

University Budget Advisory Committee

Minutes – 1/24/2022 Meeting

At-large faculty members present:	Nabil Al-Tikriti (Professor, CAS) Laura Bylenok (Assistant, CAS) – Secretary Randall Helmstutler (Associate, CAS) Suzanne Sumner (Professor, CAS)
College representative members present:	Chris Garcia (Associate, COB) Liane Houghtalin (Professor, CAS) – Chair Kyle Schultz (Associate, COE)
USC representative members present:	Arin Doerfler (Sr. Accountant-Fixed Assets) Kim McManus-Carini (Operations and Finance) Marta Smith (Asst. Controller-Compliance)
Student representative member present:	Ellelyshia Ardo (SGA)
Athletics representative present:	Patrick Catullo (Director of Athletics)
Guests:	Jeff Rountree (UMW Foundation CEO) Greg Branner (UMW Foundation CFO)

The meeting was called to order at 2:00pm. The meeting was devoted to a presentation from Jeff Rountree and Greg Branner from UMW Foundation. Summary of proceedings:

1. Mr. Rountree provided an overview of the history, responsibilities, priorities, and functioning of UMW Foundation, which is responsible for receiving, managing, and administering donations of cash, securities, real and intellectual property, and other private resources for the support of the University, in accordance with donor intent. The Foundation serves as the private asset manager for the University, with the two biggest areas being the endowment and real estate. The Foundation itself does not do any fundraising, but they are asset managers and distribute the funds raised by the University.
2. UMW Foundation total assets in FY '21 are \$132 million, with \$72 million in cash and endowments, and \$60 million in its real estate portfolio. Those numbers reflect significant growth in the endowment in the last year or so.
3. The UMW Foundation Board includes 39 members. Given the large size of the board, a lot of work is done through the Executive Committee. The Foundation currently has five staff members, which is one fewer position than typical, and there has been a hold on rehiring due to the impacts of Covid.
4. Revenues for FY '22 are \$9.71 million. This includes (in order of descending magnitude) revenues from: Income-producing property; Investment income; Unrestricted gifts; Endowment management fee; Interest and development fees.
 - a. Notably, the Foundation's income-producing property no longer includes student housing, which represents a big sea change. At the end of the last fiscal year, the University purchased our student housing, including Eagle Landing and the UMW Apartments, which will make a big impact to the Foundation's revenues.
 - b. Income-producing property was also impacted by Covid, due to a loss of approximately 20% of the retail tenant base in Eagle Village at the start of the pandemic in 2020, though since that time the situation has rebounded and gained new tenants.

- c. Unrestricted gifts were also impacted as giving was down.
5. Mr. Branner gave an overview of Endowment Spending.
 - a. Endowment spending in FY '22 is at \$2.21 million. That includes 450+ endowments and 550+ individual awards. Endowments include merit- and need-based scholarships, professorships, endowed chairs, and research fellowships.
 - b. There has been incredible growth in the endowment in the last few years, since 2018, due to the market and strategic handling by the Outsourced Chief Investment Officer (OCIO), Artemis Wealth Advisors.
 - c. The Endowment Spending Policy indicates that annual spending from endowment funds will be up to 5% of the average ending asset market values over the last five years. The five-year moving average policy is designed to minimize the peaks and valleys of the portfolio's performance. Decisions by the operations and finance committee in conjunction with the spending committee allows it to ramp up gradually over time.
 - d. In accordance with the Endowment Spending Policy, spending was 5% in 2014-2017. However, due to volatility in the market and a lack of growth, the Operations and Finance Committee made a resolution to reduce spending to 3-4%, which was the range that our peers were spending. Spending was reduced to 4.7% in 2018, 4.3% in 2019, and 4% in 2020-2022. The resolution achieved its goal to increase the endowment value, and current numbers show an increase in endowment value and health with spending at 4%.
6. Mr. Rountree gave an overview of Real Estate Management.
 - a. The Foundation acquires, sells, keeps, manages, and develops real estate for the benefit of the University, including donations and purchases. Any time a property is donated to the University which is to be sold for money, the Foundation handles it.
 - b. The Foundation acquires all real estate at the request of the University for the benefit of the University. Once acquired, the Foundation and the University decide in tandem how best to manage it. Presently, the University manages some properties and the Foundation or Thalhimer/Cushman & Wakefield manages others.
 - c. The real estate portfolio includes commercial real estate such as Eagle Village and other shopping centers and offices, and it includes Eagle lake outpost in Stafford County, maintained for use by students and faculty. The Foundation currently owns a single residential property, which is located in Stafford County; the Foundation sold the other residential properties over the last several years once the University ceased using them and asked the Foundation to liquidate them.
7. The meeting transitioned to questions and discussion, addressing the spending policy, the use of unrestricted funds, the impact of the transfer of ownership of student housing from the Foundation to the University, the ability of the Foundation to help maintain stability in an emergency situation such as Covid, and the possibility of selling properties to take advantage of the current real estate climate. Discussion also addressed the size and composition of the Foundation Board, and Dr. Houghtalin and Dr. Al-Tikriti advocated for the appropriateness of appointing a faculty member to the Board.

The meeting was adjourned at 3:10pm.

Respectfully submitted,
Laura Bylenok
UBAC Secretary