

Endowment Management

1. What categories of assets are included in your college or university's endowment?
For each category, please indicate the amount of funds that are:
 - a. unrestricted;
 - b. permanently restricted by donors;
 - c. temporarily restricted by donors;
 - d. permanently restricted by your college or university (quasi-endowments);
and
 - e. temporarily restricted by your college or university.
 - f. For each restricted asset, please describe the uses for which the funds are restricted and the amount of the fair market value of the endowment apportioned to each use. How and why were the restrictions put into place?

Response: Please see Attachment 1 for an outline of the breakout of endowment market value for each of the past three years and as of December 31, 2016 by class of funds (Permanently Restricted, Temporarily Restricted, Quasi- Endowment which should be noted cannot be classified as permanently restricted based on FASB accounting guidelines, and for Washington and Lee University Trusts Held by Others). This table is followed by a breakout of major underlying restrictions and the market values associated with each major restriction as of June 30, 2015.

2. Does your college or university hold any investments that are not included in the endowment? If so, what are they, and what are their fair market values and basis? How are they used to further the educational purpose of the college or university?

Response: Please see Attachment 2 for the breakout by type of invested funds. The University does hold additional investments beyond the endowment. The most significant of these are Life Income and Annuities which are the combination of individual charitable trusts instruments or contractual obligations in which a donor has established an arrangement for the income or payout from the individual instrument to be paid to them or another beneficiary for a defined period (it may be a predetermined set of years but is typically tied to the lifetime of the donor and/or their spouse. At the time of the maturity, the residual value of that instrument is distributed to the University and in the vast majority of cases, those funds are to serve as an endowment. As of June 30, 2015, the University had 166 of these instruments with individual donors. There is an offsetting liability that the University must record which reflects the present value of the expected future payments for each of these agreements. The second largest non-endowment investment holding reflects funds in the University's General Operating accounts. These funds typically reflect the combination of operating cash and balances from restricted accounts that have not yet been spent for the underlying purpose. The majority of these funds are held in highly liquid and generally regarded as highly safe instruments, but since maturities tend to extend beyond three months cannot be classified as Cash or Cash Equivalents on the University's Statement of Financial Position. The final category of investments include funds acting as endowments. These are typically fully expendable funds; however, the donor has established a preference for the funds to be invested alongside the endowment. At the time these were created, the concept of a Temporarily Restricted Endowment had not yet been fully conceived. As such, the underlying structures for these individual funds do not fully fit the definition; therefore, we classify them separately from the endowment.

3. What is your endowment size, as measured by total fair market value of its assets? What has been the net growth and net investment return on your endowment each year?

Response: Please see Attachment 3. The table that is presented in this attachment reflects the year-to-year change for the University-controlled endowment funds (excludes Trusts Held by Others for the analysis). For each year, the beginning market value is supplemented by gifts received in the year, endowment income and possibly market appreciation of the aggregated underlying investments (these are not realized gains). This amount is then reduced by endowment payout and possibly depreciation of the aggregated underlying investments. Net growth (which includes the factors for gifts and payout

as well as investment return) was \$78.394 million in FY 2013, \$110.385 million in FY 2014 and \$21.632 million in FY 2015. It is worth noting, FY 2009 yielded a net decline of \$98.624 million and FY 2012 reflected a net decline of \$6.119 million, and FY 2008 did not yield adequate investment income or net appreciation to cover fully endowment payout in that year. Net investment return being defined for this purpose as Investment Income and Net Appreciation was \$80.728 million in FY 2013, \$131.553 million in FY 2014 and \$50.863 million in FY 2015.

4. How much has your college or university spent each year to manage the endowment, and how many staff and contractors are employed to manage the endowment? For any fees paid to nonemployees for investment advice, asset management, or otherwise, please provide detail on the amounts paid, to whom, and the fee arrangement.

Response: Please see Attachment 4. The table that is presented provides the amount spent in each year for management of the endowment for which we can ascertain fee data from the normal reporting from the managers. The University utilizes an Outsourced Chief Investment Office structure for the majority of endowment management. Makena Capital Management acts as that office. Makena also manages approximately \$700 million of the internally controlled endowment (valued at \$1.047 billion as of June 30, 2015). Beyond Makena Capital, the University has investments in several partnerships as well as fund-of-fund structures through CommonFund and Park Street Capital in the private equity and venture capital areas. Within these all of these arrangements, fees for management are netted against the returns, so the material provided is reflective of the best information that we have on fees paid in each year. Custodial services are provided by BNY Mellon which also provides analytics and performance reporting in support of the management of the endowment. Internally, it is estimated that 1.5 FTE employees from the Treasurer's and Business Offices provide regular support of the endowment. The duties in terms of support are split primarily among six individuals. With Makena Capital representing the bulk of the fees paid, it is easiest to describe their fee arrangement as 50 basis points per year, calculated and charged quarterly based on the net asset value. There is a 3% incentive fee (3% of all profits) that is collected at the end of the calendar year, if and only if, both the following two conditions are met: the net return to W&L is >10% for the calendar year; and, the portfolio is above W&L's high watermark. In Attachment 4, Makena's fee for 2014 includes incentive compensation. Since many of the managers utilize other investment vehicles for the underlying investments (fund of funds) there are fees from these underlying funds that are netted against the returns that are provided to the University from these managers. There is not an approach that we have sought to collect information on these underlying management fees, so the response does not include any component for this aspect of endowment management.

It is worth noting, that not included in the Management Fees of Attachment 4 are Unrelated Business Income Taxes on certain types of investments held in the University's endowment and investment portfolio. For the most recent year completed, these taxes totaled \$1,192,153.

5. If your endowment is required to file a Form 990 separately from your college or university's Form 990, please provide the endowment entity name(s) and Employment Identification Number.

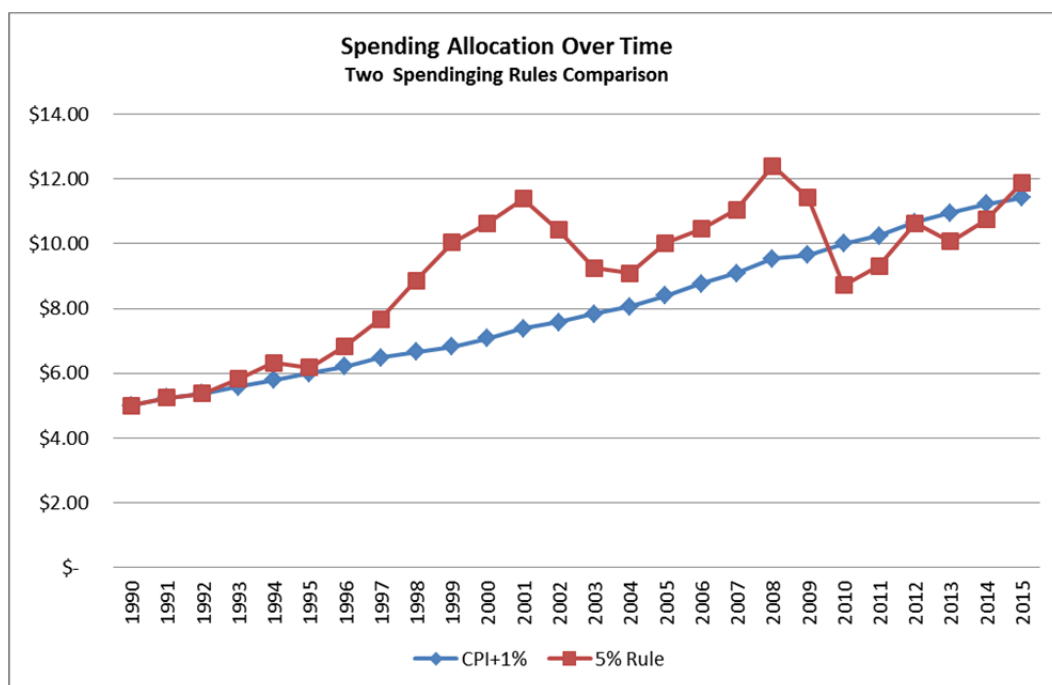
Response: This does not apply to Washington and Lee University.

Endowment Spending and Use

6. How does your college or university determine what percentage of the endowment will be paid out each year? If any, what has been the target endowment payout as a percentage of the endowment's beginning balance each year? If that answer differs from the percentage paid out, please explain why. Please attach any payout policies or guidance.

Response: Please see Attachment 5 which is the University's approved Investment Policy and Guidelines followed by the calculation of spending for the 2016 fiscal year. The University adopted in the early 1990s a spending rule that utilizes an increase in unit spending of the endowment by CPI+1%. Spending is capped to 5% of the most recent fiscal year-end unit value. This structure replaced a 5% of a three year rolling average value of the endowment. This approach has two primary benefits that the University has identified. The first is that during very strong market rallies, the rule limits

growth in spending rather than allocating the full return to the underlying purposes of support. This allows for a more disciplined approach to budget management at the University. The second, and likely most significant, is that during periods of market stagnation or decline, the rule allows spending from the endowment to continue to increase until it reaches the 5% cap level. In other words it helps to smooth market volatility that otherwise would whipsaw allocated resources to the budget. The following chart was presented to the various University volunteer leadership groups earlier this fall. It represents the spending allocation by year under a simple 5% spending rule versus the one that the University utilizes on an endowment with a theoretical beginning value of \$100.



It is interesting to note in the graph above that both approaches have very similar spending/payout levels at the beginning and end of this time series; however, the CPI+1% rule does so in a very smooth and orderly progression minimizing spending volatility and operating revenues. As an additional benefit, under the CPI+1% rule, the endowment value in this model is actually higher than in the 5% spending rule by 27.5%. Washington and Lee University's administration and Board of Trustees believe that this represents very responsible resource management.

7. Does your college or university have policies regarding spending the endowment principal? Has your college or university ever spent endowment principal? If so, under what circumstances?

Response: The University follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA) standards as adopted under the laws of the Commonwealth of Virginia to guide policies on spending and prudent management of the endowment. Based on our interpretation of Virginia's legislation, which incorporates the provisions of UPMIFA, by the Board of Trustees of the University and absent explicit donor stipulations to the contrary, the University classifies the original value of gifts donated to the permanent endowment, as well as accumulations to the permanent endowment made at the direction of the donor as permanently restricted net assets.

The remaining portion of the donor-restricted endowment fund that is not classified in the permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board of Trustees in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

the duration and preservation of the fund; the purposes of the University and the donor-restricted endowment fund; general economic conditions; the possible effect of inflation or deflation; the expected total return from income and appreciation of investments; other resources of the University; and the investment policies of the University.

Under this approach it is possible for an endowment to go “underwater” based upon the return environment and allocation to spending. These amounts are identified annually and are booked for financial reporting purposes as reductions to the values of Quasi-Endowments (unrestricted funds as defined by Financial Accounting Standards Board within the endowment) within the University’s Financial Statements. It is anticipated that over the long-term, no true permanently restricted endowment would be underwater; however, if such an event were to occur, the University would transfer funds from Quasi-Endowments to the individual permanently restricted endowment funds to retain the original corpus value. As of June 30, 2015, the total amount of permanently restricted endowments that were underwater was just \$10,000.

8. How much and what percentage of the endowment’s beginning balance has your college or university spent each year? How much and what percentage of the endowment’s return on investment has your college or university spent each year?

Response: In FY 2013, the University allocated for spending (payout rate) 4.79% of the beginning market value of the endowment. In FY 2014, the payout rate was 4.68%, and in FY 2015, the payout rate was 4.38%. In the current fiscal year (FY 2016), the payout rate is 4.46%, and based on the endowment value as of December 31, 2015, the FY 2017 payout rate will be 4.92% (this will be adjusted when we know the market valuations at June 30, 2016).

In terms of endowment spending as a portion of the endowment return (defined as investment income plus net appreciation) in the past three fiscal years, the University reports the following:

Fiscal Year 2013: 48.25%

Fiscal Year 2014: 31.6%

Fiscal Year 2015: 86.15%

It is important to note the variation of this statistic from year-to-year reflecting the volatility of investment returns from one year to the next. And as noted above, FY 2008, FY 2009 and FY 2012 were years in which endowment spending far exceeded the investment returns. Endowment spending was \$30.804 million, \$34.045 million and \$36.419 million in FY 2008, 2009 and 2012, respectively. The investment return for FY 2008, 2009 and 2012, respectively, were: \$18.464million, (\$118.966 million), and \$9.297 million. Endowment spending as a percentage of endowment return for those three years, respectively was 175.6%, in calculable, and 428.6%.

9. What percentage of your endowment does your college or university devote to financial aid for student tuition? How much for other forms of student financial aid? Please specify the types of non-tuition financial aid provided.

From the portion of the endowment that is under Washington and Lee’s control, endowment payout allocated to underwriting tuition and fees for students at the University represented as a percent of total endowment payout was:

Fiscal Year 2013: 45.5%

Fiscal Year 2014: 45.2%

Fiscal Year 2015: 45.5%

It is estimated that for FY 2016, this figure will be 46.3%.

From an accounting perspective, the University does not break out the portion of student aid endowment that underwrites tuition, auxiliary services or costs of attendance above and beyond tuition, room and board. It is worth noting that in the three prior fiscal years, funded student financial aid (either through endowment or spendable gifts for student financial aid) represented approximately 47% of the total aid awarded to students.

Total financial aid to students (both funded and unfunded) underwrote 47.5% of tuition charges in FY 2015. Finally, it is important to recognize that each and every student receives a form of subsidy through endowments and annual fund (annual giving campaign). The total costs per student in FY 2015 was \$66,335 while the “sticker price” for Tuition,

Room, Board and Fees was \$57,487, so even students who paid the full “sticker price” benefitted from a subsidy of nearly \$8,900 each.

10. Does your college or university have policies regarding whether it is allowed to accept funds restricted to a specific purpose? Has your college or university ever declined a donation because it was restricted to a certain purpose? If so, please describe those specific scenarios in which your school rejected a donation.

Response: Being a small institution, the University is able to easily vet gift restrictions before the gift is finalized. Additionally, the University has established priorities for fundraising through its Strategic Planning and recent Campaign efforts. These priorities help steer donors toward institutional objectives. In cases where a donor wishes to provide support outside of these priorities, the Advancement staff will work with the donor to aid them in making the gift that supports the institution’s needs. It is worth noting that in recent years, gifts to endowment include incorporating an endowment agreement as part of the process. The endowment agreement outlines specifically the purposes and restrictions of the individual endowment. The agreement is signed by the donor, the Vice President for Advancement and at least one other senior administrator. This practice allows the University to ensure that the restriction is understood and is clearly articulated for posterity purposes.

While it is difficult to identify over a 267 year history the number of proposed gifts that have been declined by the University, the current senior administration can only identify a small number of cases where the process above did not yield a result in which the donor’s intended purpose could be met by the University. In those cases where the intent of the donor could not be aligned with the goals and mission of the University, the University has withdrawn from the process and not pursued the gift. There have been times in the past where the form of gift (real property, closely held stock, etc.) was deemed as an unsuitable vehicle for the University to accept, and in those cases, either the donor provided an alternative funding arrangement or decided against making the gift.

11. How much and what percentage of your college or university’s endowment is invested in real property (not including REITs’ or other publicly-traded securities)? Please list and describe your college or university’s real estate holdings, including real estate held by the college or university, the endowment, and all related entities. If the college or university has made any Payments in Lieu of Taxes, please provide the date and amount of the payment.

Response: The University’s endowment holds a small amount of real property, primarily in the city of Lexington, Virginia within the endowment. These properties, which are included in Attachment 6, are identified separately from other real estate holdings of the University. The market value of these properties totaled \$1,793,900 as of June 30, 2015 or 0.17% of the endowment controlled by the University. In addition, the University’s mortgage program for employees is held within the endowment as an investment. As of June 30, 2015, the market value of these mortgages was \$46.659 million or 4.45% of the endowment value.

Attachment 6 includes all real estate property owned by the University with that property held in the endowment segregated from the balance of the property which is held as an asset of the Plant Fund in the University’s accounts. The vast majority of the property would be identified as the University’s physical campus, and a campus map is included with this attachment.

In the 1980s, the University established a grant program to the City of Lexington. A portion of the grant paid is based on the valuations of certain properties multiplied by the City tax rate, while a second portion is a “make up” provision between the service charge that is allowable for certain properties by the locality and the value of the real estate taxes on those properties. Finally, a third element is a simple unrestricted grant to the City to support its annual budget and operations. As noted, the University developed the Grant Program and provides these grants to the City as a ‘moral’ but not legal obligation of the institution. In FY 2015, these grants totaled \$516,482.

Donations

12. Does your college or university grant naming rights to donors based on certain donation levels? If so, please describe the naming rights program, including how much and what percentage of any naming rights donations your college or university has used for tuition assistance.

Response: See Attachment 7 for the naming opportunities identified within the University's most recent Capital Campaign. As the naming rights relate to endowment gifts, the thresholds have remained the same with the commencement of the Campaign. Gifts for physical facilities are treated on an individual facility basis; however, the normal threshold is to name a building requires one-half of the total project cost. With respect to donations for tuition assistance, the campaign Honor Our Past, Build Our Future, which concluded June 30, 2015 raised \$542.5 million in contributions and pledges. Of that amount \$156.6 million was gifted to support Student Financial Aid programs. In addition, the Campaign raised over \$70 million in Annual Fund contributions and pledges with FY 2015 generating over \$10 million in contributions. These funds are unrestricted revenues supporting the University's operations. It is fair to conclude that with 53% of the financial aid expenditures being underwritten through unrestricted revenues that a portion of the student aid expenditures were supported from the Annual Fund. This is also true of the majority of the distributions from Trusts Held by Others which totaled \$12.476 million in unrestricted support of the University in FY 2015.

Conflicts of Interest

13. What conflict of interest policies does your college or university have in place to address financial interest in endowment investments (including potential conflicts of interest among and between governing boards, trustees, executives, internal employees tasked with overseeing the endowment, and external asset managers of endowment assets)? How do you vet board members' potential conflicts of interest? What are your policies if a conflict arises with a member of the board of trustees?

Response: Attachment 8 includes multiple documents related to the management of conflicts of interest within the University as well as other relevant document establishing standards for ethical conduct of business. The documents are as follows:

- Attachment 8A: Conflicts of Interest and Transactions with Interested Persons Policy*
- Attachment 8B: Conflicts of Interest (Generic – Applicable to All Employees)*
- Attachment 8C: Finance Personnel Code of Ethics*
- Attachment 8D: Financial Aid Code of Conduct*
- Attachment 8E: Statement of Ethical Principles*
- Attachment 8F: Whistleblower Policy*

To summarize our process for dealing with potential conflicts for Board of Trustee members and senior executives, the following is excerpted from the University's 990 return:

"The Conflict of Interest and Transactions with Interested Persons Policy imposes a continuing obligation to disclose potential conflicts to the Office of General Counsel of the University. The Controller will advise the chair of the Trusteeship Committee (for Trustee and Interested Person disclosures) or chair of the Audit Committee (for Employee disclosures) regarding any potential conflicts of interest among these persons. The Trusteeship Committee for Trustees and Interested Persons and the Audit Committee for Employees, have the authority to oversee and decide whether an individual covered under the policy should disclose his or her interest to the Board and recuse him or herself in matters where a potential conflict may exist. The General Counsel will make a permanent record of disclosed conflicts, which is available to any trustee or other persons authorized by the chair of the Trusteeship Committee and the Audit Committee. The policy defines the means to disclose and resolve real, apparent or potential conflicts.

A Conflict of Interest Policy is in place for all other employees and Financial and Financial Aid personnel review their respective codes of conduct/ethics annually.”

Endowment Management

Q1. What categories of assets are included in your college or university's endowment?

For each category, please indicate the amount of funds that are:

- a. Unrestricted
- b. Permanently Restricted by Donors
- c. Temporarily Restricted by Donors
- d. Permanently Restricted by Your College or University (Quasi-Endowments)
- e. Temporarily Restricted by Your College or University
- f. For each restricted asset, please describe the uses for which the funds are restricted and the amount of the fair market value of the endowment apportioned to each use. How and why were restrictions put into place?

	2012-13	2013-14	2014-15	2015-16 (as of 12/31/2015)
a. Unrestricted	\$ -	\$ -	\$ -	\$ -
b. Permanently Restricted	423,726,123	438,794,490	452,334,880	432,957,210
c. Temporarily Restricted	277,511,554	344,667,629	349,459,248	334,488,689
d. Quasi -Endowments	214,532,444	242,693,366	245,992,754	235,021,393
e. Temporarily Restricted (College) Trusts Held by Others*	-	-	-	-
	429,585,545	451,768,221	423,487,170	454,700,000
Total	\$ 1,345,355,666	\$ 1,477,923,706	\$ 1,471,274,052	\$ 1,457,167,292

* December 31, 2015 value estimated based on equity valuation change on largest trust plus assumed market index adjustments for balance of THBO less distributions to date.

Uses of Funds (Market Values as of June 30, 2015)	Donor-Restricted Endowments	Quasi- Endowments	Trusts Held by Others*	Total
Student Financial Aid	\$ 375,215,594	\$ 81,353,370	\$ 25,308,072	\$ 481,877,036
University Operations	97,366,329	131,875,798	398,179,098	627,421,225
Professorships	122,216,912	2,920,936	-	125,137,848
Departmental Support	106,928,340	13,680,163	-	120,608,503
Acquisitions	15,545,343	4,544,294	-	20,089,637
Faculty Development	8,925,596	2,761,235	-	11,686,831
Student Research	6,673,823	1,545,673	-	8,219,496
Lectureships/Visiting Scholars	9,847,929	1,635,778	-	11,483,707
Maintenance and Upkeep	11,212,811	2,499,563	-	13,712,374
Other	47,861,451	3,175,944	-	51,037,395
Total	\$ 801,794,128	\$ 245,992,754	\$ 423,487,170	\$ 1,471,274,052

Supplemental Information: Payout by Purpose - FY 2015

	Institutionally-Controlled Endowments	Trusts Held by Others	Total
Student Financial Aid	\$ 19,879,816	\$ 831,718	\$ 20,711,534
University Operations	9,022,334	11,717,625	20,739,959
Professorships	5,423,480	-	5,423,480
Departmental Support	5,232,509	-	5,232,509
Acquisitions	873,147	-	873,147
Faculty Development	508,010	-	508,010
Student Research	357,051	-	357,051
Lectureships/Visiting Scholars	498,530	-	498,530
Maintenance and Upkeep	595,611	-	595,611
Other	1,428,194	-	1,428,194
Total	\$ 43,818,682	\$ 12,549,343	\$ 56,368,025

Endowment Management

Q2. Does your college or university hold any investments that are not included in the endowment?

Response : YES

If so, what are they, and what are their fair market values and basis?

Response: SEE BELOW FOR BREAKOUT

Investments Held by the University:

	2012-13	2013-14	2014-15
a. Endowment	\$ 915,767,982	\$ 1,026,155,485	\$ 1,047,786,882
b. Funds Acting as Endowments/Specials	3,046,385	3,498,886	3,598,229
c. Life Income and Annuities	70,937,879	77,061,086	52,179,133
d. General Operating Accounts	<u>11,759,301</u>	<u>18,896,067</u>	<u>20,860,549</u>
Total	\$ 1,001,511,547	\$ 1,125,611,524	\$ 1,124,424,793

Endowment Management

Q2. Does your college or university hold any investments that are not included in theWhat is your endowment size, as measured by total fair market value of its assets?
What has been the net growth and net investment return on your endowment each year?

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
Beginning net assets	\$ 693,264,880	\$ 723,303,610	\$ 624,679,572	\$ 720,126,922	\$ 843,495,312	\$ 837,376,444	\$ 915,770,121	\$ 1,026,155,485
Investment return:								
Investment income	7,687,117	4,036,138	29,095,759	18,128,505	26,160,310	1,849,240	3,980,213	2,257,602
Net appreciation	<u>10,776,576</u>	<u>(124,453,883)</u>	<u>49,887,362</u>	<u>91,105,830</u>	<u>(16,863,727)</u>	<u>78,879,339</u>	<u>127,572,166</u>	<u>48,605,009</u>
Net Investment Return	\$ 18,463,694	\$ (120,417,746)	\$ 78,983,121	\$ 109,234,336	\$ 9,296,583	\$ 80,728,579	\$ 131,552,378	\$ 50,862,611
Contributions	43,997,623	55,838,562	51,083,389	47,400,878	21,004,089	36,616,570	20,451,320	14,587,468
Endowment Payout	<u>(32,422,586)</u>	<u>(34,044,853)</u>	<u>(34,619,160)</u>	<u>(33,266,824)</u>	<u>(36,419,540)</u>	<u>(38,951,472)</u>	<u>(41,618,335)</u>	<u>(43,818,682)</u>
Ending net assets	<u>\$ 723,303,610</u>	<u>\$ 624,679,572</u>	<u>\$ 720,126,922</u>	<u>\$ 843,495,312</u>	<u>\$ 837,376,444</u>	<u>\$ 915,770,121</u>	<u>\$ 1,026,155,485</u>	<u>\$ 1,047,786,882</u>
Net Change in Endowment Assets	\$ 30,038,730	\$ (98,624,038)	\$ 95,447,350	\$ 123,368,390	\$ (6,118,868)	\$ 78,393,677	\$ 110,385,364	\$ 21,631,397

Endowment Management

Q2. How much has your college or University spent each year to manage the endowment, and how many staff and contractors are employed to manage the endowment? For any fees paid to nonemployees for investment advice, asset management or otherwise, please provide detail on amounts paid, to whom, and the fee arrangement.

	2012-13	2013-14	2014-15
Management and Incentive Fees: (estimated in basis points)	39	60	33
Custodial/Analytics and Audit Fees: (estimated in basis points)	4	3	2
Internal Fees : (estimated in basis points)	<u>3</u>	<u>3</u>	<u>3</u>
Grand Total All Fees (in basis points)	<u><u>46</u></u>	<u><u>66</u></u>	<u><u>38</u></u>

STATEMENT OF INVESTMENT POLICIES AND OBJECTIVES

WASHINGTON AND LEE UNIVERSITY The General Endowment Fund

May 2015

This statement is issued by the Investment Committee of the Board of Trustees of Washington and Lee University (hereafter referred to as the “Investment Committee”) who is responsible for guidance in the investment of the assets of the General Endowment Fund (hereafter referred to as the “Fund”) of Washington and Lee University. The statement sets forth the general policies and investment guidelines for management of the Fund established by the Investment Committee.

This statement shall remain in effect until modified by the committee as conditions warrant. The responsibility for ensuring the implementation of the policy and guidelines set forth in this statement rests with the Investment Committee. The Investment Committee will use this statement as a guide in the monitoring and evaluation of the Fund’s investment program.

I. Investment Policy

A. Financial and Investment Objectives

1. The university's **financial** objective for the Fund is to preserve and enhance its real (i.e., inflation-adjusted¹) purchasing power while providing a relatively predictable, stable, and constant stream of earnings in line with spending needs.
2. The university’s primary **investment** objective for the Fund is to attain a real total return in excess of spending from the Fund over the long term. A secondary investment objective is to minimize the risk and volatility of the Fund through broad diversification of investments while attempting to achieve long term returns that are competitive with an appropriate universe of peer university and college endowments.

B. Spending Policy

The Board-approved regular spending formula for the **Endowment Fund** provides for:

Spend the lesser of either the prior-year allocation incremented by a Consumer Price Index-based inflator or 6% of the three-year average of market values at December 31, which is then tested against a 5% ceiling of the fiscal year-end value (June 30).

C. Asset Allocation Policy

The Fund’s investment asset allocation is designed to achieve the Fund’s investment objectives and should reflect a proper balance of the Fund’s investment objective, risk tolerance, and

¹ The index to be used in all calculations of inflation is the CPI(U).

liquidity requirements. The Investment Committee understands that, based on historical returns, a high allocation to equities and assets with a similar profile is required to support the university's spending, while preserving or enhancing the purchasing power. A high allocation to equities may result in higher short-term volatility and also may result in periods of diminished purchasing power. However, the asset allocation aims to mitigate some portfolio volatility by making strategic allocations to asset classes whose returns have historically been less correlated to equities over time.

The Investment Committee exercises complete discretion over the Fund's assets and may choose to buy, hold, or sell securities depending upon the Committee's desired asset allocation, taking into account the asset allocation of the underlying investment vehicles when applicable. Based on the fund's objective, risk tolerance and liquidity requirements, the Committee has developed the following long-term asset allocation policy:

	<u>Long-Term Policy</u>	<u>Allocation Range</u>
Equity		
Global Public Equity	23%	10-50%
Tactical / Hedged Equity	6%	0-15%
Private Equity	27%	5-30%
Absolute Return	13%	5-40%
Real Assets		
Real Estate	8%	5-25%
Natural Resources	5%	0-15%
Fixed Income		
Global Fixed Income	11%	5-30%
Institution Linked Credit	5%	0-5%
Cash	2%	0-10%
TOTAL FUND	100%	100%

The policy portfolio serves as a guide to long-term target asset allocation and the Investment Committee will tend to balance the portfolio toward those target allocations through the deployment of cash inflows, including the allocation of proceeds from legacy investments. However, at times the Investment Committee may also decide to overweight/underweight certain asset classes relative to long-term target allocations on the basis of relative valuations and current

investment opportunities.

The goal of the long-term policy portfolio is to achieve the Fund's financial and investment objectives. In pursuit of the investment objectives, the Committee has determined that the long-term policy portfolio is designed to achieve certain levels of exposure to various risk factors, including equity factor risk. Furthermore, the Committee has determined that exposure to individual risk factors should be comparable to the endowment funds of educational organizations with similar investment objectives and asset bases.

D. Liquidity Policy

The Fund's asset allocation and investment product composition should reflect the Investment Committee's requirement to maintain a level of liquidity that:

- a. Supports the Board-approved spending policy through various economic environments
- b. Meets applicable debt covenant requirements and
- c. Provides additional liquidity as determined by the Investment Committee

To meet these requirements, the Fund will target a liquidity buffer of 15% of Fund assets. The liquidity buffer is defined as cash, cash equivalents, or listed securities that can be converted to cash and made available to the Fund in one week or less.

II. Operating Procedures

A. Duties of the Investment Committee

The Investment Committee is the preeminent fiduciary for the Fund and is ultimately responsible for the guidance of the Fund in pursuit of the outlined objectives. The Investment Committee accepts its responsibility for the investments of the Fund and may, at its discretion, choose to outsource all or a portion of the management of the Fund assets to a third party investment manager or managers (the "OCIO(s)"). Should the Investment Committee choose to do so, the Investment Committee is responsible for monitoring the Fund to ensure that the Fund's assets are being managed within the objectives and guidelines of the Investment Policy Statement.

B. Duties of the Outsourced Chief Investment Officer

Where applicable, the OCIO shall work with the Investment Committee to execute the Fund's investment and financial objectives. The OCIO's agreed upon responsibilities with respect to the Fund are as follows:

- a. Asset Allocation: Provide asset allocation recommendations with respect to the Fund as applicable.
- b. Manager, Strategy and Security Selection: Make recommendations with respect to funds, managers and investment products. All recommendations are subject to approval by the Investment Committee.
- c. Risk Management: Conduct scenario planning, risk analysis and modeling to attempt to

optimize the risk-adjusted return of the Fund within the guidelines determined by the Investment Policy Statement.

- d. Policy Review: Meet with the Investment committee at least once a year to conduct a formal review of investment and liquidity policy, to discuss risk, return, and liquidity scenarios, and to set allocation targets for the Fund.
- e. Reporting: The OCIO will be responsible for all performance and other portfolio reporting. On a quarterly basis, the OCIO will provide reports indicating full portfolio returns, risk, liquidity, and exposures to the Investment Committee as agreed upon between the OCIO and the Investment Committee.
- f. Meet with the Investment Committee as often as quarterly and as reasonably requested by the Committee to discuss an asset allocation policy, long-term return objectives, risk exposure, liquidity and payout requirements and any other relevant matters.
- g. Support the Investment Committee with respect to the Fund's audit.
- h. Support the Investment Committee with other materials and information as reasonably requested by the Client.

C. Guidelines for Rebalancing

In order to reap the benefits of diversification and maintain a relatively constant risk exposure, portfolio holdings will likely be rebalanced using normal cash flow to ensure that the actual portfolio asset allocation does not deviate materially from policy target allocations. The Investment Committee or its designee will review asset allocations and rebalance the Fund to achieve desired allocation targets.

D. Guidelines for Benchmarking

For purposes of performance measurement, the returns of the Fund will be measured against the following benchmarks.

- a. Peer endowment organizations
- b. A mix of 60% global equities and 40% global bonds
- c. A custom benchmark composed (where possible) of indexes that serve as reasonable proxies for the asset classes contained in the policy portfolio. The total Fund is thus expected to outperform the performance of a blended benchmark comprised of the returns of the following investable indexes in the weightings indicated in the Long Term Policy .

<u>Asset Class</u>	<u>Benchmark</u>
Equity	
Global Public Equity	MSCI ACWI TR Index (USD)
Tactical / Hedged Equity	Tactical / Hedged Equity Composite
Private Equity	Private Equity Composite
Absolute Return	AR Hedge Fund Index Composite
Real Assets	
Real Estate	RE Public and Private Composite
Natural Resources	NR Public and Private Composite
Fixed Income	
Global Fixed Income	Fixed Income Composite
Institution Linked Credit	

Please refer to Attachment E for a definition of each benchmark.

E. Investment Policy Review

It is expected that the Investment Committee plans to review the Fund's Investment Policy Statement annually. While it is not anticipated that the Investment Policy Statement will be changed frequently, the Investment Committee should review the policy periodically to ensure that the Fund is capitalizing on available market opportunities.

Attachment A

FUNDAMENTAL INVESTMENT PRINCIPLES

Washington and Lee University's Investment Policy Statement is based on certain investment principles the Investment Committee regards as fundamental and constant. The Committee's intent is to manage the Fund in accordance with these principles, regardless of cyclical ebbs and flows in the capital markets, and this documentation of these principles is intended to ensure continuity of purpose and implementation regardless of changes in the composition of the Committee.

1. TIME HORIZON

On the one hand, the Fund's investment time horizon should be infinite, since the University is expected to exist in perpetuity. On the other hand, the purpose of the Fund is to provide a steady and sustainable distribution of funds to the operating budget, which means that large fluctuations in the Fund's market value over shorter time periods are highly undesirable. In setting asset allocation policy, the Investment Committee will attempt to mediate between these conflicting time horizons.

2. SPENDING

The ideal endowment spending policy ensures a balancing of priorities, whereby the current needs of the Fund are not sacrificed in the interests of the future, nor are future needs sacrificed to those of the present.

3. ALLOCATION TO EQUITIES AND OTHER RISK ASSETS

A high allocation to equities is required to support spending while preserving the purchasing power of the Fund. The Committee understands that a high commitment to equities may result in periods of higher short-term volatility and diminished purchasing power.

4. DIVERSIFICATION

By allocating funds to asset classes whose returns are not highly correlated over time, the Investment Committee aims to mitigate some of the volatility inherent in equities and thereby provide greater stability in spending distributions than might be possible with a more concentrated portfolio. Although such diversification means the Fund may not reap all of the benefits of equity bull markets, it is intended to also avoid the full brunt of bear markets. The Investment Committee strives to be on the forefront of changes in the investment market. Additionally, the Investment Committee seeks to invest with investment managers who are perceived to be the best and the brightest in their field in the opinion of the Investment Committee.

Attachment B

APPROPRIATE CASH EQUIVALENT INVESTMENTS

1. "Cash equivalent investments" are defined as fixed income instruments with maturities of one year or less.
2. Permissible cash equivalent instruments are:
 - a. Direct obligations of the United States.
 - b. Obligations unconditionally guaranteed as to payment of principal and interest by the United States government.
 - c. Negotiable certificates of deposit, bankers' acceptances and floating rate notes issued by, or time deposits placed with, banks meeting the following criteria:
 - i. U.S. chartered banks must have debt ratings of "A" or higher, ready access to global capital markets, a demonstrated record of profitability (including the avoidance of recent major loan losses), and a sizeable ongoing C.D. issuance or deposit collection program.
 - ii. Foreign chartered banks must be domiciled in nations with strong economies, established capital markets, and central banks able to exercise effective control of domestic monetary movements. Instruments must be recognized as direct obligations of such banks, not as obligations of their subsidiaries.
 - d. A1-P1 Commercial Paper issued by large companies domiciled in the U.S. or abroad. Instruments issued by state-owned companies must be guaranteed by the government owner.
 - e. Repurchase Agreements secured by U.S. government and Federal Agency obligations, such obligations to be priced at least 102% of market value.
 - f. Money Market Funds of commercial banks and other major investment advisors.

Attachment C

APPROPRIATE FIXED INCOME SECURITIES FOR HEDGING AGAINST THE EFFECTS
OF PROLONGED ECONOMIC CONTRACTION

1. The fixed income portfolio can include:
 - a. U.S. Treasuries of varying durations;
 - b. Agency securities of Government Sponsored Enterprises, which cannot exceed 50% of the Laddered Treasuries portfolios;
 - c. International sovereign debt; and
 - d. Corporate bonds.

Attachment D

BENEFITS ACHIEVED THROUGH PORTFOLIO DIVERSIFICATION

- Increasingly, institutional investors are diversifying their portfolios by investing in different kinds of investments.
- Diversification has the following benefits:
 - **Reducing the variability** of returns of the total portfolio.
 - It has this effect because returns on different kinds of investments do not always move in tandem (i.e., are not perfectly correlated).
 - The addition of asset classes whose returns are not highly correlated with those of existing portfolio investments can result in a reduction in total portfolio volatility – even if the additions are themselves more volatile.
 - Reducing the variability of returns helps to stabilize the spending stream.
 - **Improving returns**
 - If two portfolios have exactly the same arithmetic (simple) average return, one with less variability of return will have a higher compound growth rate. A portfolio with the same *arithmetic* average return as a less volatile portfolio will have a lower *compound* average return, as illustrated by the following example:

	<u>Return</u>		<u>Arithmetic Average</u>	<u>Compound Average</u>
	<u>Year 1</u>	<u>Year 2</u>	<u>Return</u>	<u>Return</u>
Portfolio #1	0%	40%	20%	18%
Portfolio #2	40%	0%	20%	18%
Less Volatile Portfolio	20%	20%	20%	20%

- The greater the variability of returns, the wider the gap between the *arithmetic* average and the *compound* average return.
- Portfolio variability and returns are dependent on the correlation of asset classes in the portfolio. A portfolio's variability will be lower, and the compound average return (median growth rate) higher the lower the correlation among asset classes. The arithmetic average return (expected return) remains the same, regardless of the correlation. The following example illustrates this relationship using a two asset class portfolio:

50% Asset A / 50% Asset B

	<u>Expected</u> <u>Return (%)</u>	<u>Expected</u> <u>Risk (%)</u>	<u>Median</u> <u>Growth Rate (%)</u>
Asset A	12%	20%	10%
Asset B	7%	10%	6.5%

Correlation	Arithmetic Average Return	Portfolio Variability	Compound Average Return
+1.0	9.5%	15.0%	8.4%
+0.8	9.5%	14.3%	8.5%
+0.6	9.5%	13.6%	8.6%
+0.4	9.5%	12.8%	8.7%
+0.2	9.5%	12.0%	8.8%
0.0	9.5%	11.2%	8.9%
-0.2	9.5%	10.2%	9.0%
-0.4	9.5%	9.2%	9.1%
-0.6	9.5%	8.1%	9.2%
-0.8	9.5%	6.7%	9.3%
-1.0	9.5%	5.0%	9.4%

Attachment E

DEFINITIONS OF ASSET CLASS BENCHMARKS

Tactical / Hedged Equity	33% Russell 3000 + 67% average of the HFRI Equity Hedge Index, the HFRX Equity Hedge Index, and the DJ/CS Long/Short Index
Private Equity	Private IQ Corporate Finance and Venture Capital Index
Real Estate	Private Benchmark: Private IQ Real Estate Index weighted by vintage year. Public Benchmark: 70% FTSE Global + 30% Morgan Stanley U.S. REIT Index
Natural Resources	Public Benchmark: 50% S&P North America NR Index & 50% DJ UBS Commodities Index. Private Benchmark: Private IQ Natural Resources Index weighted by vintage year
Absolute Return	Average of the HFRI Fund Weighted Composite Index, the HFRX Global Hedge Fund Index, and the DJ/CS HF Index
Fixed Income	75% Developed Markets (half Nominal: the JP Morgan Global Developed Index, and half Inflation-Linked: the Barclays Global Inflation Linked Index) + 25% Emerging Markets (the JP Morgan EM Global Diversified Index)

Derivation of Washington and Lee's Endowment Unit Spending for 2015-16

Establish Target Spending for 2015-16

This step takes the current year spending and increments it by inflation plus one percent.

Target Unit Spending in 2014-15	\$	196.54
Inflation Factor	0.8%	
Increment Factor (Inflation plus 1%)	1.8%	<u>3.54</u>
Target Spending per Unit for 2015-16	\$	200.08

Test 1

Compare the Target Spending Rate with a six percent moving average of the three most recent years and utilize the lower.

Unit Market Values		
6/30/2013	4,093.34	
6/30/2014	4,482.09	
6/30/2015	<u>4,486.17</u>	
Average	\$ 4,353.87	
Six percent of Average		\$ 261.23

Test 2

Spend no more than 10% of the most recent endowment market value and utilize the lower.

Estimated Unit Market Value as of June 30, 2015	\$	4,486	
Ten percent of Market Value		\$	448.62

Test 3

Spend only income if historic dollar value is reached.

Test would only apply should markets decline significantly and all gains from prior years are erased.

Test 4

Spend no more than five percent of the most recent endowment value (to be tested on June 30 value) and utilize the lower.

Unit Market Value as of June 30, 2015	\$	4,486	
Five percent of Market Value		\$	224.31

With the completion of all the tests, the target spending level of **\$200.08** is deemed appropriate and is utilized for 2015-16. To obtain aggregate spending, the unit spending is simply multiplied by the number of endowment units in the pooled investments of the endowment. For 2015-16, this is estimated at \$44.7 million.

The spending rate for 2015-16 utilizing this methodology is 4.46% as the base line.

Real Estate Holdings of the University

Campus Map Designation Facility/Property Description		Address (where not noted, it is in core campus and unless identified is in Lexington/Rockbridge County, Virginia)	Fund
	1402 Pennsylvania Avenue, Hidden Lake, Carolina Trace Subdivision	Sanford, NC	Endowment
	2.5% interest in 1316 acres, War, WV	McDowell County, WV	Endowment
	463 acres in War WV	McDowell County, WV	Endowment
	907 Sunset Drive	Lexington, VA	Endowment
	88 Lotta Water Lane	Glasgow, VA	Endowment
	Claytor House - Faculty/Staff Rental	1 Estill Street	Endowment
	Faculty/Staff Rental	3 Lexington Avenue	Endowment
	Faculty/Staff Rental	5 Lexington Avenue	Endowment
	Faculty/Staff Rental	7 Lexington Avenue	Endowment
	Faculty/Staff Rental	9 Lexington Avenue	Endowment
	Faculty/Staff/Student Rental	105 McLaughlin Street	Endowment
	Faculty/Staff/Student Rental	109 McLaughlin Street	Endowment
	Faculty/Staff/Student Rental	113 McLaughlin Street	Endowment
	Faculty/Staff/Student Rental	119 McLaughlin Street	Endowment
	James Store Property Lot	Gloucester County, VA	Endowment
	James Store Road .96 acres	Gloucester County, VA	Endowment
	Lot 10 Oak Hill Subdivision	Green County, TN	Endowment
	McClung House - Faculty Staff Rental	106 Liberty Hall Road	Endowment
	Toutant Beauregard 2.8 acres Huntress Land	Bexar County, TX	Endowment
	Tract #5 Lots 7 to 12 Block 40	Beaumont, TX	Endowment
	Tract #8, Lot 4, Block 22	Beaumont, TX	Endowment
	Unimproved Lot	Cobb County, GA	Endowment
1	Alpha Delta Pi Sorority	12 Frank Parsons Way	Plant
2	ARC House	205 East Washington Street	Plant
3	Archaeology Laboratory		Plant
4	Baker Hall		Plant
5	Belfield Guest House and Gardens	116 Liberty Hall Road	Plant
6	Beta Theta Pi Fraternity		Plant
8	Castle House	456 West Nelson Street	Plant
9	Chavis House - 10 Lee Avenue	10 Lee Avenue	Plant
10	Chi Omega Sorority	2 Frank Parsons Way	Plant
11	Chi Psi Fraternity	5 Lee Avenue	Plant
13	Davis Hall		Plant
14	Development Building		Plant
15	Doremus Gymnasium		Plant
16	duPont Hall/Center for Global Learning		Plant
17	Early-Fielding University Center		Plant
18	East Asian Language Center	5 University Place	Plant
19	11 University Place - Lee Chapel Administrative Offices	11 University Place	Plant
20	John W. Elrod University Commons		Plant
21	Evans Hall		Plant
22	Financial Aid Offices	23 University Place	Plant
23	Gaines Residence Hall		Plant
24	Gilliam Admissions House	32 University Place	Plant
25	Global Service Learning House		Plant
26	Graham-Lees Dormitory		Plant
27	Heating - Cooling Plant/ Public Safety Offices		Plant
28	Hillel House	117 West Washington Street	Plant
29	Holekamp Hall		Plant
30	Hotchkiss Alumni House	Letcher Avenue	Plant
31	Howe Annex		Plant
33	Howe Hall		Plant
33	Huntley Hall		Plant
34	Kappa Alpha Fraternity	300 East Nelson Street	Plant
35	Kappa Alpha Theta Sorority	4 Frank Parsons Way	Plant
36	Kappa Kappa Delta Sorority	8 Frank Parsons Way	Plant
37	Kappa Kappa Gamma Sorority	10 Frank Parsons Way	Plant
38	Kappa Sigma Fraternity	220 East Nelson Street	Plant

Real Estate Holdings of the University

Campus Map		Address (where not noted, it is in core campus and unless identified is in Lexington/Rockbridge County, Virginia)	Fund
Designation	Facility/Property Description		
39	Lambda Chi Alpha Fraternity	225 East Nelson Street	Plant
40	Leadership and Engagement House		Plant
41	Lee Chapel		Plant
42	Lee House	2 University Place	Plant
43	Lee-Jackson House (Dean of the College Offices)	4 University Place	Plant
45	Lenfest Center for the Performing Arts		Plant
45	Sydney Lewis Hall		Plant
47	James G. Leyburn Library		Plant
48	2 Lee Avenue - Mattingly House	2 Lee Avenue	Plant
48	Liberty Hall Ruins		Plant
50	Morris House	6 University Place	Plant
53	Newcomb Hall		Plant
55	Peniel Farm - House and Barn and 88.42 acres	137 West Midland Trail	Plant
56	Outing Club	203 East Washington Street	Plant
57	Parmly Hall		Plant
58	Payne Hall		Plant
60	Phi Delta Theta Fraternity		Plant
61	Phi Gamma Delta Fraternity	112 Preston Street	Plant
62	Pi Beta Phi Sorority		Plant
63	Pi Kappa Alpha Fraternity		Plant
64	Pi Kappa Phi Fraternity	201 East Washington Street	Plant
65	Reeves Center		Plant
66	Reid Hall		Plant
67	Robinson Hall		Plant
68	Science Addition		Plant
70	Sigma Chi Fraternity	216 East Nelson Street	Plant
71	Sigma Nu Fraternity		Plant
72	Spanish House - 4 Lee Avenue	4 Lee Avenue	Plant
73	Student Activities Pavilion		Plant
74	Sustainability House	218 East Nelson Street	Plant
75	Tucker Hall		Plant
78	Maintenance Building 2		Plant
78	Maintenance Building 1		Plant
79	Warner Center		Plant
82	Washington Hall		Plant
83	Watson Pavilion		Plant
84	John and Anne Wilson Hall		Plant
85	Woods Creek Apartments (East Building)		Plant
85	Woods Creek Apartments(Center Building)		Plant
85	Woods Creek Apartments(West Building)		Plant
A	Field Hockey Field		Plant
B	Cap'n Dick Smith Baseball Field		Plant
C	Duchossois Tennis Center		Plant
D	Liberty Hall Fields		Plant
E&G	Tennis Courts		Plant
H	Wilson Field		Plant
P	Parking Deck		Plant
	13 University Place - Faculty Staff Rental	13 University Place	Plant
	15 University Place - Faculty Staff Rental	15 University Place	Plant
	17 University Place - Faculty Staff Rental	17 University Place	Plant
	Cecil House - Faculty/Staff Rental	112 Liberty Hall Road	Plant
	Estill Street Apartments - Faculty/Staff Rental	2 Estill Street/401 East Washington Street	Plant
	Faculty/Staff/Student Rental	225 McLaughlin Street	Plant
	Faculty/Staff/Student Rental	222 West Nelson Street	Plant
	Faculty/Staff/Student Rental	224 West Nelson Street	Plant
	Faculty/Staff/Student Rental	226 West Nelson Street	Plant
	Faculty/Staff/Student Rental	228 West Nelson Street	Plant
	Faculty/Staff/Student Rental	111 McLaughlin Street	Plant
	Faculty/Staff/Student Rental	103 McLaughlin Street	Plant

Real Estate Holdings of the University

Campus Map		Address (where not noted, it is in core campus and unless identified is in Lexington/Rockbridge County, Virginia)	Fund
Designation	Facility/Property Description		
	Former Phi Kappa Psi Fraternity	301 East Washington Street	Plant
	International Education Center	21 University Place	Plant
	LGBTQ and Women's Resource Centers	19 University Place	Plant
	Parking Lot	12 Lee Avenue	Plant
	Woods Creek Montessori School (leased to)	6 Dold Place	Plant
	Approximately 300 acres - Core W&L Campus	Lexington/Rockbridge County, VA	Plant



AED Defibrillator
located in buildings with a ♥



- 1** Alpha Delta Pi Sorority
2 ARC House (Art, Recreation and Culture)
3 Archaeology Laboratory (Archaeology Museum)
4 Baker Hall (Classics, Religion)
5 Belfield (Guest House, Special Events Center)
6 Beta Theta Pi Fraternity
7 Cannaan Green
8 Castle House
9 Chavis House
10 Chi Omega Sorority
11 Chi Psi Fraternity
12 Cohen Family Amphitheater
13 Davis Hall (Student Health Center)
14 Development Building
15 Doremus Gymnasium ♥ (Fitness Center, Physical Education, Sports Information)
16 duPont Hall (Future Center for Global Learning, Spring 2016)
17 Early-Fielding ♥ (Copying Services, Counseling Center, Institutional Effectiveness, Mail Services, Shenandoah, Special Programs, Student Executive Committee, University Registrar)
18 East Asian Language Center
19 University Place (Lee Chapel Museum Administration)
20 John W. Elrod University Commons ♥ (Cafe, 77 Dining Services, Marketplaces, also Career Development Center, Outing Club Director, Stockhouse Theater, Student Affairs, Student Organizations Offices, University Store, WLUR-FM)
21 Letitia Pate Evans Hall
22 Financial Aid Office
23 Gaines Residence Hall
24 Gilliam Admissions House
25 Global Service House
26 Graham-Lees Residence Hall
27 Heating-Cooling Plant
28 Hill House ♥ (E Cafe)
29 Hokekamp Hall (Williams School Faculty Offices, Environmental Studies)
30 Hochkiss Alumni House (Alumni Office)
31 Howe Annex
32 Howe Hall (Biology, Physics and Engineering)
33 Huntley Hall (Williams School of Commerce, Economics, and Politics, including Accounting and Business Administration)
34 Kappa Alpha Order Fraternity
35 Kappa Alpha Theta Sorority
36 Kappa Delta Sorority
37 Kappa Kappa Gamma Sorority
38 Kappa Sigma Fraternity
39 Lambda Chi Alpha Fraternity
40 Leadership and Engagement House
41 Lee Chapel and Museum ♥
42 Lee House (President's House)
43 Lee Jackson House (Dean of the College)
44 Lenfest Hall ♥ (Theater, Dance and Film Studio Department, Kamen Gallery, Johnson and Keller Theaters, Lenfest Center Offices, Box Office)
45 Sydney Lewis Hall ♥ (The School of Law, Wilbur F. Hall Law Library, Milliser Moot Court Room, Powell Archives)
46 James G. Leyburn Library ♥ (James G. Leyburn Library, Information Desk, Northern Auditorium, Special Collections)
47 Liberty Hall Ruins
48 Mattingly House (Community Service Coordinator, Shepherd Poverty Program, The Mudd Center for Ethics)
49 Memorial Gate
50 Morris House
51 Natatorium
52 19 University Place (LGBTQ Resource Center, Women's and Gender Studies)
53 Newcomb Hall (History, Sociology and Anthropology, Teacher Education)
54 109 South Jefferson Street (W&L Dance Program)
55 Outing Club Barn
56 Outing Club House
57 Parly Hall (Computer Science, Neuroscience, Psychology)
58 Payne Hall (English)
59 Richard A. Peterson Data Center
60 Phi Delta Theta Fraternity
61 Phi Gamma Delta Fraternity
62 Pi Beta Phi Sorority
63 Pi Kappa Alpha Fraternity
64 Pi Kappa Phi Fraternity
65 Reeves Center
66 Reid Hall (Journalism and Mass Communications)
67 Robinson Hall (Mathematics)
68 Science Addition ♥ (Chemistry and Biochemistry, Geology, IQ Center, Telford Science Library)
69 7 Courthouse Square (General Counsel, News, Photography, Publications, Web)
70 Sigma Chi Fraternity
71 Sigma Nu Fraternity
72 Spanish House (Casa Hispanica)
73 Student Activities Pavilion
74 Sustainability House
75 Tucker Hall (German and Russian, ITS Information Technology Services, Romance Languages, Telecommunications, Tucker Multimedia Center)
76 2 South Main ♥ (Business Office, Human Resources, Treasurer)
77 Upper Division Housing
78 University Facilities Maintenance and Operations Buildings ♥
79 University Facilities Office
80 University Green
81 Warner Athletic Center
82 Washington Hall ♥ (Philosophy, President, Provost, Vice President for University Advancement)
83 Watson Pavilion ♥ (Including Japanese Tea Room)
84 Wilson Hall (Art and Art History, Music, Stolar Gallery)
85 Woods Creek Apartments
P Parking
ATHLETIC FACILITIES
15 Doremus Gymnasium
79 Warner Athletic Center
- DUCHOSSOIS ATHLETIC COMPLEX:**
A Artificial Turf Field
B Cap'n Dick Smith Baseball Field
C Richard L. Duchossois Tennis Center ♥
D Liberty Hall Fields
E Upper Tennis Courts
F Alston Parker Watt Field
G William C. Washburn Tennis Courts
H Wilson Field ♥

Honor Our Past, Build Our Future
 THE CAMPAIGN FOR WASHINGTON AND LEE

A Guide to Endowment Opportunities and Thresholds

The guidelines below describe options and minimum levels for creating and supporting endowments that benefit students, faculty and programs at Washington and Lee University. The lowest gift level at which a donor may establish an endowment at Washington and Lee is \$50,000; most endowments require higher minimum gifts in order to achieve their purpose.

The intention of endowments is to support the strategic initiatives of the University. Support of buildings and physical facilities is not treated herein, although a reminder of the University's policy for naming buildings and spaces is included at the end of this document.

Endowments Supporting Students

Scholarships

- *Named Scholarships in the Johnson Scholars Program.* \$1,000,000 minimum
 - These are individual named merit-based or need-based scholarships under the umbrella of Washington and Lee's preeminent scholarship program, the Johnson Scholars Program. Named scholarships within the umbrella program cover 100% of the costs of tuition, room and board for scholarship recipients, and help Washington and Lee attract and support the very best students from around the world.
- *Distinguished Scholarships.* \$500,000 minimum.
 - These named scholarships support part of the cost of tuition for students. Donors may select broad preferences for the award.
- *Washington and Lee Scholarships.* \$100,000 minimum.
 - These named scholarships support part of the cost of tuition for students, and are usually pooled with other funds to create aid packages.
- *University Scholarship Fund.* \$50,000 minimum.
 - Gifts to this fund support Washington and Lee's general scholarship endowment. Donors making an initial gift to the University Scholarship Fund may add to their gift over time in order to build it to a named scholarship level.

- *Loan Repayment Assistance Program.* \$100,000 minimum.
 - Income from these gifts supports graduates of the School of Law who enter public interest careers. Funds assist graduates in meeting their educational debt commitments so long as they work in public interest law.

Endowments for Student Learning Experiences

- *Student Learning Experiences.* \$150,000 minimum
 - Gifts supporting student learning experiences may be directed to support one or more of a variety of learning opportunities at Washington and Lee, including:
 - Summer internships
 - Study abroad experiences
 - Faculty-mentored summer research, such as the R.E. Lee Scholars Program and Student Summer Independent Research grants
 - Externship / Clinical Travel Fund for law students

Endowments Supporting Faculty

Professorships

- *Dean's Position.* \$5,000,000 minimum.
 - Gifts at this level may endow and name one of the three academic deanships at Washington and Lee. Such a gift will help meet the Lenfest Challenge for Faculty Support by December 31, 2010.
- *Professorships.*
 - Named professorships are the most prestigious professional achievement in academia. They recognize faculty members for exceptional teaching, service and contributions to their profession. Donors may support and name the creation of a new strategic position at Washington and Lee, or endow and name an existing position.
 - *Create and Name a New Position.* \$3,500,000 minimum. These gifts allow for the establishment of a faculty position in an identified and approved strategic priority area within the curriculum.
 - *Endow and Name an Existing Position.* \$2,500,000 minimum. These gifts allow Washington and Lee to recognize and support its best and most senior faculty members. A special opportunity exists to use the Lenfest

Challenge to meet the minimum threshold for these professorships by December 31, 2010.

- *Coaching Positions.* \$1,000,000 minimum.
 - Donors may endow and name a coaching position within the Athletic Department, including the position of Athletic Director. An endowment, which may be directed to a specific area of the Athletic Department, helps underwrite the salary of a specific teaching and coaching position. Such a gift will help meet the Lenfest Challenge for Faculty Support by December 31, 2010.
- *Term Professorships.* \$500,000 minimum.
 - These awards honor mid-career faculty for outstanding teaching and scholarship, and help recruit, retain and recognize faculty. Term professorships are awarded on a rotating basis and recognize a different professor, currently every three years. Such a gift will help meet the Lenfest Challenge for Faculty Support by December 31, 2010.
- *Professors of Practice.* \$500,000 minimum.
 - These gifts provide one semester's support for a practitioner to lead a practicum within the Third Year Program of the School of Law.
- *Faculty Support Endowments.* \$100,000 minimum.
 - These gifts support faculty salaries in a donor's particular area of interest, and will help meet the Lenfest Challenge for Faculty Support by December 31, 2010.

Endowments for Visiting Artists, Scholars and Executives

- *Visiting Scholars and Artists.* \$1,500,000 minimum.
 - Gifts allow Washington and Lee to bring distinguished scholars and artists from around the country and the world to campus to enrich the curriculum with academic expertise not represented in the permanent faculty.
- *Visiting Lecturers and Executives.* \$250,000 minimum.
 - Gifts allow Washington and Lee to bring distinguished academic and professional visitors from around the world to campus for shorter periods of time, to work directly with students and to interact with Washington and Lee faculty.

Endowments for Faculty Initiatives

- *Faculty Initiatives.* \$100,000 minimum.
 - Gifts assist Washington and Lee faculty in revitalizing the curriculum, and celebrate and support the unique and rich opportunities the University's curriculum affords for student learning. Gifts to a faculty initiatives fund may support such activities as:
 - New course development
 - Curriculum innovation
 - Faculty professional development, including the Glenn grants and research abroad during the summer
 - Electronic research resources (databases, etc.) to support faculty research

Endowments Supporting Academic Programs

- *First-Year Seminars.* \$250,000 minimum.
 - Gifts supporting First-Year Seminars assist Washington and Lee in offering new courses especially designed for first-year students. Donors may state some preferences for their named seminar such as a discipline or a broad field of study, helping the University mount a first-year seminar in that broad field when student and faculty interest allow.
- *Department and Program Support Funds.* \$100,000 minimum.
 - The departments and programs of Washington and Lee are challenged to support the many creative ideas and worthwhile activities of their faculty and students. Departmental and Program Support Funds help to underwrite the many educational events and activities, such as seminar series and special speakers, that are so important in enriching the academic life of the University. All departments and programs seek these endowment funds.
- *Interdisciplinary Programs.*
 - Interdisciplinary programs represent some of the most creative and cutting-edge areas of Washington and Lee's curriculum. These programs are essential to Washington and Lee's ability to offer a liberal arts education for the 21st century. Donors may support interdisciplinary programs at Washington and Lee by endowing the programs, or by endowing the directorships of the programs. Washington and Lee is particularly interested in supporting programs in Environmental Studies, African American Studies, Women's Studies, International Studies and East Asian Studies.

- *Named Interdisciplinary Program.* \$5,000,000 minimum. Under the guidance of the Deans and Provost, gifts naming and endowing enduring interdisciplinary programs significantly strengthen these programs by supporting their faculty appointments and academic initiatives.
 - *Named Directorship of an Interdisciplinary Program.* \$2,500,000 minimum. A named directorship of an interdisciplinary program strengthens the program and recognizes the faculty director, whose primary appointment is in a department, for exceptional leadership, teaching, service and contributions to their profession.
- *Law Clinics.* \$2,500,000 minimum.
 - Law clinics provide practical learning opportunities for students at the School of Law. Professors work directly with students to provide legal assistance to clients on selected issues. Donors may choose to name and endow the following clinics:
 - Black Lung Program
 - Virginia Capital Case Clearinghouse
 - Community Legal Practice Clinic
 - Legal Aid Clinic
 - Public Prosecutors Program
 - Transnational Law Institute
- *Bridge to the Profession.*
 - *Specific naming opportunities and levels to be determined*
 - *A professionalism initiative in the School of Law is being developed, as well as collaborative initiatives with the undergraduate curriculum such as Law and the Environment, Poverty Law, etc. Specific naming opportunities and levels for these initiatives to be determined.*
- *Center for Entrepreneurship.* \$1,000,000 minimum.
 - Taking advantage of the new Johnson Chair in Entrepreneurship and Leadership, the Center will draw upon existing resources and characteristics of Washington and Lee to educate students to be successful entrepreneurial leaders as well as leaders in community outreach and alumni engagement. Housed within the Williams School, the Center will allow students to gain exposure to entrepreneurial ideas, opportunities and decisions.
- *Enrichment Programs.* \$500,000 minimum.
 - Washington and Lee offers students many learning opportunities in non-traditional settings and creative, real-world scenarios that broaden and deepen a liberal arts education. Donors may choose to name and endow one of Washington

and Lee's many enrichment programs. A specific naming level for each program is available from the Office of University Development. Programs include:

- Williams Investment Society
 - Washington Term Program
 - New York Internship Program
 - Week on Wall Street
 - Washington and Lee Student Consulting
 - Friends of Rockbridge
 - Science, Society and the Arts
- *Academic Skills Programs.* (See minimums below.)
 - Washington and Lee aims to offer students focused settings in which to practice and refine skills that are fundamental to a liberal arts education for the 21st century. Donors may choose to name and endow one of the following Academic Skills Programs:
 - Information Fluency Program. \$1,000,000 minimum.
 - College and Williams School Writing Programs. \$750,000 minimum.
 - Peer Technology Instruction. \$500,000 minimum.
 - *Library Fund.* \$50,000 minimum.
 - Gifts to these named funds purchase books and materials for Leyburn Library, Telford Science Library, and the Law Library that are beyond budget resources.

Washington and Lee University Policy on Naming Spaces

Under Board of Trustee policy, a building or space may be named with a gift equal to half the construction or replacement cost. The naming of buildings and spaces is subject to approval of the Board of Trustees.

Approved by the Washington and Lee University Board of Trustees, February 2008

Washington and Lee University

[Home](#) > [General Counsel](#) > [Code of Policies](#) > [Board-Approved Policies](#) > Conflicts of Interest and Transactions With Interested Persons Policy

Conflicts of Interest and Transactions With Interested Persons Policy

Approved By: Board of Trustees

Issued: 2/7/2004

Revised: 10/27/2012

Responsible Office: General Counsel

Related Policies:

- [Conflict of Interest \(Generic -- Applicable to All Employees\)](#)
- [Statement of Ethical Principles](#)

Additional Reference:

- [Finance Personnel Code of Ethics](#)

Introduction

Policy Statement

Consistent with the Internal Revenue Service ("IRS") regulations and guidelines on Intermediate Sanctions and Excise Taxes on Excess Benefit Transactions, Washington and Lee University ("University" or "W&L"), a charitable, educational institution, desires to maintain the highest standards of accountability and transparency in governing University operations. Therefore, trustees and officers of the University, as well as other individuals in certain positions of influence (collectively referred to as "Interested Persons," and further defined in Section B), must discharge their duties and manage the affairs of the University in its best interests and observe duties of care and loyalty to W&L. Interested Persons must be fully informed about and closely

monitor transactions and arrangements in which any person who is in a position to exercise substantial influence over the University's affairs may have a personal economic or other interest.

This policy is designed to protect the University's interests when it considers entering into a transaction, arrangement, or association that might provide a personal economic or other benefit to any Interested Person or Interested Entity (as defined below) at the expense of the University's best interests (financial or otherwise). Compliance with the procedures listed herein (Section II.B) is further intended to allow W&L to rely upon the rebuttable presumption that its transactions and relationships with Interested Persons and Interested Entities are not excess benefit transactions as defined by the Internal Revenue Code, 26 U.S.C. § 53.4958-6(c).

Applicability

This policy applies to all trustees, officers, senior administrators, and finance personnel of Washington and Lee University, as well as their family members and all other Interested Persons (as defined in this policy). All employees are also subject to the Conflict of Interest Policy as stated in the University's employee handbook.

Policy

I. Background and Definitions

A. Conflict of Interest

An **actual conflict of interest** exists where an individual takes part in a decision in which he or she is unlikely to remain impartial or maintain objectivity in choosing between the interests of the University and his/her own economic or other interests. A **potential conflict of interest** exists when an individual's interests might make such impartiality or objectivity difficult or appear to be difficult.

A conflict of interest may occur when the University is considering a transaction, arrangement, or association: 1) which may provide a benefit (economic or otherwise) to an Interested Person or Interested Entity (as defined below), whether directly or indirectly; or 2) in which an Interested Person has accepted, directly or indirectly, payments, loans, services,

entertainment, travel, or gifts of any more than nominal value from any individual or business doing or seeking to do business with the University. An example of a conflict of interest is an ***excess benefit transaction***, which occurs when an interested person or entity, as a result of a transaction or arrangement, receives an economic benefit (whether direct or indirect) in excess of the consideration received by the University in exchange.

Economic benefit includes all fees for providing goods or services and other forms of compensation (e.g., gifts, "perks," salary, bonuses, deferred compensation, and insurance benefits), but does not include reimbursement of trustees for reasonable expenses incurred in attending Board meetings.

Indirect economic benefits include benefits provided through an entity controlled by the University.

An actual, potential, or apparent conflict of interest does not preclude the University from entering into a transaction, arrangement, or association. Upon disclosure of an actual, potential, or apparent conflict of interest, the appropriate committee of the Board of Trustees will determine whether the transaction is fair to the University and whether it will result in any excess personal economic benefit to the Interested Person (see detailed procedures, including a link to the disclosure form, in Section II). Consistent with federal and Virginia law, any possible conflict of interest is best addressed through full disclosure of any such interest, together with non-involvement by the Interested Person in any vote on the matter (for more details, see Section D).

B. Interested Person

An Interested Person is any person who is or was in a position to exercise substantial influence over the business affairs of W&L at any time during a five-year period preceding the date of the transaction, including (note: some titles may appear on this list more than once):

1. All members of the **Board of Trustees**;
2. All **officers** of the University (President, Treasurer, and Secretary);
3. All **senior administrators** (Provost, Vice-President for Finance and Administration, Vice-President for Advancement, Vice-President for Student Affairs and Dean of Students, General Counsel, Senior Assistant to the President);
4. All **finance personnel**;¹

5. **"Key employees"** and the next five most highly-compensated employees of the University, as reported on the University's IRS filings;²
6. Members of the **President's Council**;³
7. **Substantial contributors** to the University; and
8. Members of the **family** of any of the above mentioned persons.

C. Interested Entity

An Interested Entity is an entity that does or may do business with the University and either: 1) in which an Interested Person holds a position as trustee, director, officer, or otherwise exercises managerial authority; 2) in which an Interested Person has a substantial economic interest (i.e., greater than ten percent ownership interest); or 3) that has provided, directly or indirectly, payments, loans, services, entertainment, travel, or gifts of any more than nominal value to any Interested Person.

II. Procedures for Situations Involving an Actual or Potential Conflict of Interest

A. Disclosure Form

All Interested Persons (with the exception of substantial contributors and/or family members of any Interested Person) must submit a completed disclosure form (available at: <http://www.wlu.edu/document/conflictdisclosure>) on or about August 1 of each year or upon employment or commencement of trustee service (as applicable). Each such individual has a continuing duty to update the disclosure form to their direct supervisor (if applicable) and the General Counsel when an actual or potential conflict of interest (or the appearance of a conflict of interest) arises at any other time(s) during the year. All other Interested Persons must disclose an actual or potential conflict of interest to the Office of General Counsel upon becoming aware of such conflict of interest.

B. Approval of Transactions

Any transaction between an Interested Person/Entity and the University must be reported to the Office of General Counsel, who shall advise the Chair of the Trusteeship Committee of the Board of Trustees (if the Interested Person

is a trustee or trustee emeritus) or the Chair of the Audit Committee (for all transactions involving an Interested Person other than a trustee or trustee emeritus) on a timely basis. The Board Committee on Trusteeship or the Audit Committee shall make the determination, on a case-by-case basis, depending on the facts and circumstances (using procedures as set forth below), as to whether each transaction, arrangement, or association will be prohibited because of an actual conflict of interest that cannot be adequately managed.

The supervisor of the department handling the transaction shall review all consideration and benefits to be exchanged between or among the Interested Person/Entity and W&L. The supervisor shall document the information relied upon and make a written recommendation to the Controller.

The Controller shall then:

1. Review the supervisor's recommendation and supporting documentation, and any other relevant information about the transaction;
2. Make a written finding as to whether W&L is paying fair market value for the goods, property, or services; and
3. Send that finding and the supervisor's supporting documentation to the Chair of the Committee on Trusteeship or the Chair of the Audit Committee, as appropriate.

The Committee shall then make an independent determination of: 1) the fair market value of the goods, property, or services provided to the University and whether an excess benefit exists; or 2) whether the arrangement or association otherwise creates a conflict of interest that cannot be adequately managed. The Committee may designate a member who shall review the supporting data or details regarding the transaction and report his/her opinion back to the Committee. During its review of the transaction, the Committee shall comply with IRS guidelines to create a rebuttable presumption of no excess benefit, to the extent practicable (see Section II.C). If an excess benefit or other unmanageable conflict of interest is found, then the transaction is prohibited; if not found, then the Board will vote in accordance with the procedure set forth in Section II.D.

To the extent it is not practicable for the Committee to approve the transaction in advance, it shall review the transaction at its next meeting using the procedures above. Under these circumstances, W&L shall use

reasonable efforts to have reviewed the transaction internally in advance and have made an initial finding that the transaction does not constitute an excess benefit transaction or other unmanageable conflict of interest.

C. Rebuttable Presumption

Transactions covered hereunder are presumed to be at fair market value and not an excess benefit if:

1. The terms of the transaction were approved in advance by the Board Committee on Trusteeship or the Audit Committee;
2. The Board Committee on Trusteeship or Audit Committee relied upon appropriate comparable data in making its determination; and
3. The Board Committee on Trusteeship or Audit Committee documented the basis for its determination concurrently with making the determination.

D. Board Voting Procedure

The Rector or the Chair of the Trusteeship Committee will disclose to the Board any Interested Person with an actual, apparent, or potential conflict of interest on any matter coming to a vote of the full Board or any of its committees prior to such vote. The Interested Person may not participate in consideration of the transaction or arrangement, may not vote on the transaction or arrangement, and should not be present for the consideration of or vote on the transaction or arrangement unless the Board or committee considering it request information from the Interested Person. However, the Interested Person may be counted in determining the presence of a quorum. In addition to any Interested Person with an actual, apparent, or potential conflict of interest, no Board or committee member may vote on the transaction or arrangement if he or she:

1. Is employed subject to the direction or control of the Interested Person involved in the transaction or arrangement under consideration;
2. Receives compensation or other payments subject to the approval by that Interested Person; or
3. Is a joint owner of a business with the Interested Person.

The minutes of the meeting should reflect that a disclosure was made, as well as the abstention from voting.

III. Enforcement of This Policy

If a trustee, officer, or administrator reasonably believes that a trustee, officer or other Interested Person has failed to disclose an actual or potential conflict of interest, he or she must inform the Board Committee on Trusteeship, the Audit Committee, the General Counsel, or the President of the basis for the belief, and the University will afford the Interested Person in question an opportunity to explain the alleged failure to disclose. If, after hearing the response and making such further investigation as may be warranted in the circumstances, the Board determines that a conflict of interest exists that has not been properly disclosed or managed, it may take appropriate corrective action, including rescission of the transaction or arrangement.

A. Correcting Excess Benefits

If the Board Committee on Trusteeship or Audit Committee finds an excess benefit transaction, the University shall use best efforts to cause it to be corrected consistent with applicable IRS regulations. An Interested Person corrects an excess benefit transaction by undoing the benefit to the extent possible and by taking additional measures necessary to place the University in a financial position not worse than that in which it would be if the Interested Person were dealing under the highest fiduciary standards. The University is not required to rescind the underlying agreement, but the parties may need to modify an ongoing contract with respect to future payments.

B. Taxes and Penalties

If an excess benefit has been found and has not been corrected, the Interested Person, the University employee who approved the transaction, and/or the University may be subject to excise taxes.

¹**Finance Personnel** include: the Treasurer / Vice-President for Finance and Administration, Controller, any Associate/Assistant Treasurers or Controllers, Director of Budgets, and staff accountants.

² A **key employee** meets all of three tests: (1) compensation of more than \$150,000 from the employer and all related organizations in the calendar year ending within the fiscal year; (2) one of the employer's 20 most highly compensated employees; and (3) meets one of three "responsibility tests." The

responsibility test is met if the employee (a) had organization-wide responsibilities, powers, or influence similar to that of an officer, or (b) managed a segment of the employer that represents 10% or more of its activities, assets, income, or expenses, or (c) had or shared control over 10% or more of the employer's capital expenditures, operating budget, or employee compensation. W&L treats senior staff who report to the President as meeting the responsibility test. The "next five most highly-compensated employees" are the five most highly compensated employees other than trustees, officers, and "key employees."

³As of May 2011, the **President's Council** consists of the following members: President, Provost, Executive Director of Human Resources, Executive Director of Facilities and Capital Planning, Associate Treasurer and Controller, Vice President for University Advancement, Senior Assistant to the President, Assistant Provost and Director of Institutional Effectiveness, Dean of the College, Executive Director of Alumni Affairs, Secretary of the University / Senior Assistant to the President, Executive Director of Communications and Public Affairs, Director of Athletics, Vice President for Admissions and Financial Aid, Treasurer / Vice President for Finance and Administration, Executive Director for University Development, Dean of the Williams School, Chief Technology Officer, General Counsel, Dean of the Law School, Associate Provost, and the Vice President for Student Affairs and Dean of Students. The exact membership, as well as the titles of the members, is subject to change.

Revision History

May 21, 2011 -- Revised to consolidate three former policies/procedures: 1) Conflict of Interest (Trustees); 2) Conflict of Interest (Officers, Senior Administrators, and Finance Personnel); and 3) Procedures for Reviewing Transactions With Interested Persons; as well as the conflict of interest disclosure form.

October 27, 2012 -- Revised definition of "conflict of interest" at Section I.A (paragraph 2) and "interested entity" at Section I.C in order to clarify that the payment of gifts or perks above nominal value by anyone doing or seeking to do business with the university may create a conflict of interest.

February 25, 2016 -- Changed the title of Dean of Admissions and Financial Aid to Vice President for Admissions and Financial Aid at footnote 3.

Washington and Lee University

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Conflict of Interest for Employees



Approved By: Vice President for Finance and Administration / Treasurer

Issued: 1/1/2005

Revised: 1/8/2013

Responsible Office: Human Resources

Related Policies:

- [Conflicts of Interest and Transactions With Interested Persons Policy](#)
- [Statement of Ethical Principles](#)

Introduction

Policy Statement

All employees should attempt to avoid personal transactions or situations in which their personal interests will, or appear to, conflict with those of the University.

Applicability

This policy applies to all employees of Washington and Lee University.

Definitions

Conflict of Interest- occurs where the prospect of direct or indirect personal gain for an employee or a member of his/her family could influence the employee's judgment or action in the conduct of university business.

Policy

All employees should attempt to avoid personal transactions or situations in which their personal interests will conflict with, or appear to conflict with, those of the University.

Simply stated, a conflict of interest occurs where the prospect of direct or indirect personal gain for an employee or a member of his/her family could influence the employee's judgment or action in the conduct of University business. Employees must inform their supervisors and the relevant dean or vice president of any potential conflict of interest. In certain cases as noted below, an employee must receive written approval from the Vice President for Finance and Administration / Treasurer or General Counsel to enter into certain contracts or business arrangements that could present a conflict of interest.

The types of conflicts of interests that should be reported or disclosed include, but are not limited to, the following:

- Use of University employees, facilities, equipment or services for personal gain or profit without full disclosure, reimbursement of cost, payment of a rental fee, etc;
- Acceptance of consulting fees, honoraria or part-time employment in conflict with professional responsibilities to the University, particularly where proprietary practices or information may be involved;
- Contracting with University employees to perform work for the University that is the same or similar to that performed by the employees during normal working hours. Work should be completed within normal working hours or on an overtime basis. In cases where workload, staffing levels or available expertise requires hiring a W&L employee, then the hiring department should develop a standard wage for this work, ensure the assignments are equally available to those interested and capable of performing the work, and develop a simple letter agreement with the employee. These arrangements will be reviewed by the

executive director of Human Resources.

- Contracting or doing business with a University employee or his/her spouse or close relative without prior written approval from the Vice President for Finance and Administration / Treasurer or General Counsel. If such a contractual or business relationship is necessary, the contracting department must explain the need to contract for these services and should submit at least two additional written bids for similar work. Any business relationship with a close relative that pre-dates this revised handbook must be disclosed and submitted for review and approval.

The following activities are prohibited:

- Using privileged information, revealing confidential data, or divulging proprietary information to outsiders for purposes of personal gain or for other than University purposes; and
- Using the name of the University for monetary profit or acting as a private person in a way that could create the impression that an employee is speaking for the University unless the employee's position requires him/her to speak for the University.

The following activities are normally prohibited, with exceptions only upon prior approval of the Vice President for Finance and Administration / Treasurer or the General Counsel:

- Accepting, directly or indirectly, payments, loans, services, entertainment and travel, or gifts of any more than a nominal value from any individual or from any business concern doing or seeking to do business with the University.

If payments, loans, services, entertainment, travel, or gifts of any more than nominal value are received (directly or indirectly) by a University employee, he or she must disclose that fact to the Vice President for Finance and Administration / Treasurer or the General Counsel. In such instances, the goods or services received may need to be returned/rescinded.

Revision History

January 8, 2013 -- Revised to clarify process for seeking an exception to normally-prohibited activities and to

clarify disclosure obligations.

Washington and Lee University

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Finance Personnel Code of Ethics



Approved By: President

Issued: 4/1/2005

Revised: 10/8/2007

Responsible Office: General Counsel

Related Policy:

- [Statement of Ethical Principles](#)

Introduction

Policy Statement¹

Washington and Lee University is committed to the highest standards of ethics and integrity. The University has determined that having Finance Personnel sign the Code each year serves as our promise that we will maintain these high standards. Signed copies are maintained in the Business Office.

Applicability

This policy applies to all finance personnel at the University.

Definitions

Finance Personnel - Includes Treasurer/Vice President for Finance, investment support personnel, Associate Treasurer and Controller, and any Associate and Assistant Controllers, Director of Budgets and Staff Accountants, and all employees of these offices.

Policy

Finance Personnel's conduct should be characterized by honesty, integrity and dignity, and they owe a duty of care and loyalty to Washington and Lee University and must adhere to W&L's policies on Conflict of Interest.

Finance Personnel will adopt and be faithful to the following:

- I will report to my supervisor any real or potential conflicts of interest between my personal and professional relationships, including those relationships with only the appearance of a conflict. Such conflicts may arise when my personal interests compete with interests, activities, or concerns of W&L (e.g., personal transactions between me or my family and W&L; consulting with W&L outside my position with the University). I will make full disclosure under these circumstances and obtain approval consistent with the relevant W&L conflict of interest policy.
- I am committed to full, fair, accurate, timely, and understandable disclosure in the University's financial statements and other public documents. I understand that even individuals outside the Finance area help create the University's financial statements because every entry into our administrative systems contributes to the development of those Statements. I also understand that any public announcement or statement by the University must be complete and correct to the best of my abilities.
- I will transact the business of the University in compliance with applicable laws, rules, and regulations.
- I acknowledge that student and other information I utilize may be covered by laws of confidentiality and privacy, and I pledge I will not disclose any confidential or private information except where authorized or legally obligated to do so.

- I pledge to promptly report to the Office of General Counsel any violations of this Code, or any other suspected fraud or fraudulent activity of which I become aware. I understand that I may make such reports in writing, by telephone, or by email; alternatively, I may make any such report through W&L's whistleblower policy <http://go.wlu.edu/OGC/WhistleblowerPolicy>. The University has pledged that it will not allow any retaliation against anyone who acts in good faith in reporting any such violation or suspected violation.
- I understand that I am responsible for my own adherence to this Code, and for exercising proper supervision to detect and report violations by my subordinates, peers, and other members of the University community.

¹Excerpts taken from the NACUBO Code of Ethics and from the University of Richmond Code of Ethics.

Revision History

Revised 10/8/07 to conform, strengthen, and clarify the policy per the request of the Audit Subcommittee of the Finance Committee of the Board of Trustees.

Washington and Lee University

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Financial Aid Code of Conduct



Approved By: Provost

Issued: 9/24/2007

Revised: 1/21/2010

Responsible Offices: General Counsel, Provost

Related Policy:

- [Statement of Ethical Principles](#)

Introduction

Policy Statement

This policy is intended to guide the University's financial aid officers and staff - as well as any other employees or agents who otherwise have responsibilities with respect to education loans at the University - in the ethical execution of their professional responsibilities, in accordance with the Higher Education Opportunity Act of 2008.

Applicability

This policy applies to the University's financial aid officers and staff - as well as any other employees or agents who otherwise have responsibilities with respect to the education loans at the University.

Definitions

Gift - means any gratuity, favor, discount, entertainment, hospitality, loan, or other item having a monetary value of more than a de minimus amount, including a gift of services, transportation, lodging, or meals, whether provided in kind, by purchase of a ticket, payment in advance, or reimbursement after the expense has been incurred. However, the term "gift" does not include:

- i) Standard materials, activities, or programs on issues related to a loan, default aversion, default prevention, or financial literacy, such as a brochure, a workshop, or training.
- ii) Food, refreshments, training, or information material furnished to an officer or employee of an institution, or to an agent, as an integral part of a training session that is designed to improve the service of a lender, guarantor, or service of education loans to the University, if such training contributes to the professional development of the officer, employee, or agent.
- iii) Favorable terms, conditions, and borrower benefits on an education loan provided to a student employed by the University if such terms, conditions, or benefits are comparable to those provided to all students of the institution.
- iv) Entrance and exit counseling services provided to borrowers to meet the University's responsibilities for entrance and exit counseling as required by the Higher Education Opportunity Act, as long as:
 - a) The University's staff are in control of the counseling (whether in person or via electronic capabilities); and
 - b) Such counseling does not promote the products or services of any specific lender.
- v) Philanthropic contributions to an institution from a lender, services, or guarantor of education loans that are unrelated to education loans or any contribution from any lender, guarantor, or services that is not made in exchange for any advantage related to education loans.
- vi) State education grants, scholarships, or financial aid funds administered by or on behalf of a State.

With respect to a gift to a family member of an employee or agent of the University, or to any other individual based on that individual's relationship with an employee or agent of the University, such gift shall be considered a "gift" under this policy if:

- i) The gift is given with the knowledge and acquiescence of the employee or agent; and
- ii) The employee or agent has reason to believe the gift was given because of the official position of the employee or agent.

Opportunity Pool Loan - means a "private education loan" made by a lender to a student attending the University or the family member of such a student that involves a payment, directly or indirectly, by the University of points, premiums, additional interest, or financial support to such lender for the purpose of such lender extending credit to the student or family.

Private Educational Lender - a financial institution, Federal credit union, or any other person engaged in the business of soliciting, making, or extending private education loans

Private Education Loan - means a loan provided by a "private educational lender" that:

- i) Is not made, insured, or guaranteed under Title IV of the Higher Education Act of 1965; and
- ii) Is issued expressly for postsecondary educational expenses to a borrower, regardless of whether the loan is provided through the University or directly to the borrower from the private educational lender.¹

Revenue-Sharing Arrangement - means an arrangement between the University and a lender under which:

- i) A lender provides or issues a loan that is made, insured, or guaranteed under Title 20 of the United States Code to students attending the University or to the families of such students; and
- ii) The University recommends the lender or the loan products of the lender and in exchange, the lender pays a fee or provides other material benefits, including revenue or profit sharing, to the institution, an officer or employee of the institution, or an agent.

Policy

A. Commitment to Ethical Principles

Washington and Lee University has a unique tradition of commitment to integrity and honor and the University's financial aid officers and staff have a duty to act ethically in fulfilling their employment obligations. Individuals who are aware of a violation of this policy and the principles contained herein should bring their concern immediately to their supervisor, the Provost, the Office of General Counsel, or other appropriate University official under the University's "Whistleblower Policy." In order to affirm its principles and to guide its financial aid officers and staff in the ethical performance of their job responsibilities, the University has adopted the following code of conduct.

B. Higher Education Opportunity Act Required Provisions

In accordance with the Higher Education Opportunity Act, University employees and agents will not:

- 1) Enter into any "revenue-sharing arrangement" with any lender.
- 2) Solicit or accept any "gift."
- 3) Accept from any lender or affiliate of any lender any fee, payment, or other financial benefit (including the opportunity to purchase stock) as compensation for any type of consulting arrangement or other contract to provide services to a lender or on behalf of a lender relating to education loans.²
- 4) Assign, through award packaging or other methods, a first-time borrower's loan to a particular lender.
- 5) Refuse to certify, or delay certification of, any loan based on the borrower's selection of a particular lender or guaranty agency.
- 6) Request or accept any offer of funds to be used for "private education loans," including funds for an "opportunity pool loan," to students in exchange for the University providing concessions or promises regarding providing the lender with:

- a) A specified number of loans made, insured, or guaranteed under Title 20 of the United States Code;
- b) A specified loan volume of such loans; or
- c) A preferred lender arrangement for such loans.

7) Request or accept, from any lender, any assistance with call center staffing or financial aid office staffing.³

8) If serving on an advisory board, commission, or group established by a lender, guarantor, or group of lenders or guarantors: receive anything of value from the lender, guarantor, or group of lenders or guarantors, except that the employee may be reimbursed for reasonable expenses incurred in serving on such advisory board, commission, or group.

C. Additional Guiding Principles

Washington and Lee University also endorses the National Association of Student Financial Aid Association's (NASFAA's) "Code of Conduct for Institutional Financial Aid Professionals," which states (explanations in bullets):

An institutional financial aid professional is expected to always maintain exemplary standards of professional conduct in all aspects of carrying out his or her responsibilities, specifically including all dealings with any entities involved in any manner in student financial aid, regardless of whether such entities are involved in a government sponsored, subsidized, or regulated activity. In doing so, a financial aid professional should:

1) Refrain from taking any action for his or her personal benefit.

- W&L financial aid officers and staff, as well as members of their families, should never accept cash, stocks, club memberships, gifts, entertainment, expense-paid trips, or other forms of inappropriate remuneration from a business involved in any aspect of student financial aid, nor should these employees use any incidental personal benefit as a factor when making decisions in their employment capacity.

2) Refrain from taking any action he or she believes is contrary to law, regulation, or the best interests of the

students and parents he or she serves.

- Knowledge is not a prerequisite - any questions or concerns as to whether a particular action may violate the law, or otherwise be unethical, should be referred to the Office of General Counsel.

3) See that the information he or she provides is accurate, unbiased, and does not reflect any preference arising from actual or potential personal gain.

- The key is to be honest and transparent.

4) Be objective in making decisions and advising his or her institution regarding relationships with any entity involved in any aspect of student financial aid.

- Honesty and transparency are once again paramount.

5) Refrain from soliciting or accepting anything of other than nominal value from any entity (other than an institution of higher education or a governmental entity such as the U.S. Department of Education) involved in the making, holding, consolidating or processing of any student loans, including anything of value (including reimbursement expenses) for serving on an advisory body or as part of a training activity of or sponsored by any such entity.

- This is necessary to avoid the appearance of any conflict of interest, regardless of whether acceptance of any such benefits would actually influence the financial aid officers' decision.
- "Nominal value" is anything with a total retail value of less than ten dollars (\$10).

6) Disclose to his or her institution, in such manner as his or her institution may prescribe, any involvement with or interest in any entity involved in any aspect of student financial aid.

- Once again, the key is transparency, as well as the goal of helping the University avoid conflicts of interest.

¹This excludes an extension of credit under an open end consumer credit plan, a reverse mortgage transaction, a residential mortgage transaction, or any other loan that is secured by real property or dwelling.

² This does not prohibit: i) An employee of the University who is not employed in the Financial Aid Office and who does not otherwise have responsibilities with respect to education loans, or an agent who does not have responsibilities with respect to education loans, from performing paid or unpaid service on a board of directors of a lender, guarantor, or servicer of education loans; ii) An employee of the University who is not employed in the Financial Aid Office but who has responsibility with respect to education loans as a result of a position held at the University, or an agent who has responsibility with respect to education loans, from performing paid or unpaid service on a board of directors of a lender, guarantor, or servicer of education loans, if the University has a written conflict of interest policy that clearly sets forth the employees and agents must recuse themselves from participating in any decision of the board regarding education loans at the University; or iii) An officer, employee, or contractor of a lender, guarantor, or servicer of education loans from serving on a board of directors, or serving as a trustee, of the University, if the University has a written conflict of interest policy that the board member or trustee must recuse themselves from any decision regarding education loans at the University.

³ This does not prohibit the University from requesting or accepting assistance from a lender related to: i) Professional development training for financial aid administrators; ii) Providing educational counseling materials, financial literacy materials, or debt management materials to borrowers, provided that such materials disclose to borrowers the identification of any lender that assisted in preparing or providing such materials; or iii) Staffing services on a short-term, non-recurring basis to assist the University with financial-aid related functions during emergencies, including State-declared or federally declared natural disasters, federally declared national disasters, and other localized disasters and emergencies identified by the Secretary.

Revision History

2/25/09 - Revised in accordance with the requirements of the Higher Education Opportunity Act of 2008, as codified at 20 U.S.C. §§ 1094(a)(25) and 1094(e).

1/21/10 - Minor edits to make applicability consistent with language in policy statement.

Washington and Lee University

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Statement of Ethical Principles

The ethical principles of Washington and Lee University derive from one of the two fundamental objectives of the University, as set forth in its expanded Mission Statement:

" . . .to pursue its educational mission in a climate of learning that stresses the importance of the individual, personal honor and integrity, harmonious relationships with others, and the responsibility to serve society through the productive use of talent and training."

Faculty and staff employees of the University are expected to commit themselves to these fundamental institutional objectives and to uphold the highest ethical standards while acting on behalf of Washington and Lee University in discharging its business and academic affairs.

Approved by President Ruscio - August 2008

Revision History

This policy has not yet been revised.

Washington and Lee University

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Whistleblower Policy



Approved By: Board of Trustees

Issued: 5/7/2005

Revised: 5/17/2014

Responsible Office: General Counsel

Related Policy:

- [Protocol for Mandatory Reporting of Suspected Child Abuse/Neglect](#)

Additional References:

- [Guidance for Review and Resolution of Whistleblower and Retaliation Complaints](#)
- [Whistleblower Summary](#)

Introduction

Policy Statement

Washington and Lee University ("the University") has a responsibility for the stewardship of its resources and the private support that enables it to pursue its mission. The Board and administration are committed to compliance with the laws and regulations to which the University is subject and to promulgating University policies and procedures to interpret and apply these laws and regulations in the University setting.

The University's internal controls and operating procedures are intended to detect and to prevent or deter fraudulent or dishonest conduct, and/or violations of law (referred to hereinafter as "improper activities"). However, even the best systems of control cannot provide absolute safeguards against improper activities. Intentional and unintentional improper activities may occur. The University has a responsibility to investigate and report to appropriate parties allegations of suspected improper activities and to report the actions taken by the University.

The University will investigate any alleged improper activities and may discipline any individual found to have engaged in such conduct, up to and including dismissal from the University. W&L reserves the right to refer such conduct for civil and criminal prosecution.

All members of the W&L community are encouraged to report possible improper activities. Employees (including student employees) should report concerns to their supervisor/department head. Students not working for the University should report their concerns to the supervisor/department head of the University employee whom they believe to be engaging in such improper activity. W&L supervisors and department heads are required to report any concerns brought to them, and any situations in which they suspect improper activities, to their Vice President, the relevant Dean, or the Provost. If, for any reason, an individual finds it difficult to report his/her concerns to the relevant supervisor/department head, he/she may report the matter to the relevant Dean or Vice President, or directly to the Chair of the Audit Committee of the Board of Trustees ("the Audit Committee") in the manner set forth in the procedures below. W&L Cognizant Policy Officers and Compliance Partners under the University's Protocol for Implementation of the Matrix Compliance Program are authorized to communicate personally with the Chair of the Audit Committee on the compliance program and/or possible criminal conduct that could expose the University to liability. Alternatively, suspected violations of law may be reported externally to the appropriate government agency or official(s) designated in accordance with the applicable law.

Applicability

This policy applies to all members of the W&L community, but does not apply to reporting of suspected child abuse and/or neglect (which is separately addressed in the University's [Protocol for Mandatory Reporting of Suspected Child Abuse/Neglect](#)).

Definitions

Baseless Allegations - Allegations made with the knowledge of their falsity or reckless disregard for their truth.

Improper Activities - The following constitute a non-exclusive list of improper activities:

1. Fraudulent or Dishonest Conduct - A deliberate act or failure to act with the intention of obtaining an unauthorized benefit from the University. Examples of such conduct include, without limitation:
 - Forgery or alteration of any documents
 - Unauthorized alteration or manipulation of computer files
 - Fraudulent financial reporting
 - Pursuit of a benefit or advantage in violation of the University's Conflict of Interest Policy
 - Misappropriation or misuse of University resources, including funds, supplies, or other assets
 - Authorization or receipt of compensation for services not received or not performed, or hours not worked; and
2. violations of law.

Whistleblower - An individual who informs a supervisor/department head, Vice President for Administration, Dean, Chair of the Audit Committee, government agency, or other official(s) designated in accordance with the applicable law about any potential improper activities, who assists in any investigation or proceeding regarding potential improper activities, and/or who discloses other information as set forth in Section III of this policy.

Policy

I. PROCEDURE

Supervisors/Department Heads are required to notify their Vice President, the relevant Dean, or the Provost of reports/concerns of suspected improper activities.

Supervisors/Department Heads should take reasonable care in dealing with allegations of improper activities to avoid:

- Baseless allegations
- Premature notice to persons suspected of improper activities and/or disclosure of such suspected conduct to others not involved in the investigation
- Violations of whistleblower protection

Accordingly, a supervisor/department head who is informed of suspected improper activities should NOT contact the person suspected and should NOT discuss the matter with anyone other than the VP/Dean/Provost or the Office of General Counsel.

Once the VP/Dean/Provost is aware of any suspected improper activities, he/she will assess the allegations to see that they are not baseless and will then conduct an investigation (or direct that an investigation be conducted), reach a conclusion on whether the improper activity occurred, and proceed to take whatever action, including disciplinary measures, he/she deems appropriate. In handling reports, the VP/Dean/Provost may consult with appropriate persons, but should not disclose such suspected conduct to those not involved in the investigation or who do not have a need to know.

The Office of General Counsel will serve as a resource to the VP/Dean/Provost throughout the investigation and handling of the matter. The VP/Dean/Provost will prepare a report summarizing the suspected improper activity, the investigation, the conclusion, and the actions taken, and the Office of General Counsel will retain such record for the purpose of documenting resolution of reported alleged improper activity. If the General Counsel, upon review of the summary report, believes that the matter has not been sufficiently addressed, the General Counsel may forward the matter to the Chair of the Audit Committee of the Board of Trustees Finance Committee for review. The General Counsel will provide a status report of all complaints and their disposition under this policy to the Audit Committee at its regular meetings.

If the VP/Dean/Provost, upon receipt of a report of improper activity, for any reason feels uncomfortable handling the matter, he/she may forward the report to the Chair of the Audit Committee and request that the Audit Committee review, investigate (as appropriate) and resolve the matter.

If, for any reason, an individual feels uncomfortable using the reporting mechanisms set forth above and wishes to make a report of improper activity directly to the Audit Committee, he/she may do so in writing in a sealed envelope addressed to the Chair of the Audit Committee, W&L Board of Trustees, c/o General Counsel's Office, 7 Courthouse Square, Lexington, Virginia 24450 (sealed envelopes sent to General Counsel's Office will be delivered intact to the Chair of the Audit Committee for evaluation). W&L Cognizant Policy Officers and Compliance Partners under the University's Protocol for Implementation of the Matrix Compliance Program are authorized to communicate personally with the Chair of the Audit Committee on the compliance program and/or possible criminal conduct that could expose the University to liability.

The Office of General Counsel will serve as a resource to the Audit Committee in its review, investigation (as appropriate), and resolution of any reported misconduct under this policy. A record of all complaints/reports made under this policy will be maintained by the Office of General Counsel for the purpose of documenting resolution.

II. RIGHTS AND RESPONSIBILITIES

The University and its employees may not retaliate against a whistleblower with the intent or effect of adversely affecting the terms and conditions of employment (including, without limitation, threats of physical harm, loss of job, punitive work assignments, impact on salary or wage). A whistleblower who believes that he/she has been retaliated against may file a written complaint in a sealed envelope addressed to the Chair of the Audit Committee, W&L Board of Trustees, c/o General Counsel's Office, 7 Courthouse Square, Lexington, Virginia 24450 (sealed envelopes will be delivered intact to the Chair of the Audit Committee).

The University will use its best efforts to protect whistleblowers against any form of retaliation. It cannot guarantee confidentiality, however, and there is no such thing as "unofficial" or "off the record" reporting. The

University will keep the whistleblower's identity confidential, unless (1) the person agrees to be identified; (2) identification is necessary to allow the University or law enforcement officials to investigate or respond effectively to the report; (3) identification is required by law; (4) the person accused of improper activities is entitled to the information as a matter of legal right in disciplinary proceedings.

Individuals bringing forth baseless allegations may be subject to disciplinary action independent of this policy.

III. ENHANCED WHISTLEBLOWER PROTECTION RELATING TO FEDERAL GRANTS¹

A whistleblower may not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing information that he or she reasonably believes is (1) evidence of gross mismanagement of a federal contract or grant, (2) a gross waste of federal funds, (3) an abuse of authority relating to a federal contract or grant, (4) a substantial and specific danger to public health or safety, or (5) a violation of law, rule, or regulation related to a federal contract (including the competition for or negotiation of a contract) or grant, provided that such disclosure is made to one or more of the following:

- A member of Congress or a representative of a committee of Congress;
- An Inspector General;
- The Government Accountability Office;
- A federal employee responsible for contract or grant oversight or management at the relevant agency;
- An authorized official of the Department of Justice or other law enforcement agency;
- A court or grand jury; or
- A management official or other employee of the University who has the responsibility to investigate, discover, or address misconduct.

A whistleblower who initiates or provides evidence of contractor, subcontractor, or grantee misconduct in any judicial or administrative proceeding relating to waste, fraud, or abuse on a federal contract or grant shall be deemed to have made a disclosure protected by this Section III.

A whistleblower who believes that he or she has been discharged, demoted, or otherwise discriminated against for a disclosure protected by this Section III may submit a complaint to the Inspector General of the executive agency concerned in accordance with such executive agency's policies and procedures. Notwithstanding the foregoing, a complaint may not be brought under this Section III more than three years after the date on which the alleged discharge, demotion, or other discrimination took place.

¹41 USC § 4712. The provisions of this section became effective July 1, 2013, and are scheduled to sunset on January 1, 2017.

Revision History

Revised October 20, 2007 to delete references to the Vice-President of Administration; conform this policy to the new policy template; clarified that baseless allegations subject a complainant to discipline independent of this policy.

Revised May 9, 2009 to narrow the scope of improper activities to remove university policy violations from scope of improper activities, given other avenues now available for the community to bring forward policy violations.

Revised October 2010 to provide express authority for Cognizant Policy Officers and Compliance Partners under the University's Protocol for Implementation of the Matrix Compliance Program to communicate personally with the Chair of the Audit Subcommittee on the compliance program and/or possible criminal conduct that could subject the University to liability.

Revised February 11, 2012 to reflect that the Audit Subcommittee was made a standing committee of the Board, correct an omission in the definition of "baseless allegations," and update the address of the Office of General Counsel.

Revised October 27, 2012 to reflect that reporting of suspected child abuse and/or neglect is addressed through separate protocol.

Revised May 17, 2014 to reflect the provisions of a new federal pilot program providing enhanced whistleblower protection relating to federal contracts and grants, as well as to reflect the extension of the whistleblower protections of Sarbanes-Oxley to employees of private companies contracting with public companies pursuant to Lawson v. FMR LLC (U.S. Sup. Ct. March 2014).