1. CALL TO ORDER

Mr. Dwight Shelton, Vice President for Finance and CFO, called the meeting to order at 3:00 p.m.

2. APPROVAL OF THE MARCH 27, 2014 MINUTES

Members voted to accept the March 27, 2014 minutes. The minutes will be forwarded to the University Council for posting on the web.

3. CURRENT STATUS OF STATE BUDGET PROCESS

Mr. Tim Hodge, Assistant Vice President for Budget and Financial Planning provided an update on the current status of the state’s biennial budget development process and the impact on the university planning and budget processes. He shared that the General Assembly has not completed its work as scheduled. As a result, the university is delayed in understanding state assigned cost drivers and the level of state support for the university. This has resulted in a delay in the development of the tuition and fee process.

4. UPDATE ON INTERCOLLEGIATE ATHLETICS

In response to the Council’s earlier request, Mr. Tim Hodge, Assistant Vice President for Budget and Financial Planning provided an update on intercollegiate athletics. The PowerPoint presentation is attached to these minutes. Mr. Hodge stated that total revenues for Virginia Tech athletics for FY 2012-13 were $70M and shared its relative standing with other NCAA Division I institutions. He reviewed the sources of funding and the share of each revenue source for Virginia Tech athletics. The Commonwealth of Virginia requires auxiliary enterprises including intercollegiate athletics to be a 100% self-supporting for both direct and indirect costs, and Virginia Tech is in compliance with this requirement. Virginia Tech continues to have the lowest student athletic fee of the public institutions in Virginia and had no fee increase from FY99 until FY11 with only low increases subsequent to that. Virginia Tech also generates more self-generated revenue than any other university as a share of overall income in the Commonwealth based on JLARC’s recent review. Mr. Hodge reviewed ticket sales, the ACC Conference allocation, multimedia and advertising, and private funds. He also reviewed the utilization of funds for Virginia Tech athletics by
category of expenditure. Mr. Hodge presented and discussed the NCAA required schedule of revenues and expenses, as reviewed by the Auditor of Public Accounts (APA) for the University’s programs for the year ended June 30, 2013. A number of the benefits to the university and the surrounding area that result from intercollegiate athletics were noted. He added that Virginia Tech is not immune from the decline in ticket sales observed across the ACC and the SEC.

5. OTHER BUSINESS

No further business was discussed, and the meeting adjourned at 4:00 p.m.
Update on Intercollegiate Athletics
Sources of Revenues
University Advisory Council on Strategic Budget and Planning

April 24, 2014
Athletics Revenues

Total Revenues for Fiscal Year 2012-13:

$70 million
Athletics Funding

Sources include:

- Ticket Revenue
  Seat/Suite Premium
- Conference Allocation
- Private Funds
- Student Fees
- Multimedia Rights
- Other (NCAA Allocation, Hokie Sports, Hokie Kids Club, Licensing, Concessions, Pouring Rights, Facility Rentals, Investment, etc.)
Revenue Breakdown

- Student Fees: 24%
- Football/Basketball Tickets: 24%
- Seat/Suite Premium: 10%
- Conference Allocations: 26%
- Multi Media and Advertising: 6%
- Private Gifts
- Other: 0%
VT had lowest Athletic Student Fee in the state

No Student Fee increase from FY99 until FY11
Athletics Revenue

No Virginia school generates enough athletic revenue to cover all its expenses without subsidies from student athletic fees, but the amount of generated revenue varies substantially by school.

Most Athletic Programs Generate Less Than Half of Total Revenue (2011-12)

Average = 31%

Source: JLARC Non-Academic Services and Costs Report
Ticket Sales

- FY13 Total - $16.7 million
- Football, Men’s Basketball, Women’s Basketball

Seat Premiums

- FY13 Revenue - $5.5 million
- Lane Stadium Suite Premiums
- Lane Stadium Club Seat Licenses
Conference Allocation

FY13 ACC Revenue - $17.9 million
• Significant 10 year growth
• As ACC has expanded, so too has the Conference Revenue share
Multimedia and Advertising

• FY13 Revenue - $4.3 million
• Mostly comprised of current contract with IMG for radio and advertising rights.

Private Funds

• FY13 Revenue - $16.6 million
• Money donated to University to assist in funding specific initiatives.
• Scholarships, facilities, programs
Expense Breakdown

- Personnel: 34%
- Operating: 21%
- Utilities/Maintenance/Renovations: 17%
- Debt: 15%
- University Reimbursement: 8%
- Scholarships: 5%
State of Virginia Requirements

• As an Auxiliary Unit, Athletics is required to be self-supporting and cover 100% of direct and indirect expenses.
  • No State General Funds
  • No Tuition
## Schedule of Revenues and Expenses of Intercollegiate Athletics Programs

For the year ended June 30, 2013

<table>
<thead>
<tr>
<th>Revenue / Expense Category</th>
<th>Football</th>
<th>Men's Basketball</th>
<th>Women's Basketball</th>
<th>Men's Other Sports</th>
<th>Women's Other Sports</th>
<th>Non-Program Specific</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ticket sales</td>
<td>$14,259,840</td>
<td>$2,301,635</td>
<td>$125,204</td>
<td>$</td>
<td>$2,165,582</td>
<td>5,441,153</td>
<td>$7,006,735</td>
</tr>
<tr>
<td>Student fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Guarantees</td>
<td>500,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>521,700</td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>9,003,612</td>
<td>449,506</td>
<td>573,395</td>
<td>2,352,173</td>
<td>2,904,901</td>
<td>1,316,015</td>
<td>16,599,602</td>
</tr>
<tr>
<td>Compensation and benefits provided by a third party</td>
<td>185,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>185,000</td>
</tr>
<tr>
<td>Direct state or other government support</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>645</td>
<td>645</td>
</tr>
<tr>
<td>Direct institutional support</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>NCAA conference distributions including all tournament revenues</td>
<td>9,052,533</td>
<td>6,784,756</td>
<td>34,634</td>
<td>228,073</td>
<td>123,696</td>
<td>1,678,966</td>
<td>17,902,658</td>
</tr>
<tr>
<td>Broadcast television, radio and internet rights</td>
<td>3,220,455</td>
<td>873,119</td>
<td>218,280</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,311,854</td>
</tr>
<tr>
<td>Program sales, concessions, novelty sales, and parking</td>
<td>1,232,870</td>
<td>54,751</td>
<td>11,374</td>
<td>33,798</td>
<td>10,482</td>
<td>353,218</td>
<td>1,669,493</td>
</tr>
<tr>
<td>Royalties, advertisements and sponsorships</td>
<td>1,163,405</td>
<td>126,809</td>
<td>61,702</td>
<td>112,000</td>
<td>118,500</td>
<td>484,113</td>
<td>2,066,529</td>
</tr>
<tr>
<td>Endowment and investment income</td>
<td>513,355</td>
<td>128,475</td>
<td>97,161</td>
<td>500,294</td>
<td>667,120</td>
<td>80,953</td>
<td>1,987,358</td>
</tr>
<tr>
<td>Other</td>
<td>4,975</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>50,564</td>
<td>74,712</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>39,136,045</td>
<td>10,719,051</td>
<td>1,121,750</td>
<td>3,292,402</td>
<td>6,047,045</td>
<td>9,714,194</td>
<td>70,030,487</td>
</tr>
<tr>
<td><strong>Operating Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Athletic student aid</td>
<td>3,277,245</td>
<td>416,177</td>
<td>577,001</td>
<td>2,364,871</td>
<td>3,226,094</td>
<td>375,707</td>
<td>10,237,095</td>
</tr>
<tr>
<td>Guarantees</td>
<td>718,750</td>
<td>409,500</td>
<td>41,989</td>
<td>25,626</td>
<td>-</td>
<td>-</td>
<td>1,203,365</td>
</tr>
<tr>
<td>Coaching salaries, benefits, and bonuses</td>
<td>5,709,487</td>
<td>2,172,611</td>
<td>860,218</td>
<td>1,812,579</td>
<td>1,506,889</td>
<td>-</td>
<td>12,061,784</td>
</tr>
<tr>
<td>Coaching other compensation and benefits paid by a third-party</td>
<td>185,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>185,000</td>
</tr>
<tr>
<td>Support staff and administrative salaries, benefits and bonuses</td>
<td>1,689,811</td>
<td>269,340</td>
<td>181,680</td>
<td>61,811</td>
<td>103,094</td>
<td>7,856,699</td>
<td>10,162,435</td>
</tr>
<tr>
<td>Severance payments</td>
<td>64,491</td>
<td>12,047</td>
<td>17,941</td>
<td>5,338</td>
<td>4,415</td>
<td>-</td>
<td>28,444</td>
</tr>
<tr>
<td>Recruiting</td>
<td>353,983</td>
<td>237,297</td>
<td>163,383</td>
<td>249,393</td>
<td>190,116</td>
<td>-</td>
<td>1,196,172</td>
</tr>
<tr>
<td>Team travel</td>
<td>1,651,863</td>
<td>400,114</td>
<td>343,654</td>
<td>917,140</td>
<td>914,436</td>
<td>-</td>
<td>4,286,376</td>
</tr>
<tr>
<td>Equipment, uniforms, and supplies</td>
<td>508,847</td>
<td>123,007</td>
<td>104,221</td>
<td>393,297</td>
<td>464,953</td>
<td>69,907</td>
<td>1,664,232</td>
</tr>
<tr>
<td>Game expenses</td>
<td>1,738,231</td>
<td>387,526</td>
<td>212,046</td>
<td>305,492</td>
<td>193,037</td>
<td>375,659</td>
<td>3,211,991</td>
</tr>
<tr>
<td>Fund-raising, marketing and promotions</td>
<td>335,860</td>
<td>352,029</td>
<td>103,977</td>
<td>86,149</td>
<td>50,805</td>
<td>441,221</td>
<td>1,370,041</td>
</tr>
<tr>
<td>Direct facilities, maintenance and rental</td>
<td>7,276,321</td>
<td>436,105</td>
<td>438,797</td>
<td>476,801</td>
<td>542,196</td>
<td>7,614,035</td>
<td>16,784,255</td>
</tr>
<tr>
<td>Spirit groups</td>
<td>272,921</td>
<td>18,932</td>
<td>11,084</td>
<td>-</td>
<td>-</td>
<td>106,343</td>
<td>409,280</td>
</tr>
<tr>
<td>Medical expenses and medical insurance</td>
<td>155,372</td>
<td>27,445</td>
<td>28,515</td>
<td>180,073</td>
<td>136,468</td>
<td>317,016</td>
<td>844,889</td>
</tr>
<tr>
<td>Memberships and dues</td>
<td>2,039</td>
<td>1,020</td>
<td>1,308</td>
<td>7,096</td>
<td>3,220</td>
<td>27,379</td>
<td>42,662</td>
</tr>
<tr>
<td>Other</td>
<td>1,122,963</td>
<td>232,150</td>
<td>101,701</td>
<td>246,709</td>
<td>138,132</td>
<td>948,416</td>
<td>2,790,071</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>25,063,184</td>
<td>5,495,300</td>
<td>3,187,515</td>
<td>7,132,575</td>
<td>7,481,355</td>
<td>18,221,995</td>
<td>66,581,924</td>
</tr>
<tr>
<td><strong>Excess (Deficiency) of Revenues Over (Under) Expenses</strong></td>
<td>14,072,861</td>
<td>5,223,751</td>
<td>(2,065,765)</td>
<td>(3,840,173)</td>
<td>(1,434,310)</td>
<td>(8,307,801)</td>
<td>3,448,563</td>
</tr>
</tbody>
</table>
Benefits to University

• $10.2M Student Athlete Scholarship support
• Assists in generating resources for University Scholarship Programs (non-student athlete)
• $3.2 million in reimbursement of university costs
• Academic and Special Events Space
• $169k to Parking Services to lower the cost of parking
Benefits to University

- Pouring Rights Revenues shared with University which assist with University initiatives such as the Center for the Arts
- Athletics has pledged $3 million to assist with the new Marching Virginians facility and provides annual band support of approximately $170k
- Student employment and learning opportunities
Benefits to University

- Alumni Loyalty and Involvement
- Philanthropy
  - Athletic Department
  - Academic Departments
- University Exposure
  - Gets Virginia Tech in front of perspective students
  - Assists with research sponsor awareness
- Overall Student Experience
Benefits to Surrounding Area

Examples

• Christiansburg Aquatic Center
• River Course
• Economic boost for region – supports local hotels, restaurants, stores, etc.
Update on Current Events

- Ticket sales
  VT is not immune from the decline observed across the ACC & SEC
Questions/Discussion