

Budget Advisor Committee Minutes

10-5-2015

Present: Jane Huffman, Davis Oldham, Micheal Morley, Dana Hall, Rick Pearce, Paul Messplay, Werner Wieland (chair), Steve Farnsworth, Michael Lapke, Miriam Liss (Secretary Fall 2015), Jeff Rountree (University of Mary Washington Foundation), Gregg Brannen (University of Mary Washington Foundation).

Minutes for 9/21/2015 were approved

Jeff Rountree presented a powerpoint presentation of the state of the foundation. This powerpoint will be posted as a separate document to the UFC website.

Some highlights: between 2008-2016 the endowment budget has almost doubled. We spend 5% of the endowment from the previous 3 years so that in any given year a bad stock market would not negatively affect student scholarship winners.

The major development with the foundation is that they are moving toward switching financial managers. They were using a company called Magnum and Associates. They are proposing a switch to a New York company called Artemis. It has been decided that an RFP for financial management services would be done every 5 years.

Artemis has been successfully managing the assets of many billionaire families. They wanted to move into the endowment market and wanted to work with a well-known college. One advantage of Artemis is a decreased fee structure.

The committee asked about the concerns of Divest UMW and what the foundations position is. The foundation noted that decisions about Divest UMW are now with the President's Council on Sustainability. That council will make a list of pros and cons for Divesting. The Foundation Board will accommodate the decision of the University.

Nevertheless, with the new proposed management company Artemis we may move toward partial divestment either way. Currently UMW has about 7-8% exposure to fossil fuels. It is not always clear what counts as fossil fuel exposure since there are many products that use fossil fuels (e.g., airlines, any company that relies on airline use for business success) that are not fossil fuel companies.

There is, however, a list of the Carbon 200. These are the 200 companies that have been identified as the worst polluters.

The Artemis company is looking at an investment platform with a target that will put UMW 97% divested of the Carbon 200. This will happen gradually as many of the assets are tied up in funds that can't be sold immediately. This has been successful for them in terms of maximizing profit. It is not guaranteed that we will be divested in this way but the Artemis company has stated this as a goal.

Also, it should be noted that we don't actually have shares of companies that sell fossil fuels. Our exposure comes through bundled financial packages, but we don't, for example, have any shares in Exxon. When large colleges announce that they are divesting they usually saying they are no longer directly buying shares in fossil fuel companies. By that definition we are already divested. However, we may have exposure to fossil companies in bundled financial packages.

It was also discussed that funds that are labeled "green" or "socially conscious" limit exposure not just to fossil fuels but to other industries like tobacco or other things not deemed socially conscious. These funds have historically not performed as well as traditional funds although exact numbers were not available to compare.

The discussion then turned to our real estate holdings. We own approximately 150 million dollars in real estate which is the bulk of our assets. We own all of Eagle Village as well as 550 acres in Stafford county. The acres in Stafford were a gift and have almost no upkeep cost. It is not clear what we will do with those acres in the long term. The Eagle Lake Outpost is located on the land and is used by professors and students in various departments such as environmental science.

Eagle Village is generating profit for the University. The Hyatt is owned by UMW and has started to generate a profit. It cost 17 million dollars and has 93 rooms. The profitability of the Hyatt is a relief because George Mason built a hotel that was not profitable and has been turned into a dorm. Eagle Village is 95% leased and the office space is 100% leased.

In other developments at Eagle Village, Little Caesars is opening next to Sweet Frog and the Giant is being renovated.

We discussed the future of Seacobeck. The plan is to turn it into the future College of Education.

Meeting adjourned 5:45pm