library books purchased for RBC was \$32.77 for FY17. The changes reflected in the valuation are due to the recognition of depreciation in accordance with GASB Statements No. 34 and 35, as well as purchases, donations and disposals.

7. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following at June 30, 2017:

Current Liabilities:

Employee salaries, wages, and fringe benefits payable	\$ 26,366,390
Vendors and supplies accounts payable	10,773,925
Capital projects accounts and retainage payable	4,233,135
Accrued interest payable	<u>2,394,530</u>
Total current liabilities-accounts payable and accrued liabilities	<u><u>\$ 43,767,980</u></u>

8. COMMITMENTS

At June 30, 2017, outstanding construction commitments totaled approximately \$105,318,003.

Commitments also exist under various operating leases for buildings, equipment and computer software. In general, the leases are for one to three year terms with renewal options on the buildings, equipment and certain computer software for additional one-year terms. In most cases, these leases will be replaced by similar leases. William and Mary has also entered into one twenty-year lease for space in the Applied Science Research Center Building at the Jefferson Center for Research and Technology in Newport News, Virginia. Rental expense for the fiscal year ending June 30, 2017, was \$4,258,369.

As of June 30, 2017, the following total future minimum rental payments are due under the above leases:

<u>Year Ending June 30, 2017</u>	<u>Amount</u>
2018	\$ 3,261,814
2019	1,351,173
2020	1,319,360
2021	1,192,062
2022	187,424
2023	<u>12,567</u>
Total	<u><u>\$ 7,324,400</u></u>

9. LONG-TERM LIABILITIES

The University's long-term liabilities consist of long-term debt (further described in Note 10), and other long-term liabilities. A summary of changes in long-term liabilities for the year ending June 30, 2017 is presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Installment Purchases	\$ 3,494,500	\$ 6,046	\$ (463,681)	\$ 3,036,865	\$ 491,534
Capital Leases Payable	22,201,937	124,548	(806,891)	21,519,594	607,600
Other long-term obligations	678,539		(19,771)	658,768	16,668
Notes Payable	156,945,897	20,429,738	(27,817,872)	149,557,763	9,145,000
Bonds Payable	<u>73,171,073</u>	<u>2,766,135</u>	<u>(5,258,881)</u>	<u>70,678,327</u>	<u>4,456,105</u>
Total long-term debt	256,491,946	23,326,467	(34,367,096)	245,451,317	14,716,907
Perkins Loan Fund Balance	2,395,816	-	-	2,395,816	-
Accrued compensated absences	10,755,547	10,848,653	(10,401,957)	11,202,243	10,754,778
Software licenses	1,201,990	833,157	(617,030)	1,418,117	538,007
Net Pension Liability	<u>116,777,000</u>	<u>12,705,000</u> *	<u>-</u>	<u>129,482,000</u>	<u>-</u>
Total long-term liabilities	<u>\$ 387,622,299</u>	<u>\$ 47,713,277</u>	<u>\$(45,386,083)</u>	<u>\$ 389,949,493</u>	<u>\$ 26,009,692</u>

* net increase is shown

10. LONG-TERM DEBT

Bonds Payable

William and Mary's bonds are issued pursuant to Section 9 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 and are backed by the full faith, credit and taxing power of the Commonwealth and are issued to finance capital projects which, when completed, will generate revenue to repay the debt. Listed below are the bonds outstanding at year-end:

<u>Description</u>	<u>Interest Rates(%)</u>	<u>Maturity</u>	<u>Balance as of June 30, 2017</u>
Section 9(c) bonds payable:			
Dormitory, Series 2009C	3.000 - 4.000	2021	\$ 376,440
Dormitory, Series 2009C	3.000 - 4.000	2022	1,674,855
Dormitory, Series 2009D	2.500 - 5.000	2022	1,655,000
Renovate Residence Halls, Series 2010A2	2.000 - 5.000	2030	3,175,000
Dormitory, Series 2012A	3.000 - 5.000	2024	779,720
Dormitory, Series 2013A	2.000 - 5.000	2033	4,005,000
Dormitory, Series 2013B	3.000 - 5.000	2026	844,462
Dormitory, Series 2014A	2.000 - 5.000	2034	8,130,000
Dormitory, Series 2014B	2.000 - 5.000	2018	445,819
Dormitory, Series 2014B	2.000 - 5.000	2020	933,183
Dormitory, Series 2015A	2.000 - 5.000	2035	10,300,000
Renovation of Dormitories			<u>32,319,479</u>
Graduate Housing, Series 2008B	3.000 - 5.000	2018	115,000
Graduate Housing, Series 2009D	2.500 - 5.000	2022	1,270,000
Graduate Housing, Series 2013B	3.000 - 5.000	2026	1,200,361
Graduate Housing, Series 2015B	4.000 - 5.000	2028	1,482,414
Graduate Housing			<u>4,067,775</u>
Construct New Dormitory, Series 2010A2	2.000 - 5.000	2030	1,440,000
Construct New Dormitory, Series 2011A	3.000 - 5.000	2031	11,515,000
Construct New Dormitory, Series 2013A	2.000 - 5.000	2033	7,530,000
Construct New Dormitory			<u>20,485,000</u>
Renovate Commons Dining Hall, Series 2009D	2.500 - 5.000	2022	2,730,000
Renovate Commons Dining Hall, Series 2012A	3.000 - 5.000	2024	1,289,537
Renovate Commons Dining Hall, Series 2013B	3.000 - 5.000	2026	1,389,450
Commons Dining Hall			<u>5,408,987</u>
RBC Student Housing conversion	3.000 - 5.000	2036	2,465,000
Total bonds payable			64,746,241
Unamortized premiums (discounts)			<u>5,932,086</u>
Net bonds payable			<u>\$ 70,678,327</u>

Notes Payable

Section 9(d) bonds, issued through the Virginia College Building Authority's Pooled Bond Program, are backed by pledges against the general revenues of William and Mary and are issued to finance other capital projects. The principal and interest on bonds and notes are payable only from net income of specific auxiliary activities or from designated fee allocations. The following are notes outstanding at year-end:

<u>Description</u>	<u>Interest Rates (%)</u>	<u>Maturity</u>	<u>Outstanding Balance as of June 30, 2017</u>
Section 9(d) Bonds:			
Barksdale Dormitory, Series 2010B	2.000 - 5.000	2021	\$ 450,000
Barksdale Dormitory, Series 2012A	3.000 - 5.000	2024	365,000
Barksdale Dormitory, Series 2012A	3.000 - 5.000	2025	5,435,000
Barksdale Dormitory, Series 2012A	3.000 - 5.000	2025	6,330,000
Barksdale Dormitory, Series 2014B	4.000 - 5.000	2026	980,000
Barksdale Dormitory, Series 2014B	5.000	2024	730,000
Barksdale Dormitory, Series 2016A	3.000	2027	375,000
Barksdale Dormitory			14,665,000
William and Mary Hall, Series 2007B	4.000- 4.250	2018	165,000
Parking Deck, Series 2010B	2.000 - 5.000	2021	950,000
Parking Deck, Series 2012A	3.000 - 5.000	2024	770,000
Parking Deck, Series 2012A	3.000 - 5.000	2025	1,160,000
Parking Deck, Series 2012A	3.000 - 5.000	2025	3,140,000
Parking Deck, Series 2014B	4.000 - 5.000	2026	485,000
Parking Deck			6,505,000
Recreation Sports Center, Series 2010B	2.000 - 5.000	2021	220,000
Recreation Sports Center, Series 2012A	3.000 - 5.000	2024	180,000
Recreation Sports Center, Series 2012A	3.000 - 5.000	2025	3,840,000
Recreation Sports Center, Series 2012A	3.000 - 5.000	2025	1,225,000
Recreation Sports Center, Series 2014B	4.000 - 5.000	2026	190,000
Recreation Sports Center			5,655,000
Improve Athletics Facilities, Series 2012A	3.000 - 5.000	2025	1,655,000
Improve Athletics Facilities, Series 2014B	4.000 - 5.000	2026	260,000
Improve Athletics Facilities, Series 2014B	5.000	2024	280,000
Improve Athletics Facilities, Series 2016A	3.000	2027	150,000
Improve Athletics Facilities II, Series 2013A&B	2.000 - 5.000	2034	1,440,000
Improve Athletics Facilities			3,785,000
Marshall-Wythe Library, Series 2014B	5.000	2020	375,000
Law School Library, Series 2007A	4.500 - 5.000	2018	170,000
Law School Library, Series 2010B	2.000 - 5.000	2021	260,000
Law School Library, Series 2012A	3.000 - 5.000	2024	220,000
Law School Library, Series 2014B	4.000 - 5.000	2026	1,640,000
Law School Renovations, Series 2013A&B	2.000 - 5.000	2034	6,115,000
Law School Library, Series 2016A	3.000	2028	525,000
Law School Library			9,305,000
Magnet Facility, Series 2010B	2.000 - 5.000	2021	570,000
Magnet Facility, Series 2012A	3.000 - 5.000	2024	455,000
Magnet Facility			1,025,000

<u>Description</u>	<u>Interest Rates (%)</u>	<u>Maturity</u>	<u>Outstanding Balance as of June 30, 2017</u>
School of Business, Series 2007A	4.500 - 5.000	2018	1,110,000
School of Business, Series 2014B	4.000 - 5.000	2026	10,575,000
School of Business, Series 2016A	3.000	2028	<u>3,425,000</u>
School of Business			15,110,000
Integrated Science Center, Series 2007A	4.500 - 5.000	2018	580,000
Integrated Science Center, Series 2009A	2.750 - 5.000	2021	960,000
Integrated Science Center, Series 2014B	4.000 - 5.000	2026	5,545,000
Integrated Science Center, Series 2015B	2.100 - 5.000	2029	3,755,000
Integrated Science Center, Series 2016A	3.000	2028	<u>1,800,000</u>
Integrated Science Center			12,640,000
Cooling Plant & Utilities, Series 2009B	2.000 - 5.000	2020	1,570,000
Cooling Plant & Utilities, Series 2010A1&A2	2.000 - 5.500	2031	8,635,000
Cooling Plant & Utilities, Series 2016A	3.000	2030	<u>7,360,000</u>
Cooling Plant & Utilities			17,565,000
Power Plant Renovations, Series 2007A	4.500 - 5.000	2018	230,000
Power Plant Renovations, Series 2014B	4.500 - 5.000	2026	2,175,000
Power Plant Renovations, Series 2016A	3.000	2028	<u>700,000</u>
Power Plant Renovations			3,105,000
Busch Field Astroturf Replacement, Series 2009B	2.000 - 5.000	2020	190,000
Busch Field Astroturf Replacement, Series 2016A	3.000	2030	<u>860,000</u>
Busch Field Astroturf			1,050,000
Williamsburg Hospital/School of Education 2014B	5.000	2024	910,000
Williamsburg Hospital/School of Education, 2016A	3.000	2027	<u>470,000</u>
Williamsburg Hospital/School of Education			1,380,000
J. Laycock Football Facility, Series 2014B	5.000	2024	2,100,000
J. Laycock Football Facility, Series 2016A	3.000	2027	<u>1,100,000</u>
J. Laycock Football Facility			3,200,000
Residence Hall Fire Safety Systems, Series 2014B	5.000	2024	730,000
Residence Hall Fire Safety Systems, Series 2016A	3.000	2027	<u>375,000</u>
Residence Hall Fire Safety Systems			1,105,000
Ash Lawn-Highland Barn, Series 2010A1&A2	2.000 - 5.500	2031	600,000
Expand Sadler Center, Series 2012B	3.000 - 5.000	2033	6,230,000
Expand Sadler Center, Series 2013A&B	2.000 - 5.000	2034	<u>905,000</u>
Sadler Center			7,135,000

<u>Description</u>	<u>Interest Rates (%)</u>	<u>Maturity</u>	<u>Outstanding Balance as of June 30, 2017</u>
One Tribe Place, Series 2013A&B	2.000 - 5.000	2034	20,700,000
Integrative Wellness Center 2015A	3.000 - 5.000	2036	9,320,000
Total 9(d) bonds			134,015,000
Unamortized premiums (discounts)			15,542,763
Net notes payable			<u>\$ 149,557,763</u>

Installment Purchases

At June 30, 2017, installment purchases consist of the current and long-term portions of obligations resulting from various contracts used to finance energy performance contracts and the acquisition of equipment. The lengths of purchase agreements range from two to fifteen years, and the interest rate charges are from 3.1 to 4.7 percent. The outstanding balance of installment purchases as of June 30, 2017 is \$3,036,865.

Capital Leases

Richard Bland College (RBC) has entered into a thirty year capital lease with Richard Bland College Foundation (RBCF) for the provision of a student housing complex with two dormitories on the RBC campus. RBC has accounted for the acquisition of the complex and its furniture and equipment as a capital lease, and therefore has recorded the facility and furnishings as depreciable capital assets and has also recorded a corresponding lease liability in long-term debt on the Statement of Net Position. The outstanding balance as of June 30, 2017 is \$21,300,159. RBC has also recorded an Other Long-Term Obligation which is payable to RBCF for repayment of the bonds for the dormitories for the amount due on the bonds which is greater than the total fair value of assets received. The outstanding balance as of June 30, 2017 is \$658,768. William and Mary has entered into Capital Lease agreements for the purchase of printers and copiers. The outstanding balance of these agreements as of June 30, 2017 is \$219,435.

Long-term debt matures as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>BAB Interest Subsidy</u>	<u>Net Interest</u>
2018	\$ 14,716,905	\$ 9,088,412	\$ 199,877	\$ 8,888,535
2019	14,707,629	8,263,582	196,893	8,066,689
2020	15,348,186	7,600,624	189,952	7,410,672
2021	15,766,403	6,924,581	178,665	6,745,916
2022	15,986,200	6,189,516	166,558	6,022,958
2023-2027	79,674,327	20,020,053	617,628	19,402,425
2028-2032	47,028,530	7,372,263	159,631	7,212,632
2033-2037	19,571,355	1,267,238	-	1,267,238
2038-2042	1,176,933	24,865	-	24,865
Unamortized premiums	21,474,849			
Total	<u>\$245,451,317</u>	<u>\$ 66,751,134</u>	<u>\$ 1,709,205</u>	<u>\$ 65,041,929</u>

The interest subsidies for the Build America Bonds (BAB) being paid to the University by the Federal Government

are subject to change in future years. In the event of a reduction or elimination of the subsidies, the University would be responsible for paying the full interest due on the BAB bonds.

Defeasance of Debt

In July of 2016, the Virginia College Building Authority (VCBA) issued Educational Facilities Revenue Refunding Bonds Series 2016A. The original bonds were used to finance part of the Integrated Science Center Project. The net proceeds from the sale of the Refunding Bonds were deposited into irrevocable trusts with escrow agents to provide for all future debt service payments on the refunded bonds. As a result, these bonds are considered defeased and the University's portion of the liability has been removed from the financial statements.

The amount and percentage of debt defeased relating to the University is as follows:

<u>Series</u>	<u>Type</u>	<u>Debt Outstanding</u>	<u>Amount Defeased</u>	<u>Percentage Defeased</u>
2016A	9D	24,515,000	17,540,000	72%

The University's portion of the accounting loss recognized in the financial statements was \$734,700. The net economic gain attributable to the University was \$1,449,153 and will result in a decreased cash flow requirement of \$1,607,865 over the remaining life of the debt.

Prior Year Defeasance of Debt

The Commonwealth of Virginia, on behalf of the University, issued bonds in previous and current fiscal years for which the proceeds were deposited into irrevocable trusts with escrow agents to provide for all future debt service on the refunded bonds. Accordingly, the trust account assets and the related liability for the defeased bonds are not included in the University's financial statements. At June 30, 2017, \$41,150,000 of the defeased bonds was outstanding.

11. EXPENSES BY NATURAL CLASSIFICATIONS

The following table shows a classification of expenses both by function as listed in the Statement of Revenues, Expenses, and Change in Net Position and by natural classification which is the basis for amounts shown in the Statement of Cash Flow.

	Salaries, Wages and Fringe Benefits	Services and Supplies	Scholarships and Fellowships	Plant and Equipment	Depreciation	Total
Instruction	115,186,842	8,398,896	1,420,823	1,625,397	-	126,631,958
Research	38,512,016	14,201,011	1,075,287	915,727	-	54,704,041
Public service	8,065	20,783	2,650	983	-	32,481
Academic support	27,605,101	4,049,996	792,819	4,623,692	-	37,071,608
Student services	10,413,146	5,770,035	252,140	121,988	-	16,557,309
Institutional support	38,152,961	7,507,926	172,861	265,431	-	46,099,179
Operation and maintenance of plant	4,965,604	20,722,332	2,976	720,366	-	26,411,278
Scholarships and related expenses	2,717,585	42,705	29,894,773	6,823	-	32,661,886
Auxiliary enterprises	25,215,664	56,882,860	-	2,484,170	-	84,582,694
Depreciation	-	-	-	-	32,254,322	32,254,322
Other	183,140	15,243	229,925	319	-	428,627
Total	262,960,124	117,611,787	33,844,254	10,764,896	32,254,322	457,435,383

12. STATE APPROPRIATIONS

The following is a summary of state appropriations received by W&M, VIMS and RBC including all supplemental appropriations and reversions from the General Fund of the Commonwealth.

Chapter 836 - 2017 Acts of Assembly (Educational and General Programs)		\$ 70,642,075
Student financial assistance		5,135,840
Supplemental appropriations:		
Prior Year Reappropriations	130,228	
VIVA libraries	27,390	
Central appropriation distributions for health and VITA	13,795	
Marine Science Resources and Environmental Research	159,226	
Central Appropriations transfer	801,618	
Biomedical research	75,000	
VMSDEP	31,725	1,238,982
Reversions to the General Fund of the Commonwealth		<u>(536,992)</u>
Appropriations as adjusted		<u>\$ 76,479,905</u>

13. COMPONENT UNIT FINANCIAL INFORMATION

The University has nine component units – The College of William and Mary Foundation, the Marshall-Wythe School of Law Foundation, the Alumni Association, the William and Mary Athletic Educational Foundation, the William and Mary School of Business Foundation, the Virginia Institute of Marine Science Foundation, the William and Mary Real Estate Foundation, the Richard Bland College Foundation and the Intellectual Property Foundation. These organizations are separately incorporated entities and other auditors examine the related financial statements. Summary financial statements and related disclosures follow for eight of the component units. As stated in Note 1, the activity of the Intellectual Property Foundation is blended with the University beginning in FY13; therefore, it is not included in the presentation of component unit financial information.

Summary of Statement of Net Position - Component Units

	The College of William & Mary Foundation	Marshall-Wythe School of Law Foundation	William & Mary Business School Foundation	William & Mary Alumni Association
ASSETS				
Current assets				
Cash and cash equivalents	\$ 8,200,694	\$ 4,457,228	\$ 5,054,125	\$ 775,928
Investments	15,275,231	-	-	-
Pledges receivable, net - current portion	4,934,902	2,200,327	1,110,136	68,597
Receivables, net	2,445,360	7,394	275,399	48,463
Inventories	-	-	-	7,600
Prepays	578,209	5,132	119,714	12,270
Due from the University	392,606	2,500,000	-	-
Other assets	-	-	-	-
Total current assets	31,827,002	9,170,081	6,559,374	912,858
Non-current assets				
Restricted cash and cash equivalents	340,625	5,710,490	2,747,740	-
Restricted investments	290,464,539	34,186,045	42,706,421	887,445
Restricted other assets	155,991,821	462,078	1,474,244	-
Receivables - long term, net	-	-	-	-
Investments	253,604,931	4,086,138	-	6,756,207
Pledges receivable, net	19,448,823	1,756,585	948,135	73,300
Capital assets, nondepreciable	9,514,800	325,127	-	-
Capital assets, net of accumulated depreciation	6,374,428	4,517	7,434	88,357
Due from the University	-	-	-	-
Other assets	2,504,625	-	-	-
Total non-current assets	738,244,592	46,530,980	47,883,974	7,805,309
Total assets	770,071,594	55,701,061	54,443,348	8,718,167
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses	452,371	66,749	133,452	104,210
Deferred revenue	97,228	66,709	260,001	104,829
Deposits held in custody for others	282,915	-	19,147	-
Long-term liabilities - current portion	619,818	-	-	-
Due to the University	-	119,206	-	1,390
Other liabilities	-	-	-	49,669
Total current liabilities	1,452,332	252,664	412,600	260,098
Non-current liabilities				
Other long-term liabilities	592,918	438,458	-	-
Long-term liabilities	27,724,282	-	-	-
Total liabilities	29,769,532	691,122	412,600	260,098
NET POSITION				
Restricted for:				
Nonexpendable:				
Scholarships and fellowships	115,418,219	7,538,997	1,733,991	-
Research	8,807,717	-	880,900	-
Loans	-	-	24,230	-
Departmental uses	111,218,695	8,165,007	38,647,639	-
Other	205,590,179	-	127,448	-
Expendable:				
Scholarships and fellowships	93,864,520	8,962,175	2,435,887	-
Research	5,335,090	-	160,910	-
Capital projects	7,808,018	4,919,597	596,799	-
Loans	-	-	81,181	-
Departmental uses	120,349,722	13,761,001	11,655,688	960,745
Other	38,598,176	820,139	58,176	-
Net investment in capital assets	6,925,526	329,644	7,434	88,357
Unrestricted	26,386,200	10,513,379	(2,379,535)	7,408,967
Total net position	\$ 740,302,062	\$ 55,009,939	\$ 54,030,748	\$ 8,458,069

William & Mary Athletic Educational Foundation	Virginia Institute of Marine Science Foundation	Richard Bland College Foundation	William & Mary Real Estate Foundation	Total Component Units
\$ 5,162,588	\$ 369,939	\$ 41,660	\$ 2,783,341	\$ 26,845,503
-	-	-	-	15,275,231
1,045,076	415,951	10,000	-	9,784,989
-	-	-	44,426	2,821,042
-	-	-	-	7,600
-	-	-	10,668	725,993
-	-	1,210,130	-	4,102,736
-	-	18,915	171,000	189,915
6,207,664	785,890	1,280,705	3,009,435	59,753,009
-	750,049	453,575	-	10,002,479
-	12,527,375	4,951,249	-	385,723,074
-	-	-	44,739	157,972,882
-	-	-	-	-
1,907,685	1,213,086	-	-	267,568,047
744,079	3,828,826	30,000	-	26,829,748
-	-	-	9,844,836	19,684,763
2,005	-	-	9,001,605	15,478,346
-	-	21,403,338	-	21,403,338
-	-	-	97,109	2,601,734
2,653,769	18,319,336	26,838,162	18,988,289	907,264,411
8,861,433	19,105,226	28,118,867	21,997,724	967,017,420
-	-	-	-	-
-	3	670,041	534,193	1,961,019
85,000	-	85,001	-	698,768
-	-	-	-	302,062
-	-	555,588	405,332	1,580,738
-	-	-	-	120,596
-	-	-	-	49,669
85,000	3	1,310,630	939,525	4,712,852
-	-	-	10,448	1,041,824
-	-	21,403,338	10,955,610	60,083,230
85,000	3	22,713,968	11,905,583	65,837,906
-	2,778,017	3,779,680	-	131,248,904
-	6,054,685	-	-	15,743,302
-	-	-	-	24,230
-	1,099,400	-	-	159,130,741
-	3,104,349	-	-	208,821,976
610,977	951,760	-	-	106,825,319
-	953,575	-	-	6,449,575
-	-	-	-	13,324,414
-	-	-	-	81,181
7,218,305	2,377,828	-	-	156,323,289
-	78,263	1,580,142	215,739	41,350,635
2,005	-	-	7,485,499	14,838,465
945,146	1,707,346	45,077	2,390,903	47,017,483
\$ 8,776,433	\$ 19,105,223	\$ 5,404,899	\$ 10,092,141	\$ 901,179,514

Summary of Statement of Revenues, Expenses, and Changes in Net Position - Component Units

	The College of William & Mary Foundation	Marshall-Wythe School of Law Foundation	William & Mary Business School Foundation	William & Mary Alumni Association
Operating revenues:				
Gifts and contributions	\$ 16,202,826	\$ 10,110,733	\$ 4,024,449	\$ 981,603
Other	5,363,323	599,544	4,257,108	1,001,228
Total operating revenues	21,566,149	10,710,277	8,281,557	1,982,831
Operating expenses:				
Instruction	5,177,446	1,249,276	584,316	-
Research	302,405	-	-	-
Public service	96,459	62,570	482,836	-
Academic support	2,488,104	834,092	2,378,748	-
Student services	207,127	45,719	518,370	-
Institutional support	11,986,027	664,994	2,885,299	278,858
Operation and maintenance of plant	7,751,205	816,459	53,891	-
Scholarships & fellowships	8,409,223	1,009,889	23,189	-
Auxiliary enterprises	797,880	-	25,184	-
Depreciation	535,421	7,333	2,944	13,510
Hospitals	-	-	-	-
Independent operations	-	-	-	-
Other	473,161	-	103,693	1,632,532
Total operating expenses	38,224,458	4,690,332	7,058,470	1,924,900
Operating gain/(loss)	(16,658,309)	6,019,945	1,223,087	57,931
Non-operating revenues and expenses:				
Net investment revenue (expense)	55,658,360	4,160,114	4,566,616	834,742
Interest on capital asset related debt	(251,338)	-	-	-
Other non-operating revenue	4,269,076	-	-	-
Other non-operating expense	-	-	(248,568)	-
Net non-operating revenues	59,676,098	4,160,114	4,318,048	834,742
Income before other revenues	43,017,789	10,180,059	5,541,135	892,673
Other revenues:				
Capital grants and contributions	6,288,247	-	16,700	-
Additions to permanent endowments	11,136,258	870,915	1,489,871	-
Net other revenues	17,424,505	870,915	1,506,571	-
Change in net position, before transfers	60,442,294	11,050,974	7,047,706	892,673
Contribution between Foundations	42,382	41,424	2,341	149,622
Transfers	42,382	41,424	2,341	149,622
Change in net position	60,484,676	11,092,398	7,050,047	1,042,295
Net position - beginning of year	679,817,386	43,917,541	46,980,701	7,415,774
Net position - end of year	\$ 740,302,062	\$ 55,009,939	\$ 54,030,748	\$ 8,458,069

William & Mary Athletic Educational Foundation	Virginia Institute of Marine Science Foundation	Richard Bland College Foundation	William & Mary Real Estate Foundation	Total Component Units
\$ 5,625,231	\$ 1,239,258	\$ 201,390	\$ 231,000	\$ 38,616,490
420,701	-	952,247	1,019,451	13,613,602
6,045,932	1,239,258	1,153,637	1,250,451	52,230,092
-	127,374	-	-	7,138,412
-	387,605	-	-	690,010
-	53,003	-	-	694,868
-	205,014	-	-	5,905,958
-	-	-	-	771,216
740,636	441,111	220,656	596,444	17,814,025
-	8,203	11,592	-	8,641,350
-	109,720	147,250	-	9,699,271
5,998,280	-	-	300,505	7,121,849
15,623	-	-	283,546	858,377
-	-	-	-	-
-	-	-	315,643	315,643
-	190,494	954,990	-	3,354,870
6,754,539	1,522,524	1,334,488	1,496,138	63,005,849
(708,607)	(283,266)	(180,851)	(245,687)	(10,775,757)
53,417	1,456,386	674,518	10,495	67,414,648
-	-	-	-	(251,338)
-	-	-	-	4,269,076
-	-	-	-	(248,568)
53,417	1,456,386	674,518	10,495	71,183,818
(655,190)	1,173,120	493,667	(235,192)	60,408,061
-	-	-	-	6,304,947
-	3,775,443	18,225	-	17,290,712
-	3,775,443	18,225	-	23,595,659
(655,190)	4,948,563	511,892	(235,192)	84,003,720
(128,084)	-	-	(107,685)	0
(128,084)	-	-	(107,685)	0
(783,274)	4,948,563	511,892	(342,877)	84,003,720
9,559,707	14,156,660	4,893,007	10,435,018	817,175,794
\$ 8,776,433	\$ 19,105,223	\$ 5,404,899	\$ 10,092,141	\$ 901,179,514

Investments

Each component unit holds various investments based on the investment policies established by the governing board of the individual foundation. The following table shows the various investment types held by each component unit.

	The College of William & Mary Foundation	Marshall- Wythe School of Law Foundation	William & Mary Business School Foundation	William & Mary Alumni Association	William & Mary Athletic Educational Foundation	Virginia Institute of Marine Science Foundation	Richard Bland College Foundation	Total
Mutual and money market funds	\$ 4,894,579	\$ 282,026	\$ -	\$ -	\$ 18,823	\$ -	\$ 4,951,249	\$ 10,146,677
U.S. treasury and agency securities	16,270,326	-	-	-	-	-	-	16,270,326
Common and preferred stocks	454,454	-	621,910	-	-	-	-	1,076,364
Notes receivable	1,650,000	-	-	-	-	-	-	1,650,000
Pooled investments	534,405,610	37,990,157	41,340,105	7,643,652	-	13,740,461	-	635,119,985
Real estate	987,982	-	-	-	-	-	-	987,982
Other	681,750	-	744,406	-	1,888,862	-	-	3,315,018
Total Investments	<u>\$ 559,344,701</u>	<u>\$ 38,272,183</u>	<u>\$ 42,706,421</u>	<u>\$ 7,643,652</u>	<u>\$ 1,907,685</u>	<u>\$ 13,740,461</u>	<u>\$ 4,951,249</u>	<u>\$ 668,566,352</u>

Pledges Receivable

Unconditional promises to give (pledges) are recorded as receivables and revenues and are assigned net asset categories in accordance with donor imposed restrictions. Pledges expected to be collected within one year are recorded at net realizable value. Pledges that are expected to be collected in future years are recorded at net present value of their estimated future cash flows. The discounts on these amounts are computed using risk free interest rates applicable to the years in which the payments will be received. The foundations record an allowance against pledges receivable for estimated uncollectible amounts. The William & Mary Real Estate Foundation did not have any pledges receivable at year end.

	The College of William & Mary Foundation	Marshall- Wythe School of Law Foundation	William & Mary Business School Foundation	William & Mary Alumni Association Foundation	William & Mary Athletic Educational Foundation	Virginia Institute of Marine Science Foundation	Richard Bland College Foundation	Total
Total pledges receivable	\$ 28,822,082	\$ 4,289,541	\$ 2,139,130	\$ 141,897	\$ 2,361,438	\$ 4,685,255	\$ 40,000	\$ 42,479,343
Less:								
Allowance for uncollectibles	(1,051,141)	(260,906)	(22,450)	-	(455,063)	-	-	(1,789,560)
Discounting to present value	(3,387,216)	(71,723)	(58,409)	-	(117,220)	(440,478)	-	(4,075,046)
Net pledges receivable	24,383,725	3,956,912	2,058,271	141,897	1,789,155	4,244,777	40,000	36,614,737
Less:								
Current pledges receivable	(4,934,902)	(2,200,327)	(1,110,136)	(68,597)	(1,045,076)	(415,951)	(10,000)	(9,784,989)
Total non-current pledges receivable	<u>\$ 19,448,823</u>	<u>\$ 1,756,585</u>	<u>\$ 948,135</u>	<u>\$ 73,300</u>	<u>\$ 744,079</u>	<u>\$ 3,828,826</u>	<u>\$ 30,000</u>	<u>\$ 26,829,748</u>

Capital Assets

	The College of William & Mary Foundation	Marshall- Wythe School of Law Foundation	William & Mary Business School Foundation	William & Mary Alumni Association	William & Mary Athletic Educational Foundation	William & Mary Real Estate Foundation	Total
Nondepreciable:							
Land	\$ 3,365,927	\$ 262,916	\$ -	\$ -	\$ -	\$ 5,009,919	\$ 8,638,762
Construction in progress	116,533					4,834,917	4,951,450
Historical treasures and inexhaustable works of art	6,032,340	62,211	-	-	-	-	6,094,551
Total nondepreciable capital assets	<u>\$ 9,514,800</u>	<u>\$ 325,127</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,844,836</u>	<u>\$ 19,684,763</u>
Depreciable:							
Building	\$ 7,420,855	\$ -	\$ -	\$ 384,914	\$ -	\$ 10,360,462	\$ 18,166,231
Equipment, vehicles and furniture	7,390,933	84,722	38,828	394,643	108,056	180,184	8,197,366
Improvements, other than building	338,138	-	-	-	-	-	338,138
	15,149,926	84,722	38,828	779,557	108,056	10,540,646	26,701,735
Less accumulated depreciation	(8,775,498)	(80,205)	(31,394)	(691,200)	(106,051)	(1,539,041)	(11,223,389)
Total depreciable capital assets	<u>\$ 6,374,428</u>	<u>\$ 4,517</u>	<u>\$ 7,434</u>	<u>\$ 88,357</u>	<u>\$ 2,005</u>	<u>\$ 9,001,605</u>	<u>\$ 15,478,346</u>

Long-term Liabilities

	The College of William & Mary Foundation	Richard Bland College Foundation	William & Mary Real Estate Foundation	Total
Compensated absences	\$ 135,992	\$ -	\$ -	\$ 135,992
Notes payable	1,210,234	-	7,268,015	8,478,249
Bonds payable	8,051,530	21,958,926	4,092,927	34,103,383
Trust & Annuity Obligations	2,688,910	-	-	2,688,910
Other liabilities	16,257,434	-	-	16,257,434
Total long-term liabilities	28,344,100	21,958,926	11,360,942	61,663,968
Less current portion	(619,818)	(555,588)	(405,332)	(1,580,738)
Total long-term liabilities	<u>\$ 27,724,282</u>	<u>\$ 21,403,338</u>	<u>\$ 10,955,610</u>	<u>\$ 60,083,230</u>

THE COLLEGE OF WILLIAM AND MARY FOUNDATION

Long-term Liabilities

On June 25, 2001, Reliance Holdings, LLC, a subsidiary of the College of William and Mary Foundation, entered into a revolving line of credit agreement with First Union National Bank (now Wells Fargo Bank, NA) which the Foundation guaranteed. The purpose of the line of credit was to fund the initial purchase of the real estate sold to New Town Associates, and to provide working capital to Reliance. The amount outstanding was \$0 and \$272,541 at June 30, 2017 and 2016 respectively. Interest paid during the years ended June 30, 2017 and 2016, was \$277 and \$10,679, respectively.

During the fiscal year ended June 30, 2009, the Foundation entered into a borrowing arrangement with SunTrust Bank in the amount of \$2,636,140 for renovation of the College's Admissions Office. The terms of the loan were revised during the fiscal year ended June 30, 2011. Under the revised terms, interest accrues at a rate of 4.99% and is payable monthly. Principal is payable annually over a ten year term, with the final amount due on February 1, 2021. SunTrust is granted a security interest in all deposits and investments maintained with SunTrust and any of its affiliates. The terms of the note require the Foundation to maintain at all times unrestricted and temporarily restricted net assets in excess of 200% of the Foundation's total funded debt. The balance outstanding at June 30, 2017 and 2016 was \$1,210,234 and \$1,477,717, respectively. Interest paid during the fiscal years ended June 30, 2017 and 2016, on the loans was \$71,425 and \$83,618, respectively.

The Foundation and its affiliates are in compliance with all debt covenants.

Bonds Payable

In December 2011, the Economic Development Authority of James City County, Virginia ("Authority") issued a revenue refunding bond in the amount of \$8,090,000 ("Series 2011 Bond"), and loaned the proceeds to the Foundation and College of William and Mary Foundation Ventures ("Obligors"). The Series 2011 Bond was acquired by SunTrust Bank, as Series 2011 Bondholder. Proceeds from sale of the Series 2011 Bond were used to redeem bonds issued in December 2006 by the Authority to finance the cost of property acquisition, construction and equipping of a three-story building in New Town in James City County, Virginia, for use by the Foundation, CWMF Ventures or the College. The Series 2011 Bond bears interest at a fixed rate of 2.96% per annum, subject to the put rights of the Series 2011 Bondholder, and interest payments are due quarterly on each January 1, April 1, July 1 and October 1. The Series 2011 Bondholder has the option to tender the Series 2011 Bond for payment on December 1, 2021, the first optional put date, unless extended under the terms of the loan agreement to not earlier than December 1, 2026. An additional extension may be made to not earlier than December 1, 2031. The final maturity date is December 1, 2036. The Obligors are required to maintain assets so that on each June 30, unrestricted and temporarily restricted net assets shall exceed 200% of the total funded debt of the Obligors.

The Foundation is in compliance with all bond covenants.

MARSHALL-WYTHE SCHOOL OF LAW FOUNDATION

Law Library Bond Issuance

The construction and renovations of the Wolf Law Library at the Marshall-Wythe School of Law were funded by proceeds allocated to the Marshall-Wythe School of Law from the College of William & Mary's 2007A(9D) Bond Issue ("Bond"). The Foundation makes principal and interest payments to the College on the Bond using private contributions restricted for the Law Library addition. However, the Bond was issued to and in the name of the College, and the Foundation is not obligated to make these debt service payments.

Bond payments made to the College totaled \$816,459, including principal and interest, in 2017 and are included in law school bond payments on the Foundation's statement of activities.

WILLIAM AND MARY BUSINESS SCHOOL FOUNDATION

Commitments and Contingencies

On January 31, 2007, the Foundation entered into a Development Agreement and a Reimbursement Agreement (Agreements) with the College of William and Mary (College), in connection with the issuance of bonds to finance the construction and equipping of a new academic building, Alan B. Miller Hall, for the College's Raymond A. Mason School of Business.

By the terms of the Reimbursement Agreement, the Foundation reimbursed the College for all debt service due on certain bonds and all related fees agreed to with respect to the bonds after their issuance. These bonds and the related obligation to the College have been fully paid. However, the Foundation has certain inter-fund obligations still outstanding related to this debt.

A donor agreed to allow up to \$5,000,000 of permanently restricted net assets to be used to pay the obligation to the College on the condition that this money would be repaid to the permanently restricted funds. This money was borrowed in 2016 and is still owed to the permanently restricted funds. Additionally, the Executive Committee authorized the borrowing of temporarily restricted funds held in William and Mary Investment Trust in the amount of \$1,330,000 on July 8, 2015 in order to provide the necessary liquidity to make the final payment to the College in August of 2015 related to the construction of Alan B. Miller Hall. These funds will be repaid to the temporarily restricted funds as related pledge payments are collected. As of the year ended June 30, 2017, \$1,005,859 of this amount has been repaid and a remaining balance due of \$324,141 will be repaid in future years as pledges are collected.

RICHARD BLAND COLLEGE FOUNDATION, INC.

Bonds Payable

During December 2006, the Foundation entered into loan agreements with the Industrial Development Authorities ("Authorities") of Dinwiddie County, Virginia, Isle of Wight, Virginia, Prince George County, Virginia and Sussex County, Virginia to borrow the proceeds of the Authorities' \$27,000,000 Series 2006 Revenue Bonds (Richard Bland College Foundation Student Housing Facilities). The loan was refinanced in October 2012 to lower the interest rate charged to the Foundation. The loan agreement interest rate was 4.23% and refinanced to 2.40%. The interest rate will adjust at the ten year anniversary of the refinancing and every 5 years thereafter at 70% of the 5-year U. S. Treasury Note plus 120 basis points. The bonds are due November 5, 2038. The primary purpose of this loan is to refund and redeem in full the outstanding principal amount of the Authorities' \$27,000,000 Series 2006 Revenue Bonds (Richard Bland College Foundation Student Housing Facilities), the proceeds of which were used to finance the costs of construction and equipping of a student housing facility located in Dinwiddie, Virginia.

In 2017 the Foundation amended the bond notes with Towne Bank to adjust the payments from February and August to May and October to better align with revenue streams.

Investment in Direct Financing Lease

The Foundation has an investment in a direct financing lease in connection with its long-term leasing arrangement with the College. The terms of the lease include the leasing of a student housing facility located in Dinwiddie, Virginia originally constructed by the Foundation for the College. The lease is due in semi-annual installments and expires in August 2038.

WILLIAM & MARY REAL ESTATE FOUNDATION

Tribe Square

The William and Mary Real Estate Foundation develops and owns a mixed use property known as Tribe Square, which consists of one floor retail space and two floors student housing. Construction was completed and the building was put into service during 2012. The Foundation is party to a commercial management agreement dated December 6, 2010 with an agent to manage the property on behalf of Tribe Square, LLC. The agreement is for a one-year term ending July 31, 2012, and continuing on an annual basis unless and until terminated by either party. The services to be provided by the agent include the operation and maintenance of the property, as well as financial duties as defined in the agreement. The management fee paid to the agent will be \$20,940 per annum. At June 30, 2017, the Foundation has one lease agreement for a tenant in the first floor retail area expiring at fiscal year 2019. Subsequent to June 30, 2017 the tenant broke the lease agreement and vacated the space. Management is negotiating the lease termination penalty amount with the tenant. The student housing space is being leased to the College.

The Foundation leases the Tribe Square student housing to the College pursuant to a lease agreement dated August 1, 2011 for a five-year term ending June 30, 2016, with an automatic renewal for an additional five-year term ending on June 30, 2021. Annual base rent is \$459,816, payable in two equal installments, with the first installment due on the commencement date, and each semi-annual installment thereafter due on September 1 and March 1 of each lease year. The base rent may be increased annually by a percentage equal to the increase in the Consumer Price Index. In no event shall the base rent be less than the base rent payable for the preceding year. Rental income received under this lease was \$491,399 and \$486,533 for 2017 and 2016, respectively.

Discovery II

During 2013, the Foundation purchased property held and referred to as Discovery II. The property is being leased to the College for use as office space under an agreement with an initial lease term ending June 30, 2018.

The Foundation entered into a commercial management agreement dated April 11, 2013 with an agent to manage the property on behalf of the Foundation. The agreement is for a one-year term ending on March 31, 2014, and continuing on an annual basis unless and until terminated by either party. The services to be provided by the agent include the operation and maintenance of the property, as well as financial duties as defined in the agreement. The management fee paid to the agent will be \$10,800 per annum.

Future minimum rental payments to be received under existing non-cancelable commercial operating leases at Discovery II for future years ending June 30, 2018 are \$413,706.

Beginning in 2013, the Foundation began leasing the Discovery II office space to the College. The Foundation entered into a lease agreement with the College dated May 18, 2013 for a sixty-two month term commencing May 1, 2013 and ending June 30, 2018 with the right to renew the lease for up to five additional consecutive one-year terms. Annual base rent is \$382,200, payable in 12 equal installments, with the first installment due on the commencement date, and each monthly installment thereafter due on the first business day of the month. The base rent may be increased annually by two percent. Rental income received under this lease was \$405,594 and \$397,641 for 2017 and 2016, respectively.

Richmond Road

The Foundation leases office space at 327 Richmond Road in Williamsburg, Virginia to the College under a five-year lease through December 31, 2021. Rental income under this lease agreement was \$33,452 during both 2017 and 2016. The rate remains the same throughout the lease term.

Student Housing Construction Project

The Foundation entered into a construction project in April 2017 for the renovation and remodeling of a building to be used for student housing. The contract sum is \$3,235,638, of which \$2,382,874 has been paid as of June 30, 2017. Substantial completion is expected no later than September 2017.

Bonds Payable

The Foundation obtained a tax-exempt student housing facilities revenue bond, dated September 16, 2011, twenty-five (25) year term. The bond bears interest at a fixed rate of 3.75%. Required monthly payments of principal and interest total \$25,855. The outstanding principal balance is \$4,229,815 at June 30, 2017.

The bond was issued through the Economic Development Authority of the City of Williamsburg for a principal amount of \$5 million. The proceeds of this bond were used to finance the costs to acquire, construct, and equip the student apartment portion of Tribe Square, and pay certain expenses of issuing the bond. The bond is secured by the rents and revenues of Tribe Square, and the property itself.

The bond, which is bank held, has an option for the bank to require the Foundation to repurchase the bond once the bond is 10 years past the issuance date. If this option is exercised the Foundation would pay the aggregate unpaid principal plus accrued interest through the date of such payment. The bank must give the Foundation 120 days' notice prior to the tender date if this option is exercised.

Promissory Note

The Foundation obtained a promissory note, dated June 3, 2013, ten (10) year term. The note bears interest at a fixed rate of 3.22%. Required monthly payments of principal and interest total \$18,007. The outstanding principal balance is \$3,280,480 at June 30, 2017.

The promissory note was issued through a private lender for a principal amount of \$3,689,000. The proceeds of this note were used to finance the costs to acquire Discovery II, and pay certain expenses of issuing the note. The note is secured by the rents and revenues of Discovery II, and substantially all of the assets of WMREF ventures, a subsidiary of the Foundation. A balloon payment in the amount of \$2,570,410 is due at note maturity on June 1, 2023.

Subsequent Event

In May 2017, the Foundation entered into a line of credit promissory note in the principal amount of \$4,000,000, all of which was outstanding at June 30, 2017. The agreement calls for monthly payments of interest, to be calculated based on loan advances, commencing June 2017 and continuing until paid in full or May 2018. The interest rate is equal to the one-month LIBOR plus 1.0% (2.22% at June 30, 2017). Advances are collateralized by cash, receivables, and future gross receipts. The foundation also has access to letters of credit under the agreement, none of which were issued or outstanding as of June 30, 2017.

On August 4, 2017, the Foundation refinanced the line of credit by entering into a separate promissory note agreement in the principal sum of \$6,000,000. The agreement requires consecutive monthly installments of \$27,373 through July 4, 2022 with interest fixed at a rate of 2.65%. The note matures on August 4, 2022, when a balloon installment is due.

14. RETIREMENT PLANS

Optional Retirement Plan

Full-time faculty and certain administrative staff may participate in a retirement annuity program through various

optional retirement plans other than the Virginia Retirement System. This is a fixed-contribution program where the retirement benefits received are based upon the employer's contributions of approximately 10.4 percent or 8.5 percent depending on whether the employee is in Plan 1 or Plan 2, plus interest and dividends. Plan 1 consists of employees who became a member prior to July 1, 2010. Plan 2 consists of employees who became a member on or after July 1, 2010.

Individual contracts issued under the plan provide for full and immediate vesting of contributions of the College of William and Mary, including the Virginia Institute of Marine Science, and Richard Bland College and their employees. Total pension costs under this plan were \$9,474,216 for the year ended June 30, 2017. Contributions to the optional retirement plans were calculated using the base salary amount of \$96,926,016 for fiscal year 2017. The College of William and Mary, which includes the Virginia Institute of Marine Science, and Richard Bland College's total payroll for fiscal year 2017 was \$197,410,307.

Deferred Compensation

Employees of the University are employees of the Commonwealth of Virginia. State employees may participate in the Commonwealth's Deferred Compensation Plan. Participating employees can contribute to the plan each pay period with the Commonwealth matching up to \$20 per pay period. The dollar amount of the match can change depending on the funding available in the Commonwealth's budget. The Deferred Compensation Plan is a qualified defined contribution plan under Section 401(a) of the Internal Revenue Code. Employer contributions under the Deferred Compensation Plan were approximately \$745,566 for fiscal year 2017.

Summary of Significant Accounting Policies

Pensions

The Virginia Retirement System (VRS) State Employee Retirement Plan and the Virginia Law Officers' System (VaLORS) Retirement Plan are single employer pension plans that are treated like cost-sharing plans. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Virginia Retirement System (VRS) State Employee Retirement Plan and the Virginia Law Officers' System (VaLORS) Retirement Plan; and the additions to/deductions from the VRS State Employee Retirement Plan's and the VaLORS Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan Description

All full-time, salaried permanent employees of state agencies are automatically covered by the VRS State Employee Retirement Plan or the VaLORS Retirement Plan upon employment. These plans are administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees in the VRS State Employee Retirement Plan – Plan 1, Plan 2, and, Hybrid and two different benefit structures for covered employees in the VaLORS Retirement Plan – Plan 1 and Plan 2. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1</p> <p>Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2</p> <p>Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan</p> <p>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members</p> <p>Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>Eligible Members</p> <p>Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of</p>	<p>Eligible Members</p> <p>Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • State employees*

<p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<ul style="list-style-type: none"> • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Members of the Virginia Law Officers' Retirement System (VaLORS) <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions State employees, excluding state elected officials, and optional retirement plan participants, contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions State employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match</p>

		those voluntary contributions according to specified percentages.
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months)</p>

<p>receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>		<p>of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions</u> <u>Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1</p> <p><u>Defined Contribution</u> <u>Component:</u> The benefit is based on contributions made by the member and any matching</p>

<p>retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>		<p>contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>VaLORS: The retirement multiplier for VaLORS employees is 1.70% or 2.00%.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>VaLORS: The retirement multiplier for VaLORS employees is 2.00%.</p>	<p>Service Retirement Multiplier Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>VaLORS: Not applicable.</p> <p>Defined Contribution Component: Not applicable.</p>
<p>Normal Retirement Age VRS: Age 65.</p> <p>VaLORS: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>VaLORS: Same as Plan 1.</p>	<p>Normal Retirement Age Defined Benefit Component: VRS: Same as Plan 2.</p> <p>VaLORS: Not applicable.</p> <p>Defined Contribution Component:</p>

		Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. VaLORS: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90. VaLORS: Same as Plan 1.	Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. VaLORS: Not applicable. <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service. VaLORS: 50 with at least five years of creditable service.	Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service. VaLORS: Same as Plan 1.	Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Age Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. VaLORS: Not applicable. <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment	Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment	Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u>

<p>(COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits 	<p>(COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</p>	<p>Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>
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<p>Program.</p> <ul style="list-style-type: none"> • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 		
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage State employees (including Plan 1 and Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VSDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at

periods of leave without pay.		<p>approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p>
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Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, the 5.00% member contribution was paid by the employer. Beginning July 1, 2012 state employees were required to pay the 5.00% member contribution and the employer was required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. Each state agency's contractually required contribution rate for the year ended June 30, 2017 was 13.49% of covered employee compensation for employees in the VRS State Employee Retirement Plan. For employees in the VaLORS Retirement Plan, the contribution rate was 21.05% of covered employee compensation. These rates were based on actuarially determined rates from an actuarial valuation as of June 30, 2015. The contribution rate for the VRS State Employee Retirement Plan also reflects the transfer in June 2016 of \$162,406,273 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The contribution rate for the VaLORS Retirement Plan also reflects the transfer in June 2016 of \$16,491,559 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the state agency to the VRS State Employee Retirement Plan were \$10,154,884 and \$10,242,923 for the years ended June 30, 2017 and June 30, 2016, respectively. Contributions from the state agency to the VaLORS Retirement Plan were \$241,450 and \$196,427 for the years ended June 30, 2017 and June 30, 2016, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the state agency reported a liability of \$127,302,000 for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of \$2,180,000 for its proportionate share of the VaLORS Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The state agency's proportion of the Net Pension Liability was based on the state agency's actuarially determined employer contributions to the pension plan for the year ended June 30, 2016 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2016, the state agency's proportion of the VRS State Employee Retirement Plan was 1.49% for William and Mary, 0.33% for VIMS, and 0.11% for RBC as compared to 1.43% for William and Mary, 0.33% for VIMS, and 0.11% for RBC at June 30, 2015. At June 30, 2016, the state agency's proportion of the VaLORS Retirement Plan was 0.25% for William and Mary and 0.03% for RBC as compared to 0.24% for William and Mary and 0.04% for RBC at June 30, 2015.

For the year ended June 30, 2017, the state agency recognized pension expense of \$13,754,000 for the VRS State Employee Retirement Plan and \$153,000 for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2015 and June 30, 2016, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2017, the state agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

VRS Retirement Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	545,000	3,467,000
Net difference between projected and actual earnings on pension plan investments	8,115,000	-
Change in assumptions	-	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	6,638,000	281,000
Employer contributions subsequent to the measurement date	10,154,884	-
Total	<u><u>\$ 25,452,884</u></u>	<u><u>\$ 3,748,000</u></u>

VaLORS Retirement Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	10,000	7,000
Net difference between projected and actual earnings on pension plan investments	90,000	-
Change in assumptions	-	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	66,000	130,000
Employer contributions subsequent to the measurement date	241,450	-
Total	<u><u>\$ 407,450</u></u>	<u><u>\$ 137,000</u></u>

\$10,396,334 reported as deferred outflows of resources related to pensions resulting from the state agency's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30

(\$ thousands)

	<u>VRS Retirement Plan</u>	<u>VaLORS Retirement Plan</u>
FY 2018	\$ 2,488	\$ (51)
FY 2019	\$ 1,130	\$ (11)
FY 2020	\$ 4,610	\$ 56
FY 2021	\$ 3,322	\$ 35
FY 2022	\$ -	\$ -

Actuarial Assumptions

The total pension liability for the VRS State Employee Retirement Plan was based on an actuarial valuation as of June 30, 2015, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

Inflation	2.5 percent
Salary increases, including Inflation	3.5 percent – 5.35 percent
Investment rate of return expense, including inflation*	7.0 percent, net of pension plan investment

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 2 years and females were set back 3 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with females set back 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of withdrawals for less than 10 years of service
- Decrease in rates of male disability retirement
- Reduce rates of salary increase by 0.25% per year

The total pension liability for the VaLORS Retirement Plan was based on an actuarial valuation as of June 30, 2015, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

Inflation	2.5 percent
Salary increases, including Inflation	3.5 percent – 4.75 percent
Investment rate of return expense, including inflation*	7.0 percent, net of pension plan investment

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 5 years and females were set back 3 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with females set back 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for females under 10 years of service
- Increase in rates of disability
- Decrease service related disability rate from 60% to 50%

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2016, NPL amounts for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan are as follows (amounts expressed in thousands):

	State Employee Retirement Plan	VaLORS Retirement Plan
Total Pension Liability	\$ 22,958,593	\$ 1,985,618
Plan Fiduciary Net Position	<u>16,367,842</u>	<u>1,211,446</u>
Employers' Net Pension Liability (Asset)	<u>\$ 6,590,751</u>	<u>\$ 774,172</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.29%	61.01%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	<u>100.00%</u>		<u>5.83%</u>
	Inflation		<u>2.50%</u>
	* Expected arithmetic nominal return		<u>8.33%</u>

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the state agency for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the State Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the state agency's proportionate share of the VRS State Employee Retirement Plan net pension liability using the discount rate of 7.00%, as well as what the state agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

(\$ thousands)	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
The College of William and Mary's proportionate share of the VRS State Employee Retirement Plan Net Pension Liability	\$ 179,157	\$ 127,302	\$ 83,769

The following presents the state agency's proportionate share of the VaLORS Retirement Plan net pension liability using the discount rate of 7.00%, as well as what the state agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

(\$ thousands)	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
The College of William and Mary's share of the VaLORS Retirement Plan Net Pension Liability	\$ 2,918	\$ 2,180	\$ 1,572

Pension Plan Fiduciary Net Position

Detailed information about the VRS State Employee Retirement Plan's Fiduciary Net Position or the VaLORS Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2015 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

The College reported \$528,524 in payables to VRS.

15. OTHER POST-EMPLOYMENT BENEFITS

The University participates in post-employment benefit programs that are sponsored by the Commonwealth and administered by the Virginia Retirement System. These programs include the Group Life Insurance Program, Virginia Sickness and Disability Program, Retiree Health Insurance Credit Program, and the Line of Duty Act Program.

The Group Life Insurance Program provides members basic group life insurance upon employment. In addition to benefits provided to active members during employment, the Virginia Sickness and Disability Program provides inactive members with long-term disability and long-term care benefits. The Retiree Health Insurance Credit Program provides members health insurance credits to offset the monthly health insurance premiums for retirees who have at least 15 years of service. The Line of Duty Act Program provides death and health insurance reimbursement benefits to eligible state employees, such as campus police, who die or become disabled as a result of the performance of their duties as a public safety officer. The University is required to contribute to the costs of participating in these programs.

The University also participates in the Pre-Medicare Retiree Healthcare Plan, which is sponsored by the Commonwealth and administered by the Department of Human Resources Management. The plan provides the option

for retirees who are not yet eligible to participate in Medicare to participate in the Commonwealth's healthcare plan for its active employees. The University does not pay a portion of the retirees' healthcare premium; however, since both active employees and retirees are included in the same pool for purposes of determining health insurance rates, this generally results in a higher rate for active employees. Therefore, the University effectively subsidizes the costs of the participating retirees' healthcare through payment of the employer's portion of premiums for active employees.

Additional information related to all of these plans is available at the state-wide level in the Commonwealth's Comprehensive Annual Financial Report.

16. CONTINGENCIES

Grants and Contracts

The University receives assistance from non-state grantor agencies in the form of grants and contracts. Entitlement to these resources is conditional upon compliance with the terms and conditions of the agreements, including the expenditure of resources for eligible purposes. Substantially all grants and contracts are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability. As of June 30, 2017, the University estimates that no material liabilities will result from such audits.

Litigation

The University is not involved in any litigation at this time.

17. RISK MANAGEMENT

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; non-performance of duty; injuries to employees; and natural disasters. The University participates in insurance plans maintained by the Commonwealth of Virginia. The state employee health care and worker's compensation plans are administered by the Department of Human Resource Management and the risk management insurance plans are administered by the Department of Treasury, Division of Risk Management. Risk management insurance includes property, general liability, medical malpractice, faithful performance of duty bond, automobile, and air and watercraft plans. The University pays premiums to each of these departments for its insurance coverage. Information relating to the Commonwealth's insurance plans is available at the statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report.

18. ADVANCE FROM THE TREASURER OF VIRGINIA

Section 4-3.02 of the Appropriation Act describes the circumstances under which agencies and institutions may borrow funds from the state treasury, including prefunding for capital projects in anticipation of bond sale proceeds and operating funds in anticipation of federal revenues. As of June 30, 2017, there was \$4,246,592 in outstanding Advances from the Treasurer. These funds represents an advance to William and Mary from the Commonwealth of Virginia for working capital pending the receipt of funds from bond sale proceeds. These funds were used to renovate Zable Stadium and Busch Field.

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>
Zable Stadium	\$ 2,004,876	\$ 1,550,050		\$ 3,554,926
Busch Field	<u>-</u>	<u>691,666</u>	<u>-</u>	<u>691,666</u>
Total anticipation loans	<u>\$ 2,004,876</u>	<u>\$ 2,241,716</u>	<u>\$ -</u>	<u>\$ 4,246,592</u>

**Required Supplementary Information (RSI) Template
Cost-Sharing Employer Plans – VRS State Employee Retirement Plan
And VaLORS Retirement Plan
For the Fiscal Year Ended June 30, 2017**

Schedule of Employer's Share of Net Pension Liability
VRS State Employee Retirement Plan
For the Years Ended June 30, 2017, 2016 and 2015*

	2017	2016	2015
Employer's Proportion of the Net Pension Liability (Asset)	1.93%	1.87%	1.78%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 127,302,000	\$ 114,809,000	\$ 99,411,000
Employer's Covered Payroll	\$ 69,557,841	\$ 70,307,029	\$ 66,605,228
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	183.02%	163.30%	149.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.29%	72.81%	74.28%

Schedule is intended to show information for 10 years. Since 2017 is the third year for this presentation, only two additional years of data are available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

Schedule of Employer's Share of Net Pension Liability
VaLORS Retirement Plan
For the Years Ended June 30, 2017, 2016 and 2015*

	2017	2016	2015
Employer's Proportion of the Net Pension Liability (Asset)	0.28%	0.28%	0.30%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,180,000	\$ 1,968,000	\$ 2,024,000
Employer's Covered Payroll	\$ 1,147,028	\$ 989,861	\$ 1,101,243
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	190.06%	198.82%	183.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.01%	62.64%	63.05%

Schedule is intended to show information for 10 years. Since 2017 is the third year for this presentation, only two additional years of data is available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

Schedule of Employer Contributions

Schedule of Employer Contributions

VRS State Employee Retirement Plan

For the Years Ended June 30, 2008 through 2017

			Contributions in Relation to				Contributions as a % of
	Contractually Required Contribution		Contractually Required Contribution	Contribution Deficiency (Excess)		Employer's Covered Payroll	Covered Payroll
Date	(1)		(2)	(3)		(4)	(5)
2017	\$ 10,154,884	\$	10,154,884	\$ -	\$	69,557,841	14.60%
2016	\$ 10,242,923	\$	10,242,923	\$ -	\$	73,645,076	13.91%
2015	\$ 8,668,857	\$	8,668,857	\$ -	\$	70,307,029	12.33%

Schedule of Employer Contributions

VaLORS Retirement Plan

For the Years Ended June 30, 2008 through 2017

			Contributions in Relation to				Contributions as a % of
	Contractually Required Contribution		Contractually Required Contribution	Contribution Deficiency (Excess)		Employer's Covered Payroll	Covered Payroll
Date	(1)		(2)	(3)		(4)	(5)
2017	\$ 241,450	\$	241,450	\$ -	\$	1,147,028	21.05%
2016	\$ 196,427	\$	196,427	\$ -	\$	1,048,421	18.74%
2015	\$ 174,908	\$	174,908	\$ -	\$	989,861	17.67%

**Notes to Required Supplementary Information
For the Year Ended June 30, 2017**

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is still a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2016 are not material.

Changes of assumptions – The following changes in actuarial assumptions were made for the VRS - State Employee Retirement Plan effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of withdrawals for less than 10 years of service
- Decrease in rates of male disability retirement
- Reduce rates of salary increase by 0.25% per year

The following changes in actuarial assumptions were made for the VaLORS Retirement Plan effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for females under 10 years of service
- Increase in rates of disability
- Decrease service related disability rate from 60% to 50%

Board of Visitors

Resolution 20

November 15-17, 2017

Page 1 of 1

**COLLEGE OF WILLIAM & MARY
RECEIPT OF THE FINANCIAL REPORT OF
THE INTERCOLLEGIATE ATHLETIC DEPARTMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The summarized Financial Report of the Intercollegiate Athletic Department for the fiscal year ended June 30, 2017, has been presented by the Senior Vice President for Finance and Administration to the President of the College, who has approved it for presentation to the Rector and the Board of Visitors.

RESOLVED, That the Unaudited Financial Report of Intercollegiate Athletics for the Year Ended June 30, 2017 (*see separate booklet*), is hereby received by the Board of Visitors.



WILLIAM & MARY

CHARTERED 1693

UNAUDITED
FINANCIAL REPORT OF INTERCOLLEGIATE ATHLETICS
FOR THE YEAR ENDED
JUNE 30, 2017

THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA
Williamsburg, VA

BOARD OF VISITORS

As of June 30, 2017

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H. Thomas Watkins III - Vice Rector
Sue H. Gerdelman - Secretary

Warren W. Buck III
S. Douglas Bunch
Lynn M Dillon
Thomas R. Frantz
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Anne Leigh Kerr
John E. Littel
Christopher M. Little
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Lisa E. Roday
Karen Kennedy Schultz
DeRonda M. Short
John Charles Thomas
Brian P. Woolfolk

COLLEGE OFFICIALS

W. Taylor Reveley III, President

Edward C. Driscoll, Director of Intercollegiate Athletics Programs

Chelsey P. Burk, Assistant Athletic Director for Business Affairs

The College of William and Mary
SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
For the year ended June 30, 2017

	Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
Operating revenues:						
Ticket sales	\$ 675,868	\$ 230,943	\$ 11,654	\$ 33,358	\$ (120)	\$ 951,703
Student fees	429,166	-	-	10	13,938,004	14,367,180
Indirect Institutional Support - Athletic Facility Debt Service, Lease and Rental Fees	53,181	33,215	31,088	52,366	783,832	953,682
Direct institutional support	2,310	9,960	28,096	187,705	83,865	311,936
Indirect institutional support	(3,806)	2,967	(419)	27,441	(628)	25,555
Guarantees	338,000	260,000	-	26,700	-	624,700
Contributions (Note 2)	2,570,962	730,348	111,174	1,681,751	90,322	5,184,557
In-Kind	24,159	24,718	6,850	8,111	9,415	73,253
NCAA distributions	138,916	220,733	45,480	562,121	892,891	1,860,141
Conference distributions (Non Media or Bowl)	-	-	-	-	1,500	1,500
Program, novelty, parking, and concession sales	74,900	6,815	1,448	1,305	1,864	86,332
Royalties, licensing, advertisement and sponsorships	320,275	70,198	55,359	133,678	325,165	904,675
Athletics restricted Endowment and investments income (Note 3)	1,248,979	275,395	131,708	947,896	110,276	2,714,254
Other Operating Revenue	<u>22,318</u>	<u>60</u>	<u>-</u>	<u>273,222</u>	<u>46,412</u>	<u>342,012</u>
Total operating revenues	5,895,228	1,865,352	422,438	3,935,664	16,282,798	28,401,480
Operating expenses:						
Athletic student aid	2,815,241	622,450	574,256	4,686,236	23,425	8,721,608
Guarantees	-	73,000	-	23,070	-	96,070
Coaching salaries, benefits, and bonuses paid by the University and related entities	1,288,051	696,370	470,702	2,395,499	-	4,850,622
Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities	104,544	48,047	51,554	27,916	4,197,405	4,429,466
Recruiting	161,423	104,888	88,487	183,935	10,403	549,136
Team travel	358,552	207,031	127,707	1,113,636	114,229	1,921,155
Sports equipment, uniforms, and supplies	184,569	31,273	34,435	453,793	140,950	845,020
Game expenses	300,372	175,659	102,836	261,517	306	840,690
Fundraising, marketing and promotion	7,985	-	18	240	559,981	568,224
Spirit groups	-	-	-	-	42,995	42,995
Athletic facility leases and rental fees	-	33,215	31,088	52,366	70,600	187,269
Athletic facility debt service	495,740	-	-	306,709	373,799	1,176,248
Direct overhead and administrative expenses	734,831	-	425	531,543	220,501	1,487,300
Indirect cost paid to the institution by athletics	-	-	-	-	258,720	258,720
Indirect institutional support	(3,806)	2,967	(419)	27,441	(628)	25,555
Medical expenses and insurance	1,189	-	-	3,465	434,969	439,623
Memberships and dues	410	960	160	8,972	97,122	107,624
Student Athlete Meals (non-travel)	52,798	23,973	25,528	78,572	-	180,871
Other operating expenses	<u>85,618</u>	<u>51,324</u>	<u>30,751</u>	<u>145,436</u>	<u>498,312</u>	<u>811,441</u>
Total operating expenses	6,587,517	2,071,157	1,537,528	10,300,346	7,043,089	27,539,637
Excess (deficiency) of revenues over (under) expenses	<u>\$ (692,289)</u>	<u>\$ (205,805)</u>	<u>\$ (1,115,090)</u>	<u>\$ (6,364,682)</u>	<u>\$ 9,239,709</u>	<u>\$ 861,843</u>
Other Reporting Items:						
Total athletics-related debt						\$ 9,023,500
Total institutional debt						\$ 220,236,090
Value of athletics-dedicated endowments						\$ 85,829,529
Value of institutional endowments						\$ 874,080,692
Total athletics-related capital expenditures						\$ 7,106,832

The accompanying Notes to the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs are an integral part of this Schedule.

THE COLLEGE OF WILLIAM AND MARY
NOTES TO SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETIC PROGRAMS
AS OF JUNE 30, 2017

1. BASIS OF PRESENTATION

The accompanying Schedule of Revenues and Expenses of Intercollegiate Athletic Programs has been prepared on the accrual basis of accounting. The purpose of the Schedule is to present a summary of revenues and expenses of the Intercollegiate Athletics Programs of the College for the year ended June 30, 2017, and includes both those intercollegiate athletics revenues and expenses under the direct accounting control of the College and those on behalf of the College's Intercollegiate Athletics Programs by outside organizations not under the College's control. Because the Schedule presents only a selected portion of the College's activities, it is not intended to, and does not present the financial position, changes in financial position, or cash flows for the year ended June 30, 2017. Revenues and expenses directly identifiable with each category of sport are presented and reported accordingly. Revenues and expenses not directly identifiable to a specific sport are reported under the category "Non-Program Specific."

2. CONTRIBUTIONS

The Athletic Educational Foundation (AEF) of the College of William and Mary in Virginia, Incorporated, also referred to as the Tribe Club, raises funds and collects contributions for the benefit of the Intercollegiate Athletics Department. The College received \$5,184,557 from the AEF during the year ended June 30, 2017.

The College received \$6,305,640 through the College of William and Mary Foundation for capital improvements to Zable Stadium which serves the Football and Men's and Women's Track programs. Capital contributions are not reported in the Intercollegiate Athletics Schedule of Revenues and Expenses.

3. ENDOWMENT AND INVESTMENT INCOME

The College of William and Mary Foundation is authorized to receive and administer gifts and bequests of all kinds. The Foundation makes such resources available to the College, which may be drawn as needed by the College within the Foundation's budgetary restrictions. The College received \$2,714,254 of endowment and investment income from the Foundation for the benefit of the Intercollegiate Athletics Department for the year ended June 30, 2017.

4. CAPITAL ASSETS

Capital assets are recorded at historical cost at the date of acquisition or fair market value at the date of donation in the case of gifts. Construction expenses for capital assets and improvements are capitalized when expended. The College's capitalization policy on equipment includes all items with an estimated useful life of two years or more. The William and Mary campus capitalizes all items with a unit price greater than or equal to \$5,000.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets as follows:

Buildings	40-50 years
Improvements other than Buildings	10-50 years
Infrastructure	10-50 years
Equipment	2-30 years
Library Books	10 years

A summary of the capital asset ending balances net of accumulated depreciation for the year ending June 30, 2017 is as follows:

Depreciable capital assets:	
Buildings	\$ 58,845,765
Improvements other than Buildings	1,996,786
Infrastructure	2,628,105
Equipment	<u>3,470,692</u>
Total depreciable capital assets	<u>66,941,348</u>
Less Accumulated depreciation for:	
Buildings	\$13,121,449
Improvements other than Buildings	884,196
Infrastructure	2,628,105
Equipment	<u>2,353,082</u>
Total accumulated depreciation	<u>18,986,832</u>
Total capital assets, net	<u>\$ 47,954,516</u>

5. LONG-TERM DEBT

Long-term debt relating to intercollegiate athletics is shown below.

<u>Description</u>	Interest Rates (%)	Maturity	Balance as of June 30, 2017	% used by Athletics	Athletics Balance June 30, 2017
Section 9(d) Bonds:					
William and Mary Hall, Series 2007B	4.000- 4.250	2018	165,000	85%	\$ 140,250
Recreation Sports Center, Series 2010B	2.000 - 5.000	2021	220,000	15%	33,000
Recreation Sports Center, Series 2012A	3.000 - 5.000	2024	180,000	15%	27,000
Recreation Sports Center, Series 2012A	3.000 - 5.000	2025	3,840,000	15%	576,000
Recreation Sports Center, Series 2012A	3.000 - 5.000	2025	1,225,000	15%	183,750
Recreation Sports Center, Series 2014B	4.000 - 5.000	2026	190,000	15%	28,500
Improve Athletics Facilities, Series 2016A	3.00	2027	150,000	100%	150,000
Improve Athletics Facilities, Series 2012A	3.000 - 5.000	2025	1,655,000	100%	1,655,000
Improve Athletics Facilities, Series 2014B	4.000 - 5.000	2026	260,000	100%	260,000
Improve Athletics Facilities, Series 2014B	5.000	2024	280,000	100%	280,000
Improve Athletics Facilities II, Series 2013A&B	2.000 - 5.000	2034	1,440,000	100%	1,440,000
J. Laycock Football Facility, Series 2016A	3.000	2027	1,100,000	100%	1,100,000
J. Laycock Football Facility, Series 2014B	5.000	2024	2,100,000	100%	2,100,000
Busch Field Astroturf Replacement, Series 2009B	2.000 - 5.000	2020	190,000	100%	190,000
Busch Field Astroturf Replacement, Series 2016A	3.000	2030	860,000	100%	860,000
Total					<u>\$ 9,023,500</u>

Long-term debt matures as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
2018	818,000	373,263
2019	710,750	217,970
2020	741,000	197,176
2021	782,000	265,151
2022	815,000	225,926
2023-2027	4,151,750	556,361.90
2028-2032	780,000	117,375.00
2033-2037	225,000	9,100.00
Total	<u>\$ 9,023,500</u>	<u>\$ 1,962,323</u>

6. INDIRECT COSTS

The College recovers a percentage of each auxiliary enterprise's expenses, including athletics, to cover overhead costs such as utilities and custodial services. In the fiscal year ended June 30, 2017 the overhead rate charged to athletics and other auxiliary enterprise was 27.85 percent. This amount is included in indirect cost paid to the institution by athletics, under the category "Non-Program Specific."

CLOSED MEETINGS

The Board of Visitors may consider in closed session certain matters, including those listed below. The Code is very specific as to how these matters will be described in public session and in closing the meeting the motion must be specific as to the matters to be considered in closed session. There may be no discussion in closed session of matters not identified in the original motion.

I move that the _____ Committee convene in Closed Session for the purpose of discussing _____, as provided for in Section 2.2-3711.A., ____ .

<u>Code Section</u>	<u>Topic</u>
2.2-3711.A.1.	Personnel matters involving identifiable college employees (i.e., appointments, performance evaluations, leaves, etc.) or discussion or interviews of prospective candidates for employment.
2.2-3711.A.2.	Matters concerning any identifiable student
2.2-3711.A.3.	Acquisition of real property for a public purpose or disposition of publicly held real property
2.2-3711.A.4.	Protection of individual privacy in personal matters not related to public business
2.2-3711.A.6.	Investment of public funds where bargaining or competition is involved
2.2-3711.A.7.	Consultation with legal counsel and briefings by staff members pertaining to actual or probable litigation
2.2-3711.A.8.	Consultation with legal counsel employed by a public body regarding specific legal matters requiring legal advice by such counsel
2.2-3711.A.9.	Gifts, bequests and fund-raising activities, or grants and contracts for services or work to be performed by the College
2.2-3711.A.11.	Honorary degrees or special awards
2.2-3711.A.19.	Reports or plans related to security of any College facility, building or structure, or safety of persons using such facility, building or structure
2.2-3711.A.29.	Public contracts involving the expenditure of public funds

§2.2-3712.D. - At the conclusion of any closed meeting, the Board of Visitors shall immediately reconvene in open meeting and shall take a roll call or other recorded vote to be included in the minutes, certifying that to the best of each member's knowledge (i) only public business matters lawfully exempted from open meeting requirements under this chapter and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the meeting by the public body. Any member of the public body who believes that there was a departure from the requirements of clauses (i) and (ii), shall so state prior to the vote, indicating the substance of the departure that, in his judgment, has taken place. The statement shall be recorded in the minutes of the public body.

BOARD OF VISITORS MEETING DATES

2017

November 15-17

2018

February 7-9 (Charter Day 2/9)

April 18-20 (Commencement 5/12)

NOVEMBER 2017