



VCU

Board of Visitors

FINANCE AND UNIVERSITY RESOURCES COMMITTEE

December 13, 2024

10:30 a.m.¹

James Branch Cabell Library

901 Park Avenue, Room 303

Richmond, Virginia

AGENDA

1. **CALL TO ORDER**

Mr. Anthony Bedell, Chair

2. **ACTION ITEMS**

Mr. Anthony Bedell, Chair

5 min. (10:30-10:35 a.m.)

- a. September 13, 2024 Meeting Minutes
- b. Professional Services Contract, VCU Dentistry Center
- c. Subscription Services Contract, Elsevier B.V.

3. **FINANCE AND BUDGET UPDATE**

Dr. Meredith Weiss, Senior Vice President for Finance and Administration and Chief Financial Officer

25 min. (10:35-11 a.m.)

- a. VCU and Related Entity Financial Statements
- b. VCIMCO Update

Mr. Bruce MacDonald, Chief Executive Office and Chief Investment Officer

4. **GOVERNMENT RELATIONS UPDATE**

Mr. Matthew Conrad, Vice President for Government and External Relations for VCU and VCU Health System

20 min. (11-11:20 a.m.)

Ms. Karah Gunther, Vice President for External Affairs

¹ The start time for the Board of Visitors meeting is approximate only. The meeting may begin either before or after the listed approximate start time as Board members are ready to proceed.

*and Health Policy for VCU
and VCU Health System*

**5. DEVELOPMENT AND ALUMNI
RELATIONS UPDATE**

10 min. (11:20-11:30 a.m.)

Mr. Jay Davenport, *Vice
President for Development
and Alumni Relations*

**6. CLOSED SESSION – Freedom of Information
Act Sections 2.2-3711 (A) (9)**

1 min. (11:30-11:31 a.m.)

- a. Financing Approval
- b. Comprehensive Campaign Update
- c. Named Fund and Spaces Report
- d. Approved Named Funds Under \$50,000

25 min. (11:31-11:56 a.m.)

Mr. Anthony Bedell, *Chair*

**7. RETURN TO OPEN SESSION
AND CERTIFICATION**

1 min. (11:56-11:57 a.m.)

- a. **Action Item:**
Approval of Items Discussed in Closed Session

2 min. (11:56-11:58 a.m.)

Mr. Anthony Bedell, *Chair*

8. MISCELLANEOUS REPORTS

2 min. (11:57-11:59 a.m.)

For Informational Purposes Only

- a. First Quarter Performance Analysis
- b. Finance and University Resources Committee
Dashboard
- c. VCU Health Financial Report
- d. VCIMCO Results

Mr. Anthony Bedell, *Chair*

9. OTHER BUSINESS

1 min. (11:59-12:00 p.m.)

Mr. Anthony Bedell, *Chair*

10. ADJOURNMENT

Mr. Anthony Bedell, *Chair*

*In accordance with the Board's operating procedures and in compliance with the Virginia
Freedom of Information Act, there will be no opportunity for public comment at this meeting.*

Approval to Execute a Contract

Professional Architectural and Engineering Services, VCU Dentistry Center

Background

VCU seeks Board of Visitors (BOV) approval to execute a contract for professional architectural and engineering (A/E) services for the design of a new VCU Dentistry Center. In March 2023, the BOV authorized the initiation of this major capital project as well as an amendment to include it in VCU's 2022-2028 Six-Year Capital Plan.

The VCU School of Dentistry is the Commonwealth of Virginia's only dental school and the only dental facility in the state for multidisciplinary care that includes oral surgery, periodontology, oral pain, oral cancer, etc. The Lyons Dental Building (1975) and Dental Building 1 (1954) are beyond their useful life, with more than \$90M in deferred maintenance needs. Additionally, they do not meet current educational or patient care needs and present accessibility concerns.

Based on an initial analysis, a new VCU Dentistry Center will be approximately 314,000 gross square feet, will be co-located with Larrick Student Center, and will provide state-of-the-art education, equipment and technology to serve more than 500 students. Shared spaces include classroom space, simulation and practice laboratories with manikin stations, academic laboratories, general and specialty practice clinics with operatories, and support spaces. The size and scope will be refined through the planning phase and the BOV will be updated throughout the process.

Considerations

All agreements in which the value exceeds or can be reasonably expected to exceed \$5M require BOV approval as outlined in VCU's Delegation of Signatory Authority policy. Expenditures on this contract are anticipated to exceed \$5M and therefore require BOV authorization.

Cost and funding

The A/E firm Hanbury was selected following the request for proposal process. The total cost for all design services is \$37.4M. The contract will be awarded to Hanbury but will be executed in two phases. The first phase is detailed planning, which consists of schematics and preliminary design, at a cost of \$19.5M. This phase will be funded by the School of Dentistry (\$7.5M), university funds (\$6.8M) and the Commonwealth of Virginia (\$5.2M); VCU will request reimbursement from the state for the university funds used for detailed planning. Once the preliminary design drawings are complete, VCU will request funding and authorization from the state to move forward with construction.

Once received, the second phase of the contract for construction drawings for \$17.9M will be executed.

The BOV approved the initiation of a capital project in March 2023 at an estimated cost of \$415M. A revised total project cost will be determined based on this planning and discussed with the BOV.

Recommendation

Approve the request to execute a professional services contract with Hanbury not to exceed \$37.4M.

**RESOLUTION OF THE BOARD OF
VISITORS OF VIRGINIA COMMONWEALTH
UNIVERSITY**

APPROVAL FOR PURCHASE CONTRACTS EXCEEDING \$5 MILLION

WHEREAS, pursuant to Title § 23.1 of the *Code of Virginia*, the Board of Visitors of Virginia Commonwealth University (the Board) has broad legal authority to make regulations and policies concerning Virginia Commonwealth University (the University);

WHEREAS, the Board has the authority to approve and execute agreements with outside entities that bind the University;

WHEREAS, under the Board's discretion, the Board delegated authority to the University's Office of the President, as outlined in Delegation of Signatory Authority policy, as amended on May 10, 2019, to approve and execute contracts with a total actual or anticipated expenditure value of up to \$5 million;

WHEREAS, the university seeks Board of Visitors approval to execute a contract for design services for the VCU Dentistry Center;

WHEREAS, the University issued a Request for Proposal (RFP) to solicit vendors to design the building; The scope of the RFP is to design an approximately 314,000 gross square foot VCU Dentistry Center;

WHEREAS, the University is negotiating a contract with Hanbury with an estimated cost of \$37.4M (Subject Contract);

WHEREAS, the actual expenditures and additional costs for the proposed services will exceed the President's delegated authority for approval and execution of contracts; and

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF VISITORS OF VIRGINIA COMMONWEALTH UNIVERSITY, that the Board approves the execution of the Subject Contracts and any required renewals; and

BE IT FURTHER RESOLVED, that the Board authorizes the President or the President's designee to sign any contract amendments or documents necessary to implement the anticipated expenditure, in accordance with the Delegation of Signatory Authority policy; and

BE IT FURTHER RESOLVED, that this Resolution will take effect immediately upon its adoption.

Request for Contract Approval

Subscription Services, Elsevier B.V.

Background

VCU seeks Board of Visitors (BOV) approval to execute a new three-year contract with Elsevier B.V. to access electronic journal collections and specified electronic books through VCU Libraries. The current contract term with the existing vendor ends in December 2024.

These peer-reviewed scholarly journals and books are essential to the successful pursuit and completion of undergraduate, graduate and professional degrees. Additionally, the content is necessary for the creation and support of grant applications as well as the successful completion of research studies which span the areas of medicine, health professions, psychology, biomedical sciences, engineering, social sciences and humanities.

Considerations

All agreements in which the value exceeds or can be reasonably expected to exceed \$5M require BOV approval as outlined in VCU's Delegation of Signatory Authority policy. Expenditures for this contract are anticipated to exceed \$5M and therefore require BOV authorization.

This contract provides value through deep discounts on the ScienceDirect Freedom Collection, the core collections of journals published by Elsevier for all subject areas, and access to 2,271 journal titles. The university will avoid cost increases of 1% to 1.5% as a result of negotiated caps on annual price increases. National peers are experiencing annual price increases of 2.5%.

Cost and funding

The total cost is anticipated to be \$6.5M and will be funded through a combination of education and general funds (90%) and Operating Service Agreement hospital operation funds (10%).

Recommendation

Approve the request to execute a subscription services contract for a term of three years with Elsevier not to exceed \$6.5M.

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UNIVERSITY**

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WHEREAS, under the Board's discretion, the Board delegated authority to the University's Office of the President, as outlined in VCU's Delegation of Signatory Authority policy, as amended on May 10, 2019, to approve and execute contracts with a total actual or anticipated expenditure value of up to \$5 million;

WHEREAS, the University seeks Board of Visitors approval to execute a contract for subscription services for electronic journal collections and specified electronic books through VCU Libraries;

WHEREAS, the University is negotiating a three-year contract with Elsevier B.V. for an estimated total cost of \$6.5M ("Subject Contract");

WHEREAS, the actual expenditures and additional costs for the proposed services will exceed the President's delegated authority for approval and execution of contracts; and

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF VISITORS OF VIRGINIA COMMONWEALTH UNIVERSITY, that the Board approves the execution of the Subject Contracts and any required renewals; and

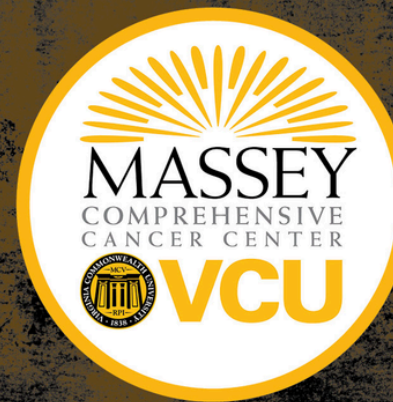
BE IT FURTHER RESOLVED, that the Board authorizes the President or the President's designee to sign any contract amendments or documents necessary to implement the anticipated expenditure, in accordance with the Delegation of Signatory Authority policy; and

BE IT FURTHER RESOLVED, that this Resolution will take effect immediately upon its adoption.

Finance & budget update

Dr. Meredith Weiss, Senior Vice President for Finance and Administration and Chief Financial Officer

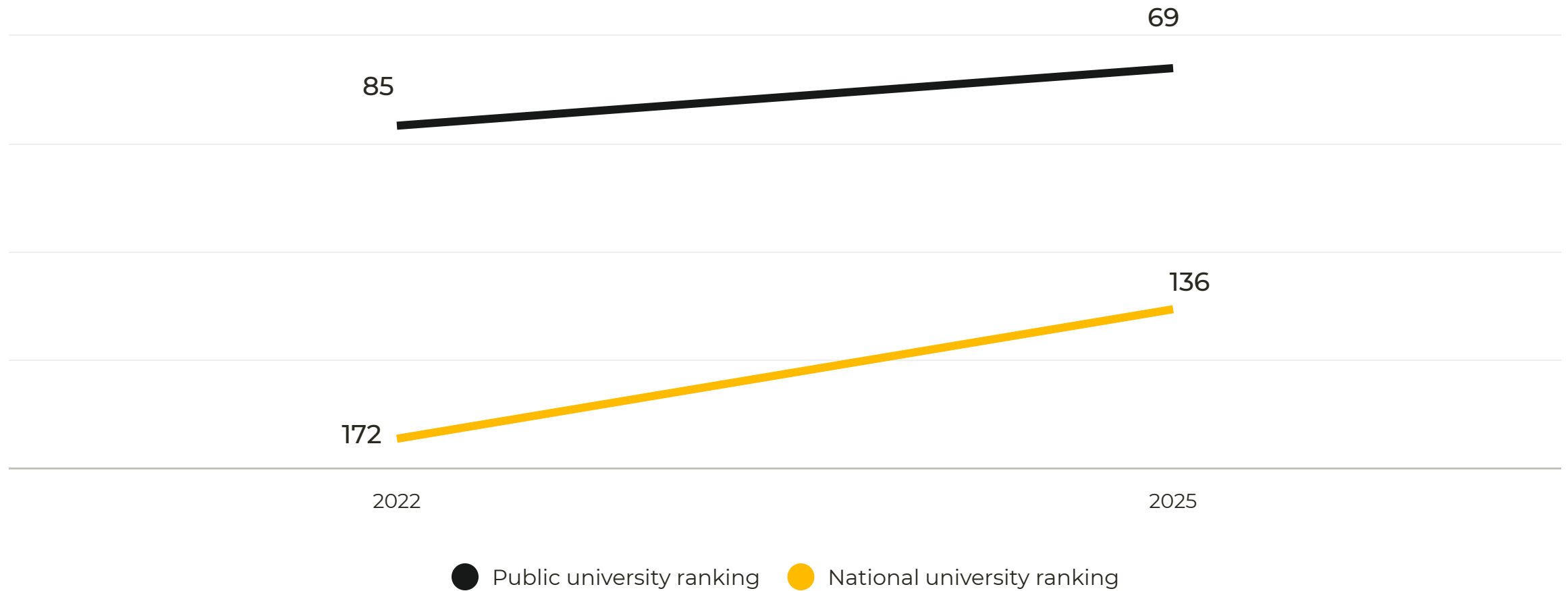
VCU is on the rise. Investing in the **UNSTOPPABLE.**



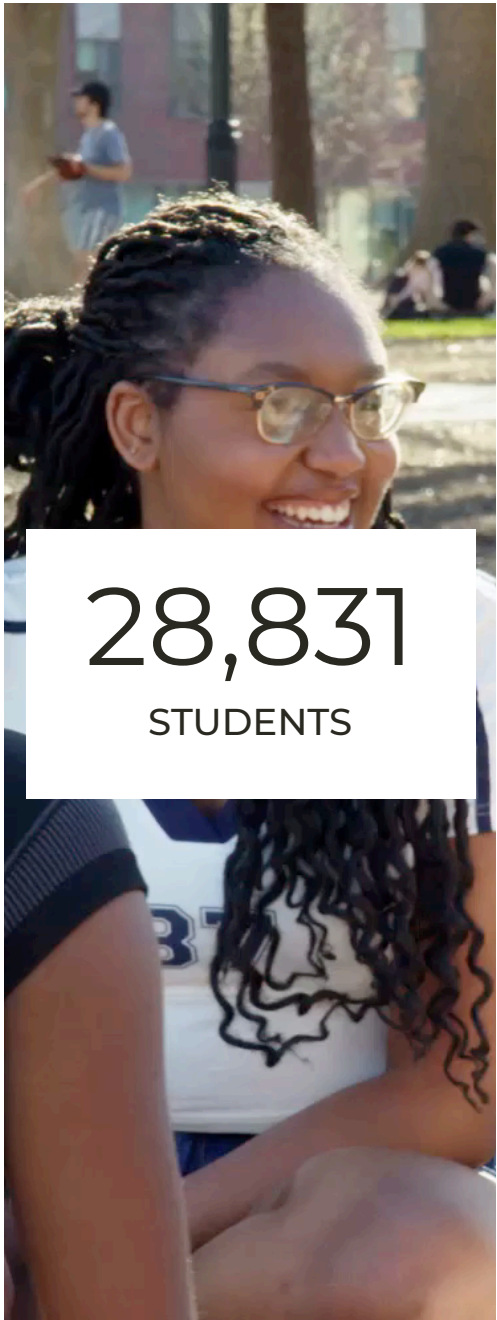
Aligning resources to drive VCU's success and value.

U.S. News & World Report

Best Colleges rankings for national universities



Our students



28,831
STUDENTS

37%

Fall freshman
who are 1st
generation
college students

41%

First-year
freshman who
are Pell grant
eligible

85.3%

of students are
VA residents

59%

VCU graduates
with a bachelor's
degree earn
59% more than
VA high school
graduates

103%

VCU graduates
with a master's
degree earn
103% more than
VA high school
graduates

66%

of VCU's 226,800
alumni live in VA

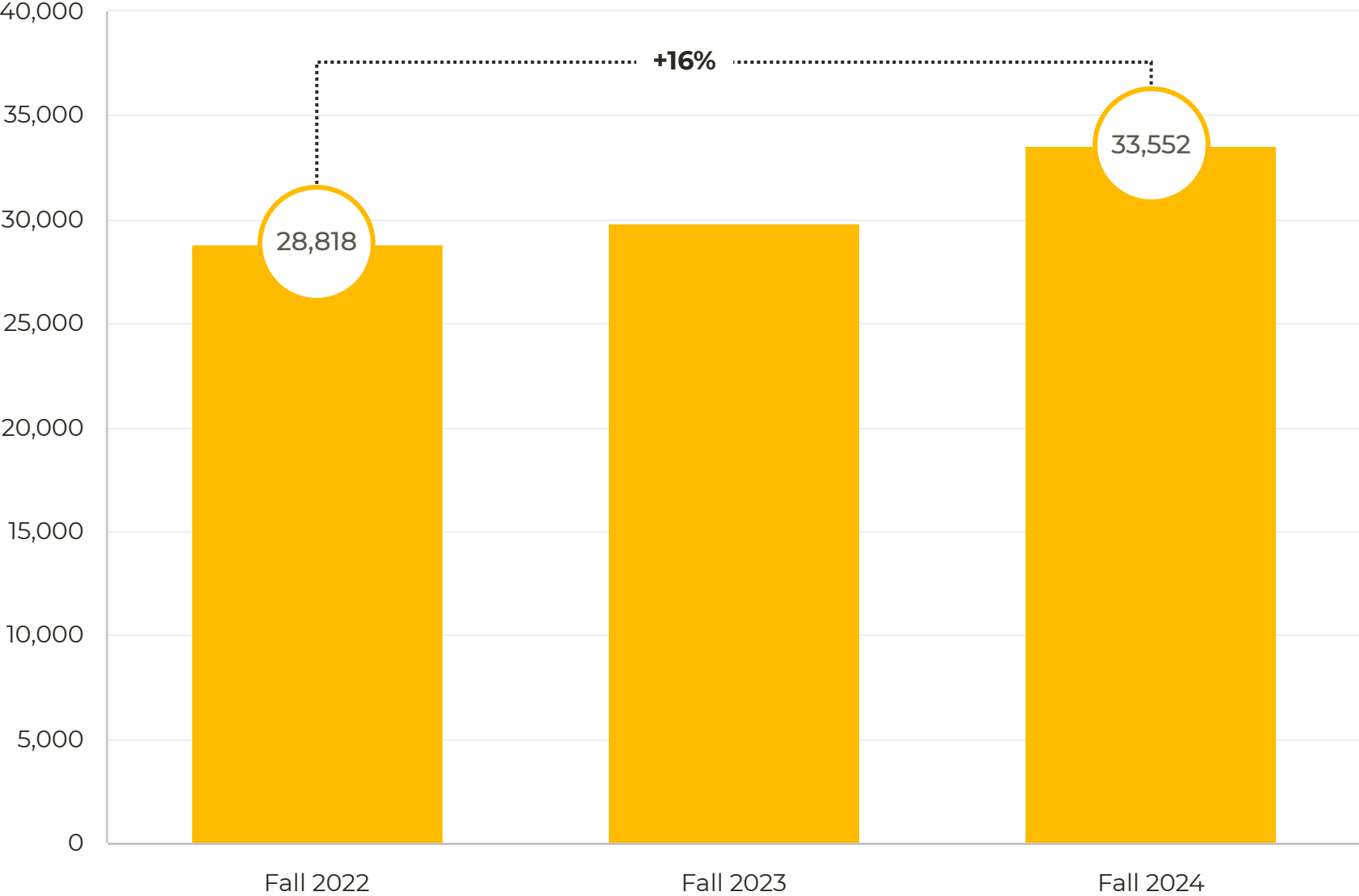
Accessibility & affordability is a priority

Borrowing per student has remained flat

Family Income	FY18 Net Price	FY22 Net Price	\$ Change	% Change
\$0-\$29.9k	\$14,264	\$14,188	-\$76	-.5%
\$30k-\$47.9k	\$18,411	\$15,435	-\$2,976	-16%
\$48k-\$74.9k	\$21,559	\$18,675	-\$2,884	-13%
\$75k-\$109.9k	\$24,597	\$23,433	-\$1,164	-5%
\$110k and above	\$27,310	\$28,236	\$926	3%
Tuition & mandatory fees	\$13,624	\$15,028	\$1,404	10%
Financial aid (Federal, state & institution per UG student)	\$9,846	\$12,965	\$3,119	32%
Mean reported debt at graduation	\$30,272	\$30,435	\$163	0.5%

Applications
are increasing
since fall 2022

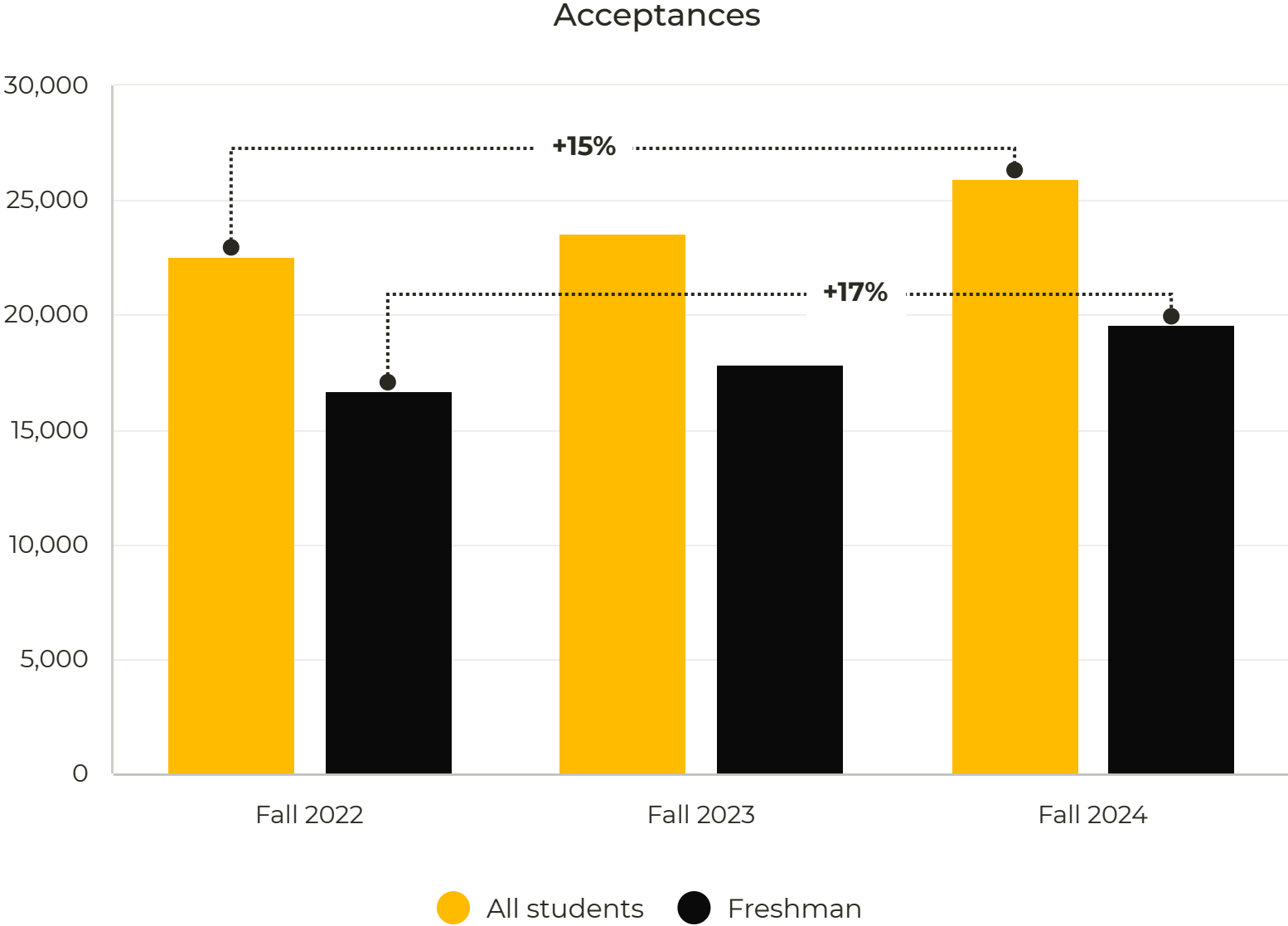
- 16% increase in all applications
- 25% increase in master's applications
- 26% increase in doctoral applications



Acceptances are increasing while increasing selectivity

Acceptances are up 17% for freshman and 15% for all students

Freshmen acceptance rate 2030 goal is 75% with 30,000 applications generated



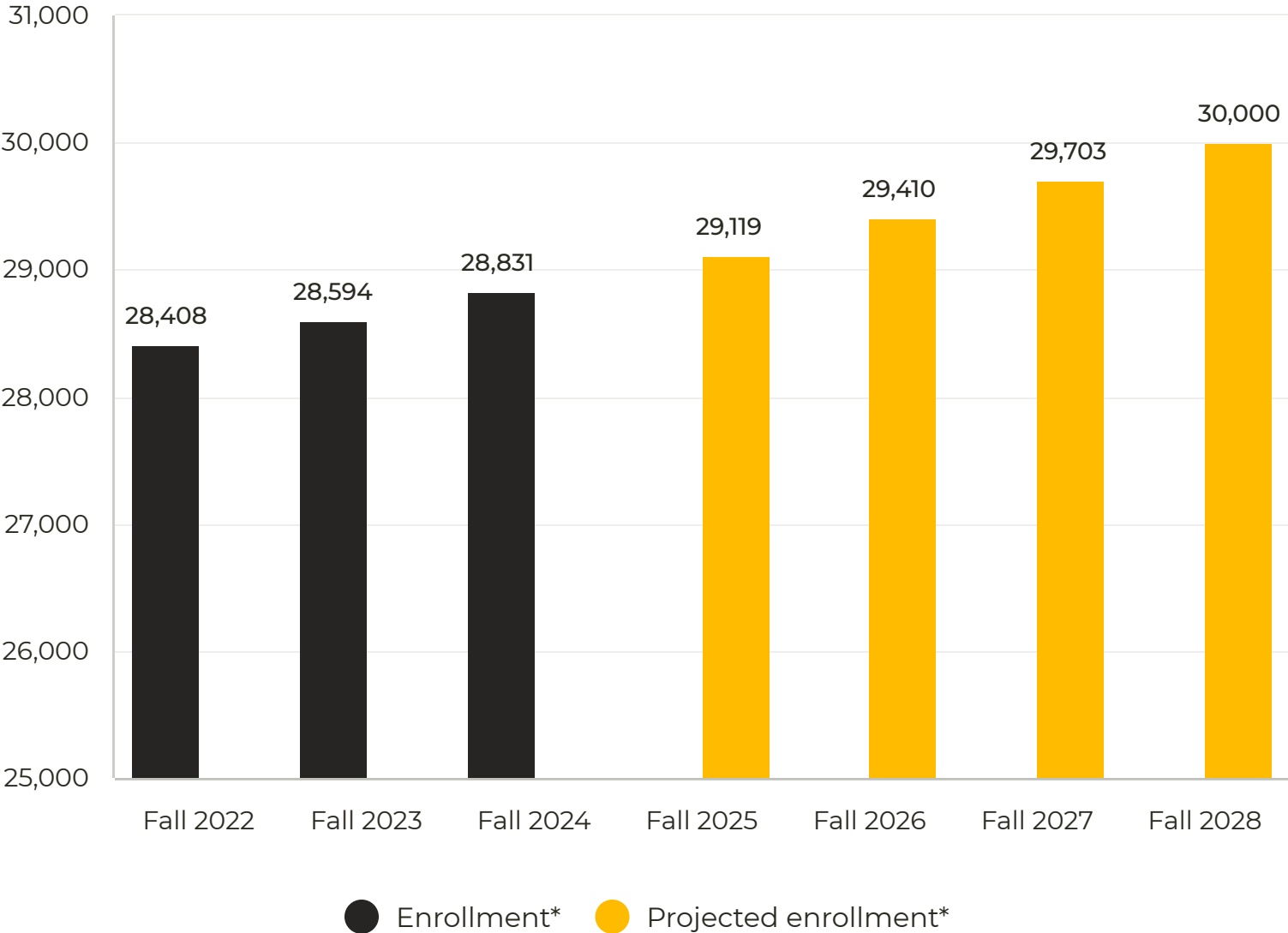
Enrollment is growing

Projected enrollment to reach 30K enrolled students (headcount) by fall 2028; a 1.01% growth per year

2% increase in continuing UG enrollment from fall 2023 to 2024

39% increase in international student enrollment from fall 2023 to 2024

1.9% increase in new, degree-seeking student enrollment since fall 2022



Build on momentum Invest in the value of a VCU degree

\$11.6M

FY25 value investment



Drive academic & research excellence

Convergence Labs



Transform applied learning

Every Ram's a researcher!

Every Ram is career ready!



Champion AI in teaching & learning

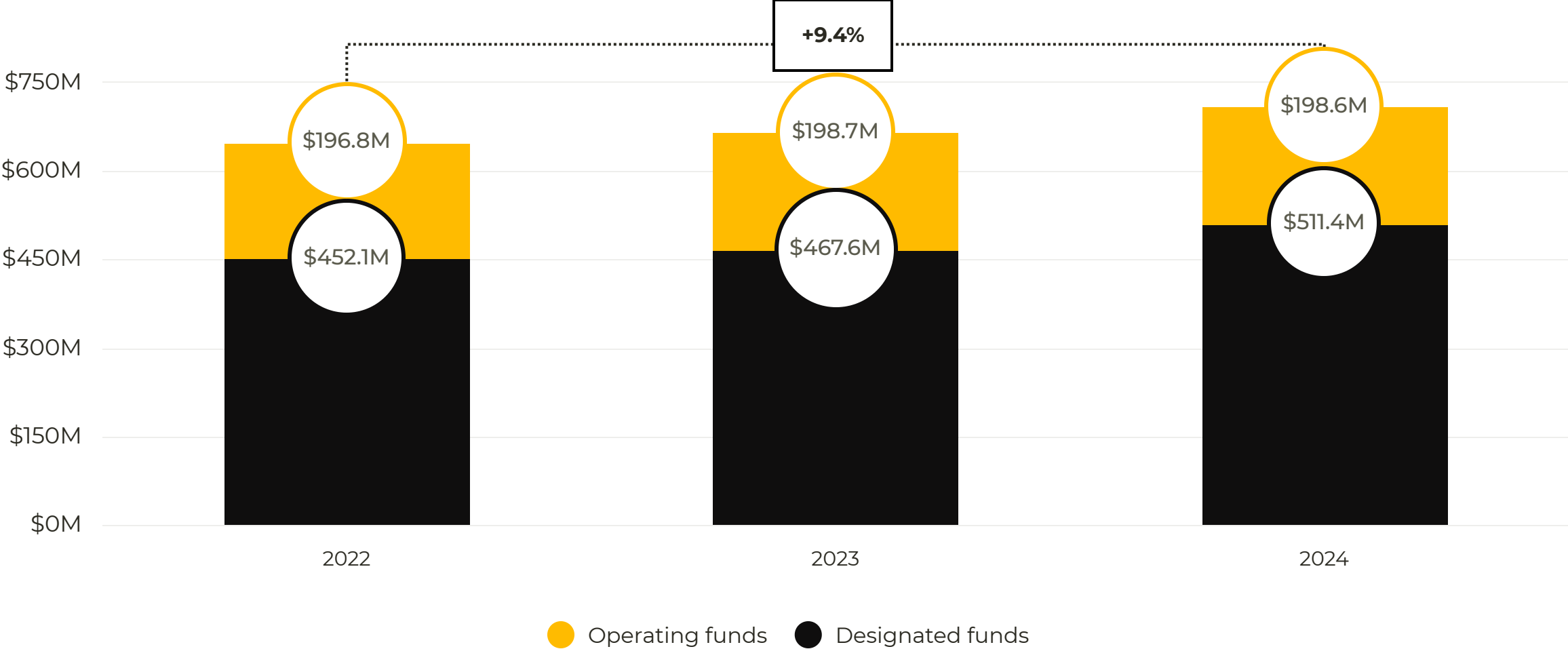
Academy for Interdisciplinary Innovation

A modern office interior with glass partitions and a VCU poster. The office features a complex ceiling with geometric light fixtures, glass walls with decorative patterns, and a carpet with a geometric design. A poster for VCU is visible in the background.

VCU and related entity financial information

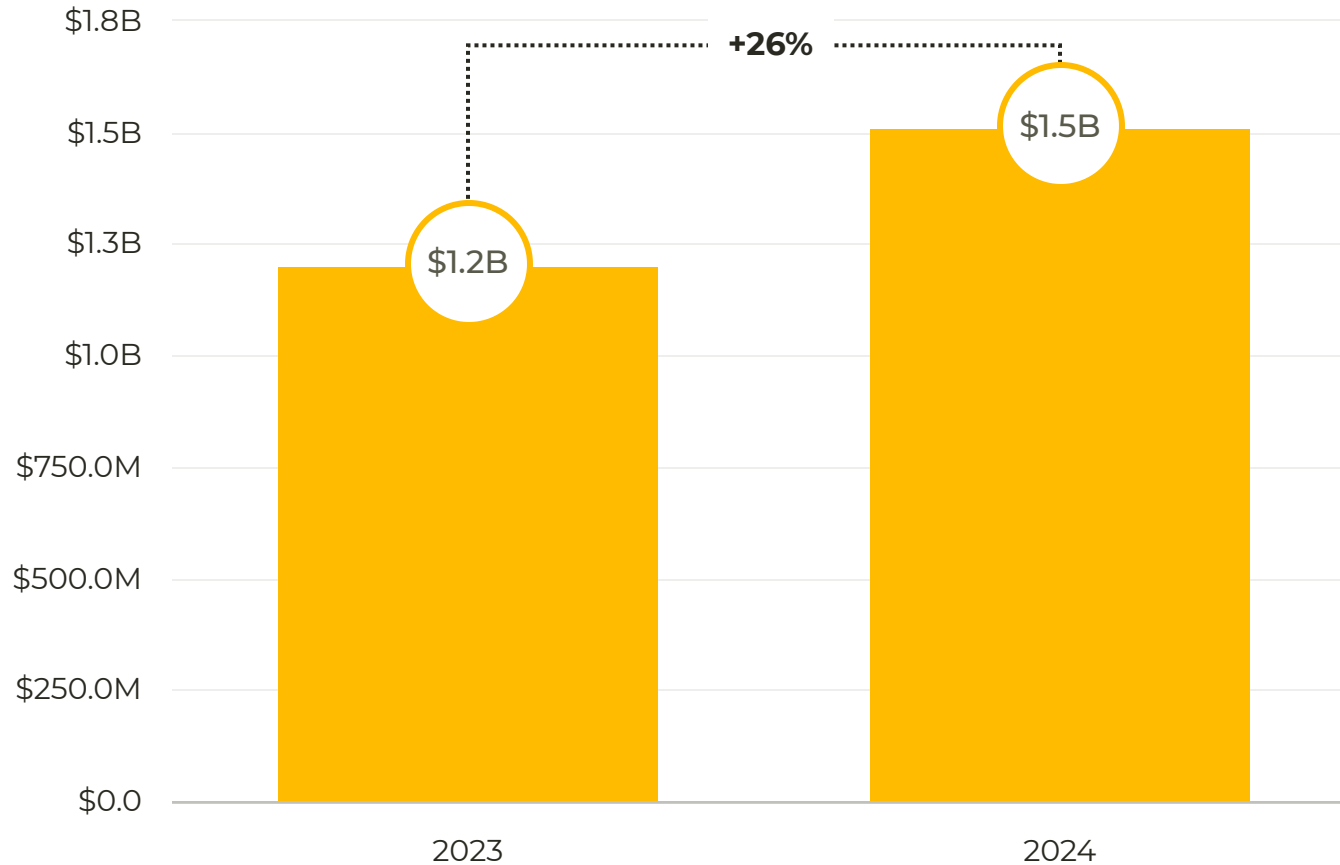
Strengthening cash and investments

Cash and investments show steady growth through strategic and balanced investments



Change in net position

Continued growth in VCU's net position



Net position details

- Invested in capital assets, net of related debt

2023: \$929.6M 2024: \$953.1M

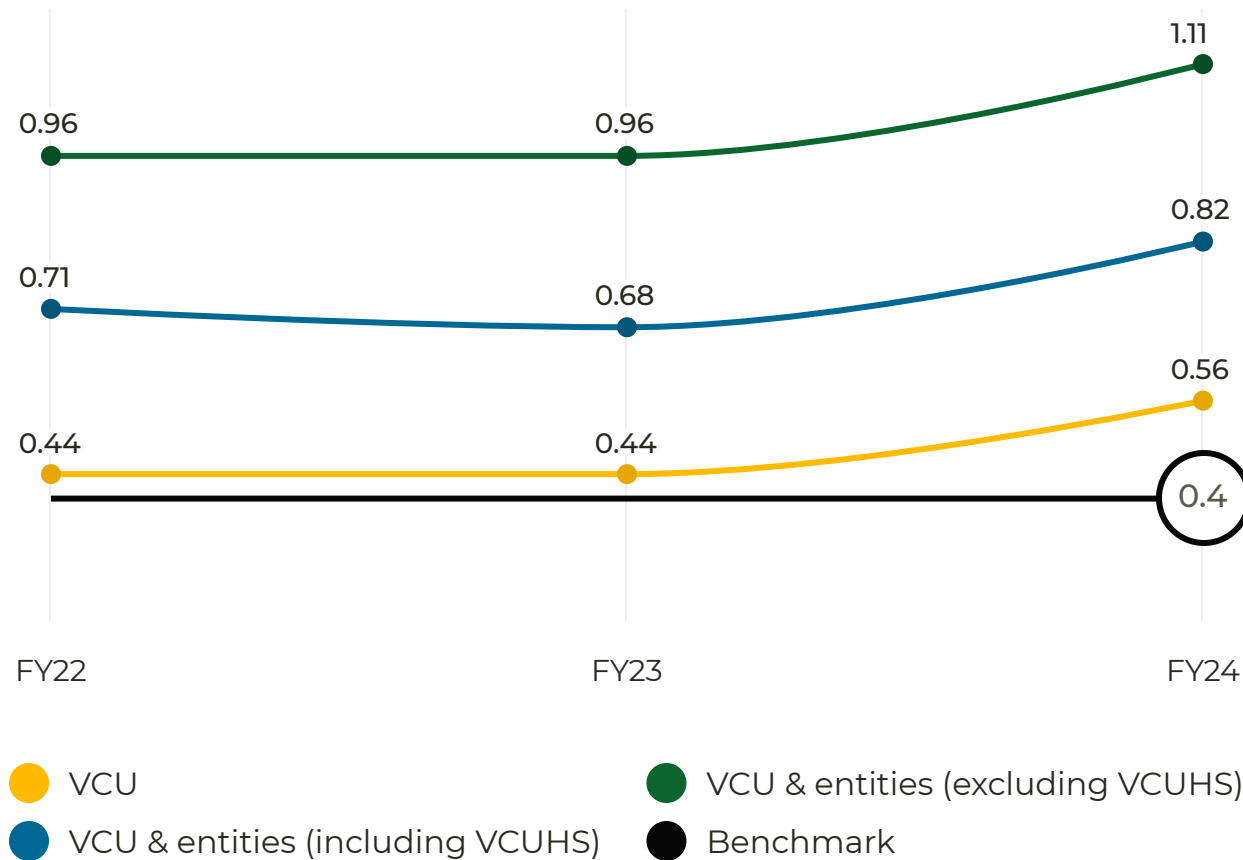
- Restricted

2023: \$252.2M 2024: \$438.1M

- Unrestricted

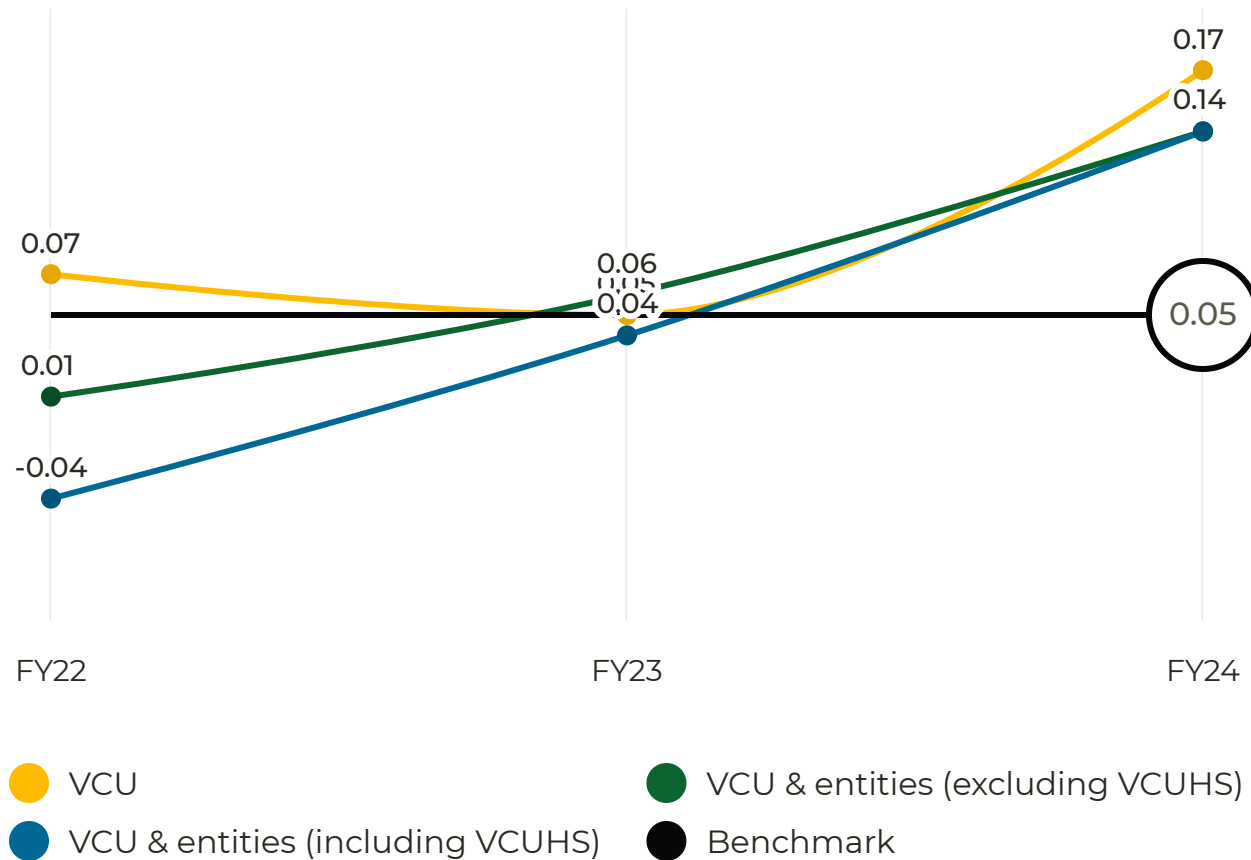
2023: \$32.3M 2024: \$123.5M

Primary reserve ratio



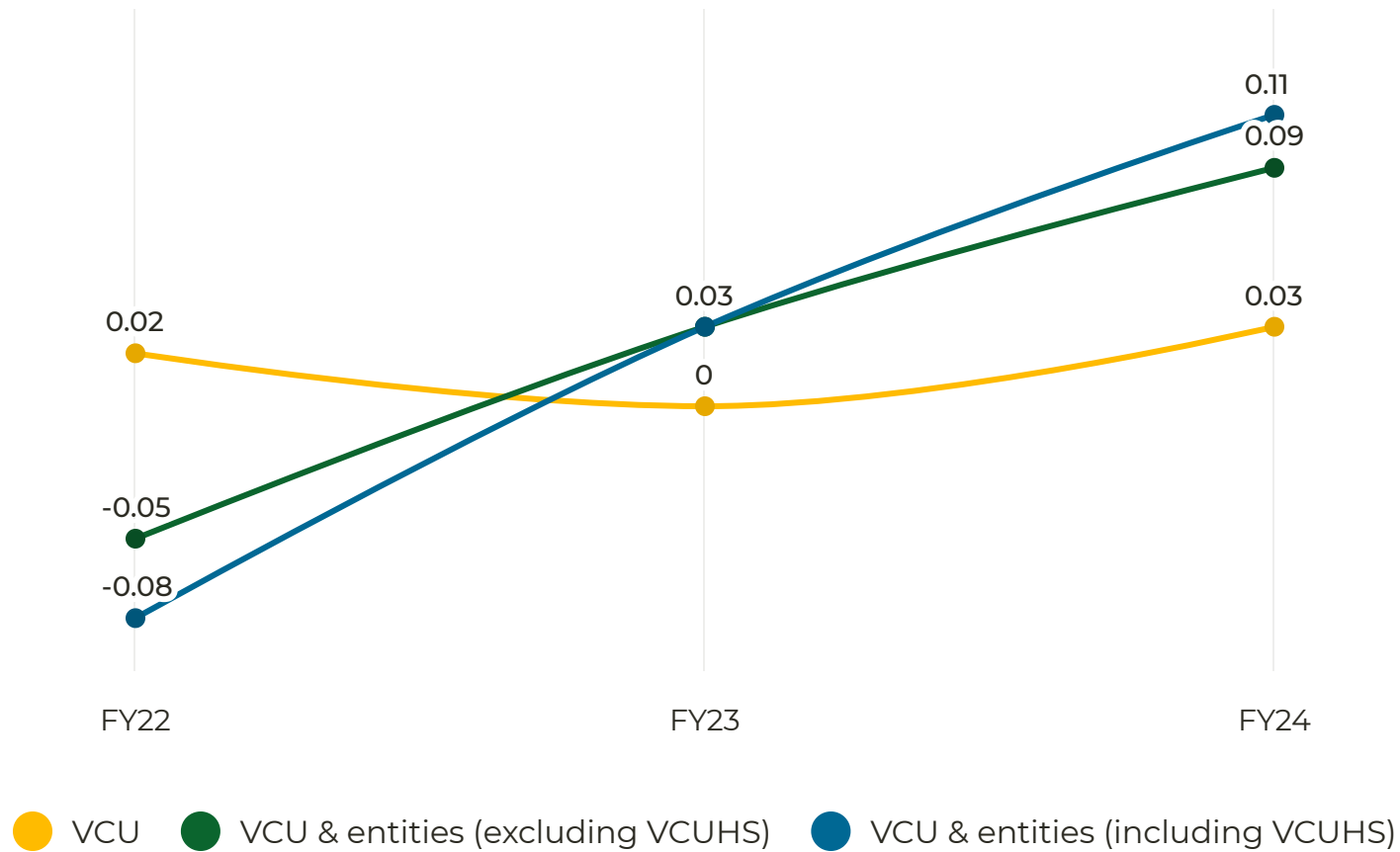
Short-term reserve is improving to quickly satisfy obligations

Return on net position ratio



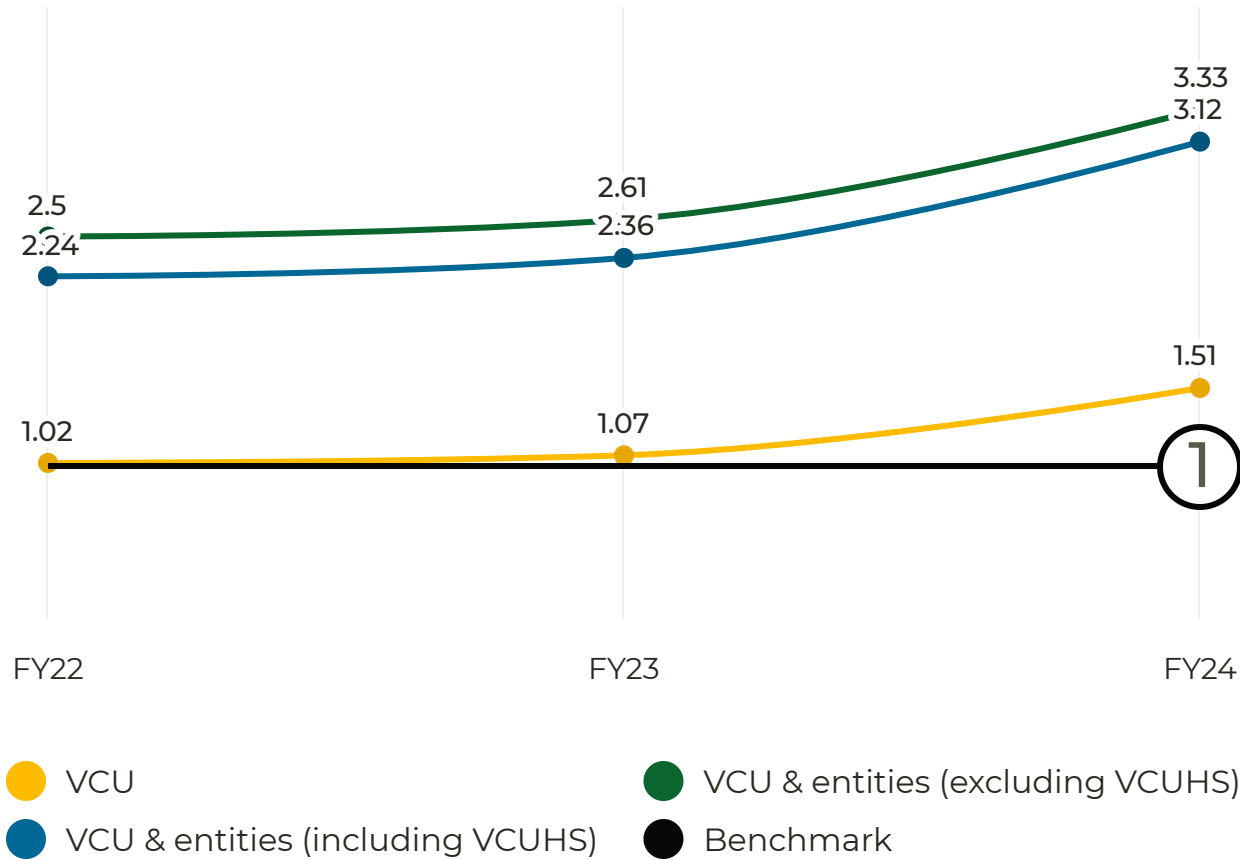
Increasingly
positive
economic
return on
invested
resources

Net operating revenue ratio



VCU is operating within its available resources

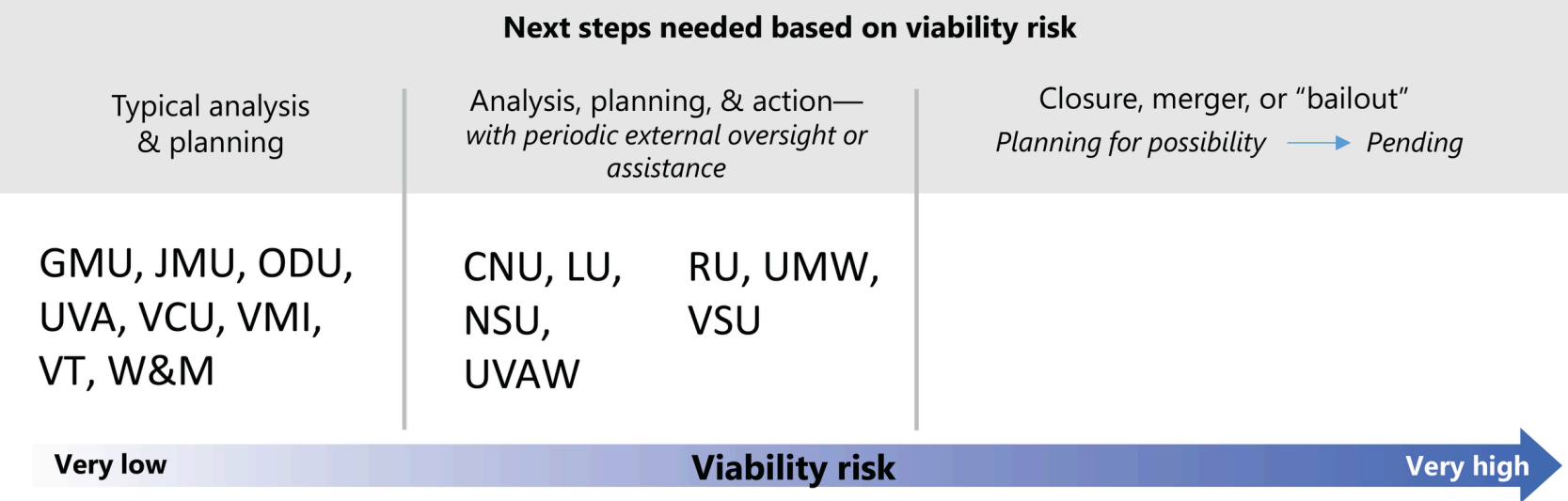
Viability ratio



There is sufficient expendable net position to cover long-term debt

VCU is rated as having a very low viability risk

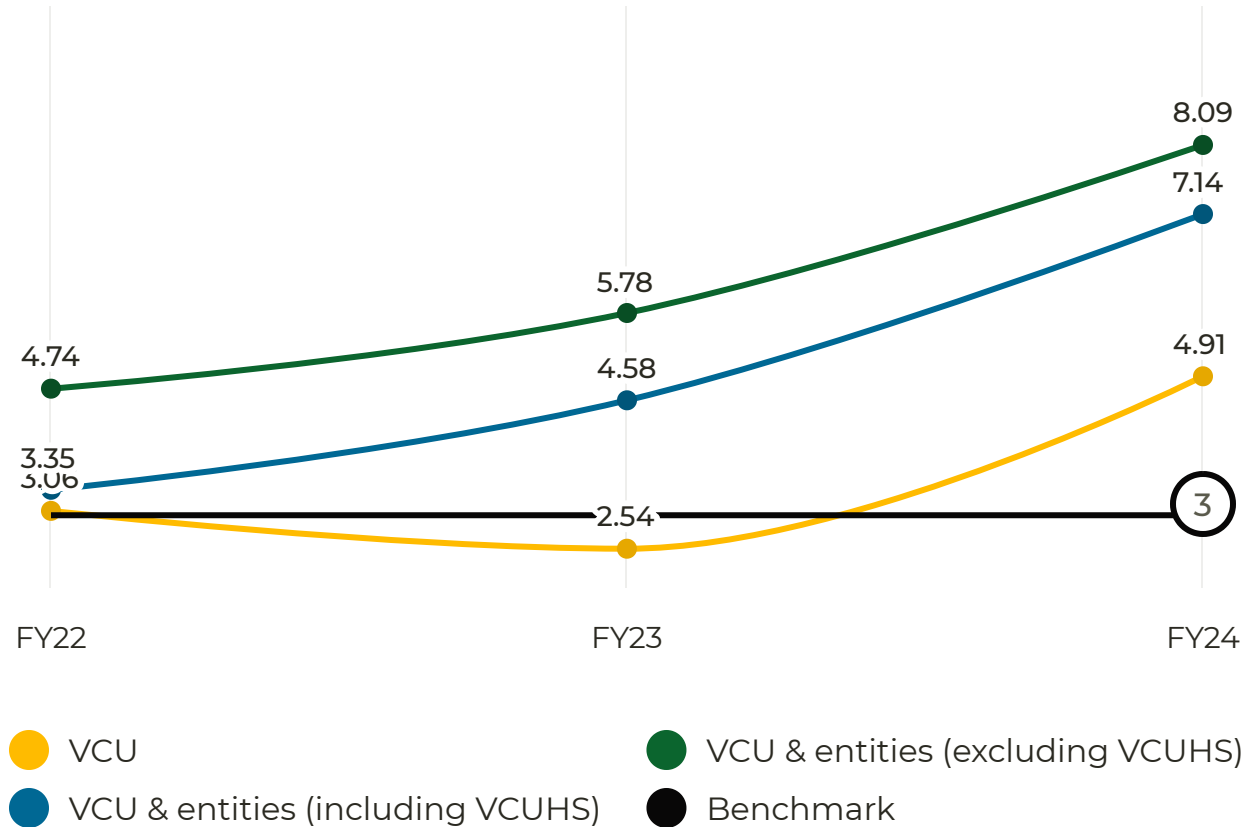
Joint Legislative Audit and Review Commission
2023 Higher Education Institution Viability Study



SOURCE: JLARC summary of viability risk assessment framework results, 2024.
NOTE: Vertical placement of institutions does not have any meaning in relation to viability risk.

Composite financial index (CFI)

Overall indicator of financial health - aggregates prior four financial ratios



VCU's
overall
financial
health is
on the
rise

VCU related entities

As of June 30

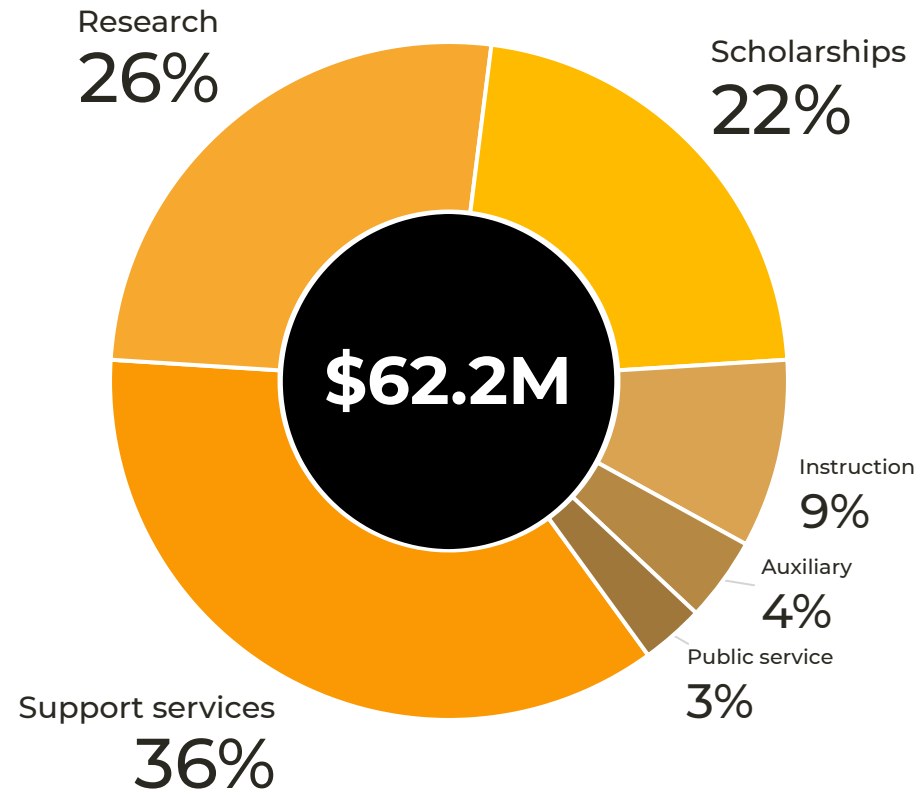
(in Millions)

	MCV Foundation	Monroe Park Foundations	Dentistry@ VCU	FY24 Total	FY23 Total
Assets:					
Cash	\$10.0	\$46.5	\$5.5	\$62.0	\$70.8
Investments & Endowments	946.4	272.5	18.8	1,237.7	1,112.9
PPE	1.4	124.3 -		125.7	135.9
Receivables and Other	12.4	19.7	5.4	37.5	39.3
Total Assets	\$970.2	\$463.0	\$29.7	\$1,462.9	\$1,358.9
Liabilities	8.8	172.3	14.3	195.4	204.6
Net Position	961.4	290.7	15.4	1,267.5	1,154.3
Total Liabilities and Net Position	\$970.2	\$926.0	\$29.7	\$1,462.9	\$1,358.9
Beginning Net Position	886.3	254.9	13.1	1,154.3	1,070.7
Revenues	140.3	74.0	22.7	237.0	177.4
Expenses	65.2	38.2	20.4	123.8	93.8
Change in Net Position	\$75.1	\$35.8	\$2.3	\$113.2	\$83.6

Change in net position largely due to the increase in the market value of investments as of June 30

Foundation transfers to VCU

FY2024



Appendix

VCU related entities

(in Millions)

	MCV Foundation	VCU Foundation	VCU Real Estate Foundation	VCU School of Business Foundation	VCU College of Engineering Foundation	Dentistry@ VCU	FY24 Total	FY23 Total
Assets:								
Cash	\$ 10.0	\$ 33.3	\$ 1.8	\$ 10.2	\$ 1.2	\$ 5.5	\$ 62.0	\$ 70.8
Investments & Endowments	946.4	132.9	1.7	62.1	75.8	18.8	1,237.7	1,112.9
PPE	1.4	-	78.6	18.1	27.6	-	125.7	135.9
Receivables and Other	12.4	5.5	12.4	1.7	0.1	5.4	37.5	39.3
Total Assets	970.2	171.7	94.5	92.1	104.7	29.7	1,462.9	1,358.9
Liabilities	8.8	47.1	38.0	25.7	61.5	14.3	195.4	204.6
Net Position	961.4	124.6	56.5	66.4	43.2	15.4	1,267.5	1,154.3
Total Liabilities and Net Position	\$ 970.2	\$ 171.7	\$ 94.5	\$ 92.1	\$ 104.7	\$ 29.7	\$ 1,462.9	\$ 1,358.9
Beginning Net Position	886.3	105.4	51.5	56.7	41.3	13.1	1,154.3	1,070.7
Revenues	140.3	31.2	13.2	16.0	13.6	22.7	237.0	177.4
Expenses	65.2	12.0	8.2	6.3	11.7	20.4	123.8	93.8
Change in Net Position	\$ 75.1	\$ 19.2	\$ 5.0	\$ 9.7	\$ 1.9	\$ 2.3	\$ 113.2	\$ 83.6

VCU financial statement summary

As of June 30

(in Millions)

Assets and Deferred Outflows	<u>2024</u>	<u>2023</u>	<u>\$ Change</u>	<u>% Change</u>
Cash and Investments	\$710.0	\$666.3	\$43.7	6.60%
Receivables and Other Assets	524.6	362.2	162.4	44.90%
Capital Assets	1,411.4	1,410.2	1.2	0.10%
Deferred Outflows	119.1	88.7	30.4	34.20%
Total Assets and Deferred Outflows	<u>\$2,765.1</u>	<u>\$2,527.4</u>	<u>\$237.7</u>	<u>9.40%</u>
Total Liabilities and Deferred Inflows	<u>\$1,252.8</u>	<u>\$1,315.8</u>	<u>(63.0)</u>	<u>-4.80%</u>
Total Net Position	<u>1,512.3</u>	<u>1,211.6</u>	<u>300.7</u>	<u>24.80%</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$2,765.1</u>	<u>\$2,527.4</u>	<u>\$237.7</u>	<u>9.40%</u>
Beginning Net Position - as restated	\$1,211.6	\$1,105.5	\$106.1	9.60%
Revenues	<u>1,678.4</u>	<u>1,438.1</u>	<u>240.3</u>	<u>16.70%</u>
Expenses	<u>1,377.7</u>	<u>1,332.0</u>	<u>45.7</u>	<u>3.40%</u>
Change in Net Position	<u>\$300.7</u>	<u>\$106.1</u>	<u>\$194.6</u>	<u>183.40%</u>



VCU Board of Visitors

December 13, 2024



- 1 | **VCIMCO Update**
- 2 | Investment Holdings
- 3 | Investment Update



VCIMCO Assets Under Management (“AUM”)

VCIMCO AUM as of September 30, 2024

<i>\$ in Millions</i>	AUM	% of VCIMCO
Total VCIMCO AUM	\$2,231.1	100.0%

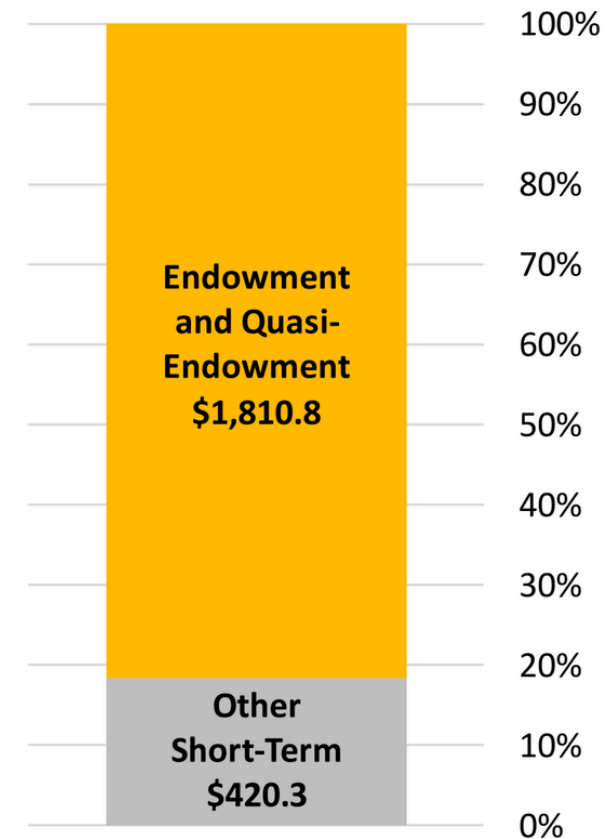
Endowment and Quasi-Endowment Assets

VCU Health System	1,270.1	56.9%
VCU Quasi	133.9	6.0%
VCU Foundation	138.9	6.2%
VCU College of Engineering Foundation	79.4	3.6%
VCU School of Business Foundation	63.6	2.9%
VCU Glasgow	57.3	2.6%
VCU Central Bank Capital Reserve	50.1	2.2%
VCU Central Bank Unrestricted	17.2	0.8%
Community Memorial Hospital Foundation	0.2	0.0%
The Gear Endowment	0.2	0.0%

Other Short-Term Assets

VCU Short-Term	420.2	18.8%
VCU Health System	0.1	0.0%

% of VCIMCO AUM





VCIMCO Overview – Peer Institutions

- **University of Virginia Investment Management Company**

- Manages assets of:
 - University of Virginia endowment and cash reserve
 - UVA Health System
 - Affiliated foundations of the University



- **UNC Management Company**

- Manages assets of:
 - University of North Carolina endowment and cash reserve
 - UNC Health System
 - Affiliated foundations of the University



- **DUMAC Inc. (formerly Duke Management Company)**

- Manages assets of:
 - Duke University cash reserve
 - Duke University Health System
 - Duke University's defined benefit pension
 - Affiliated foundations of the University



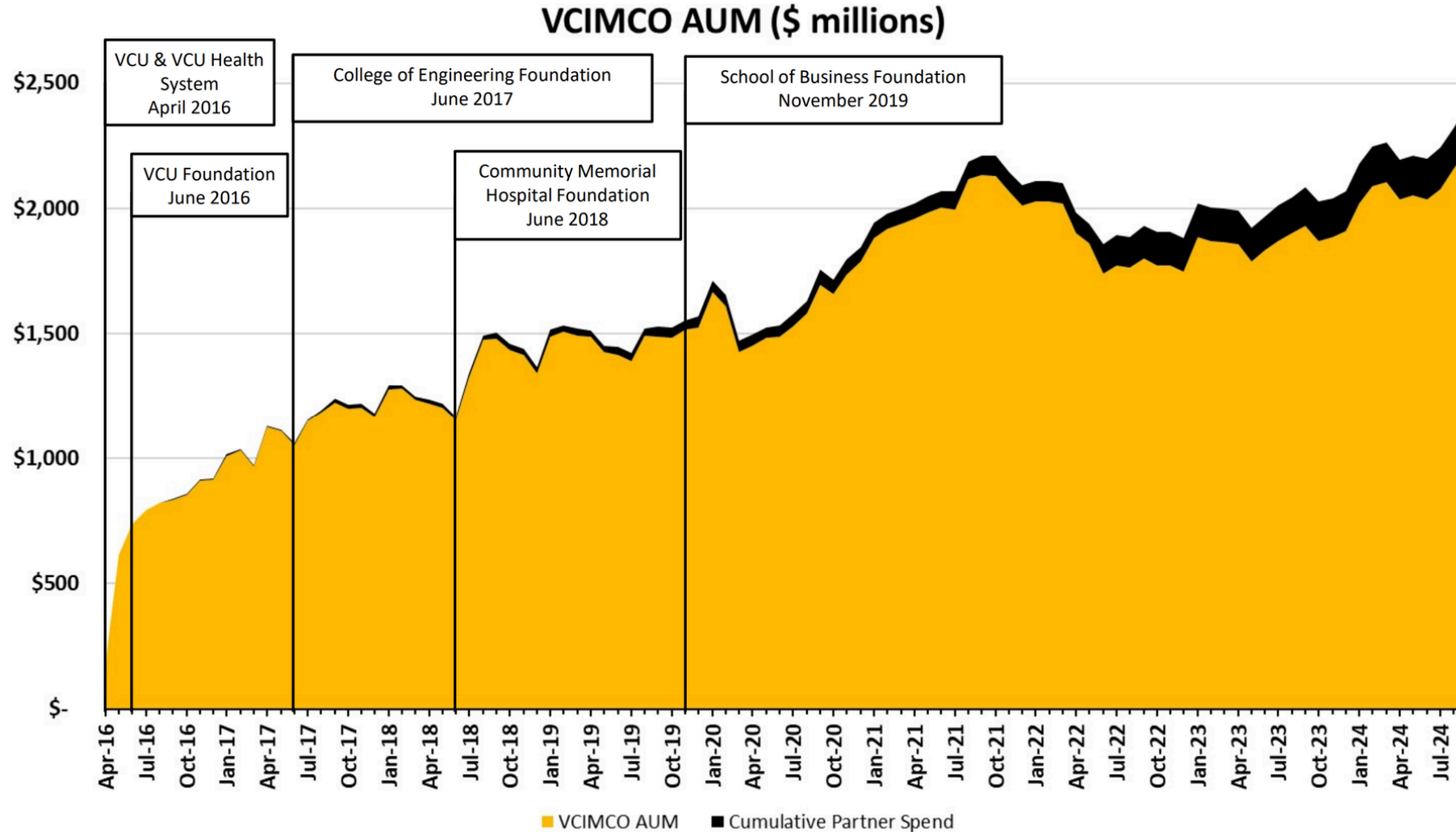


Value Added Proposition





VCIMCO AUM History

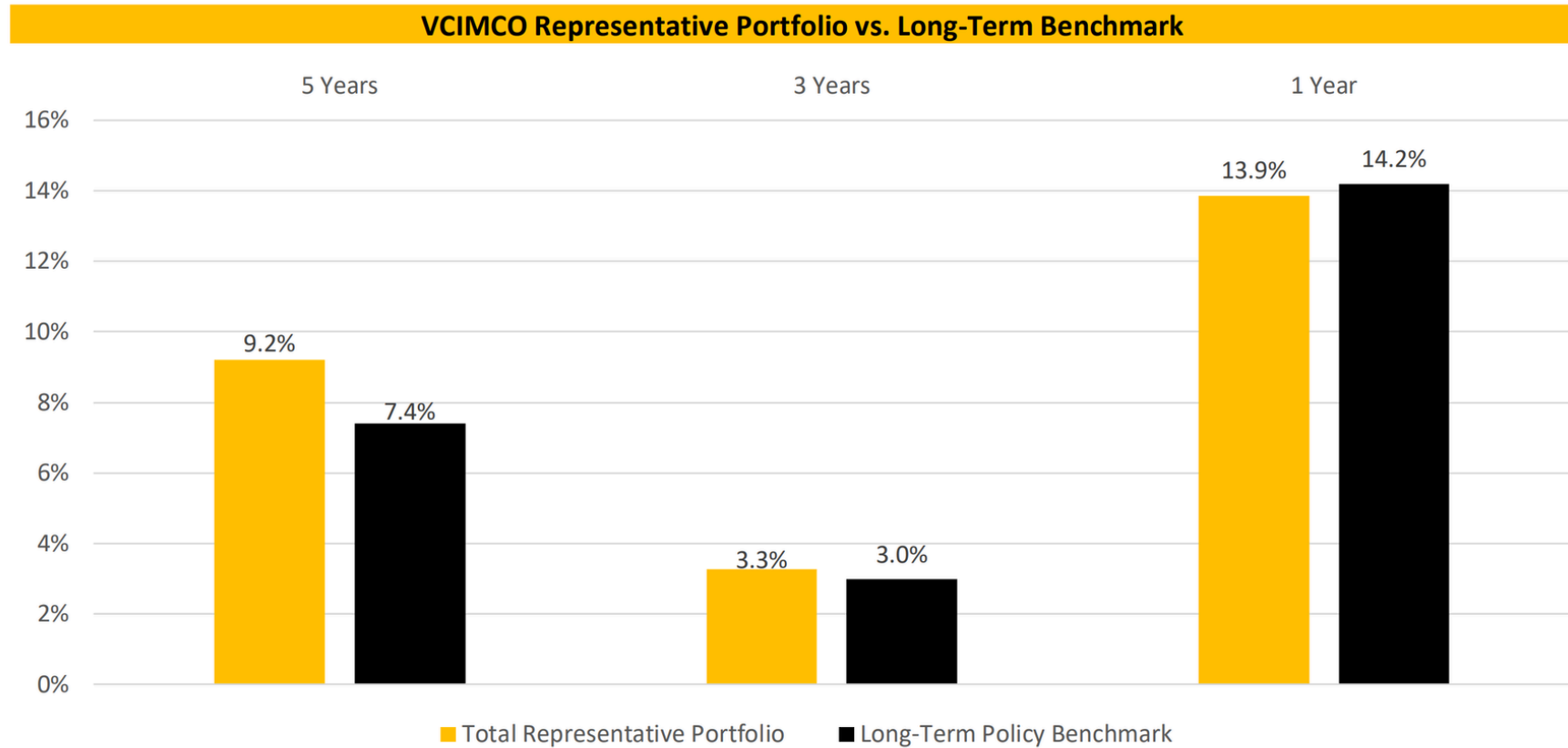




- 1 | VCIMCO Update
- 2 | **Investment Update**



Performance Review – June 30, 2024 Final



Note: As of June 30, 2024.

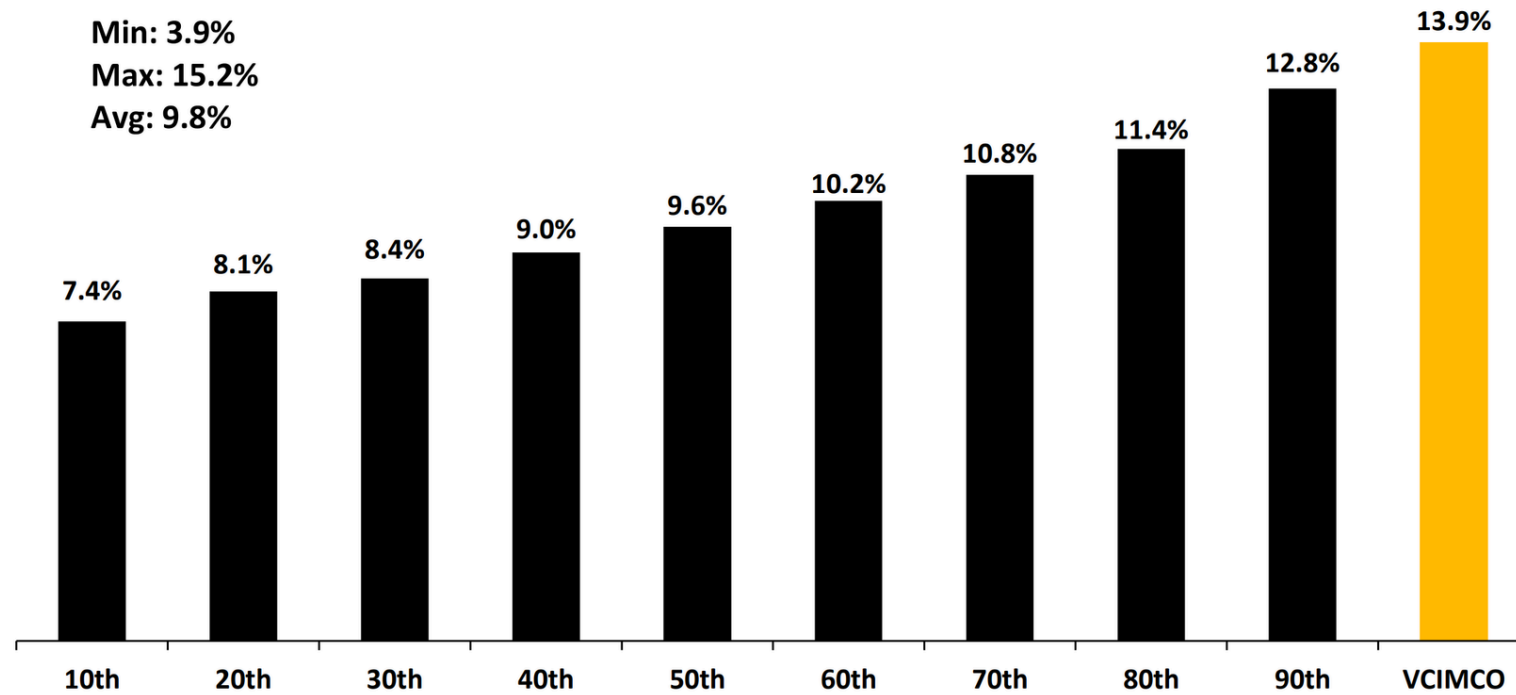
Totals may not sum due to rounding. Past performance is not predictive of future results.

Returns for periods greater than one year are annualized. Performance is final.

** As of 7/1/2021, the Long-Term Policy Benchmark is composed of 70% MSCI All Country World, 30% Bloomberg US Aggregate; prior to 7/1/2021, 65% MSCI All Country World, 25% Bloomberg US Aggregate, 10% MSCI All Country World Real Estate.*



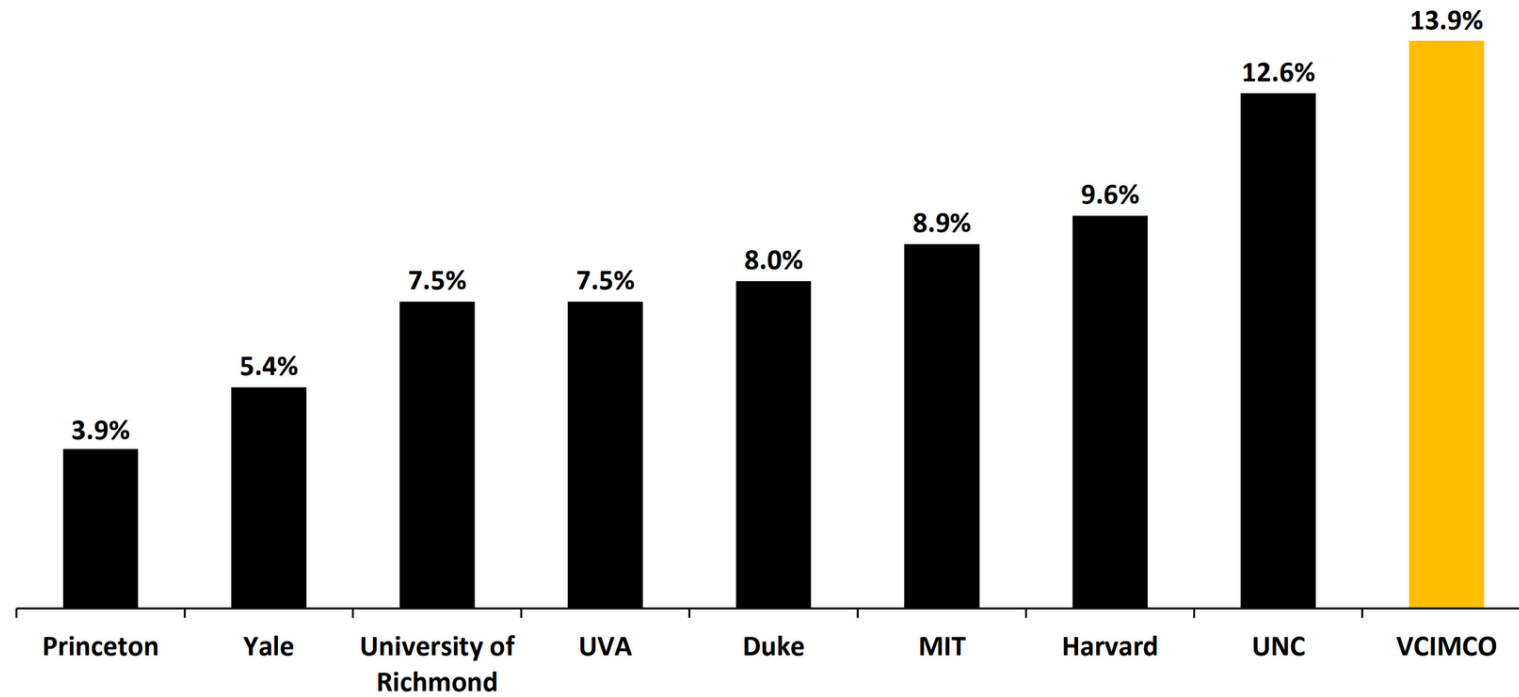
FY2024 Peer Percentiles



Notes: Returns as of June 30, 2024. Data as of October 31, 2024. Peer set based on VCIMCO's knowledge of 71 self-reported and publicly available return figures of endowments based in the U.S.



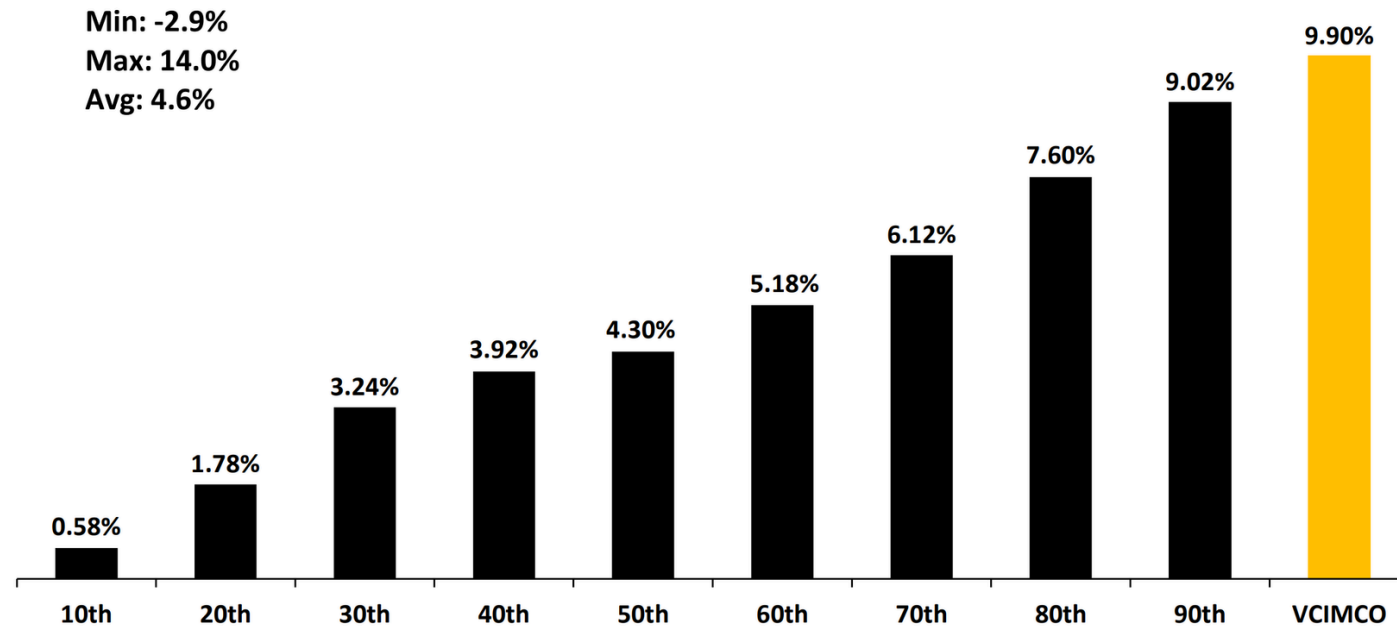
FY2024 Select Peer Performance



Notes: Returns as of June 30, 2024. Data as of October 31, 2024.



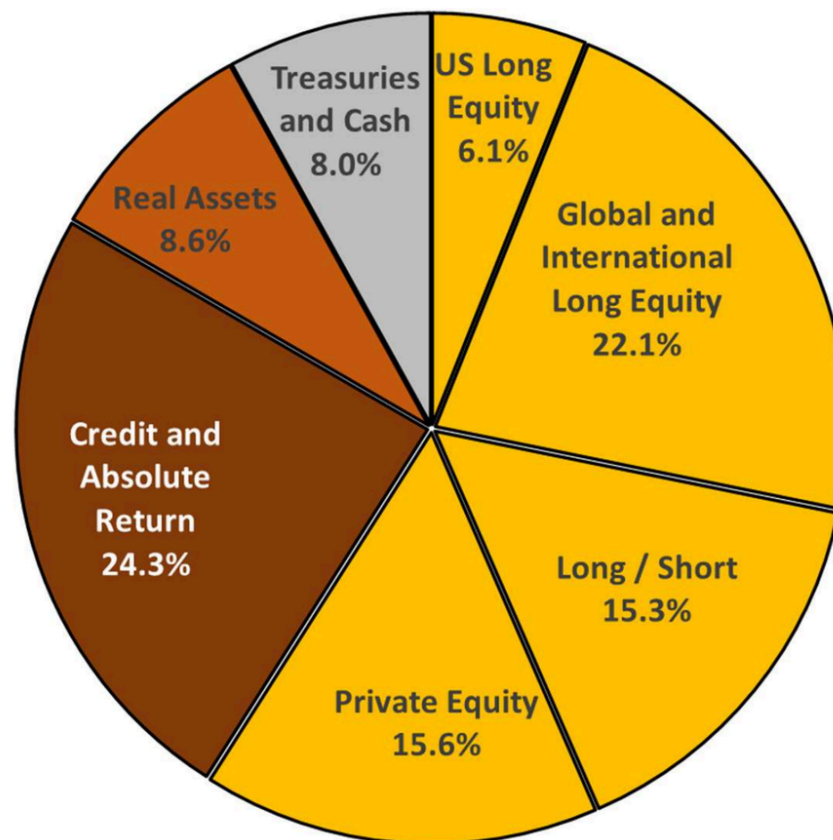
FY2023 Peer Percentiles



Notes: Returns as of June 30, 2024. Data as of October 31, 2024. Peer set based on VCIMCO's knowledge of 68 self-reported and publicly available return figures of endowments based in the U.S.



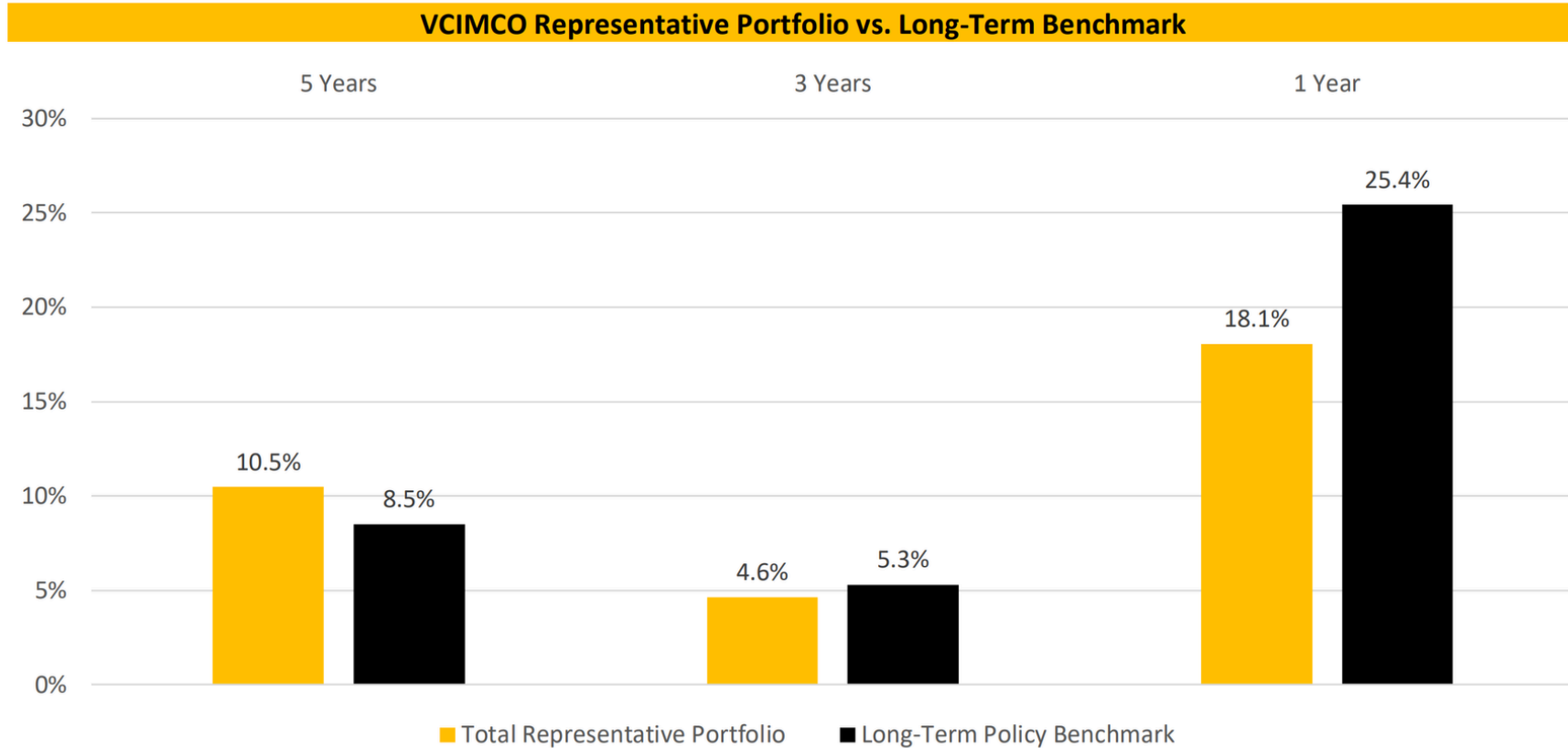
Strategy Allocations



Note: As of September 30, 2024. Strategy Allocations aggregate each manager's and direct investment's style.



Performance Review – September 30, 2024



Note: Estimated as of September 30, 2024.

Totals may not sum due to rounding. Past performance is not predictive of future results.

Returns for periods greater than one year are annualized. Performance is estimated based on best available data as of October 5, 2023.

** As of 7/1/2021, the Long-Term Policy Benchmark is composed of 70% MSCI All Country World, 30% Bloomberg US Aggregate; prior to 7/1/2021, 65% MSCI All Country World, 25% Bloomberg US Aggregate, 10% MSCI All Country World Real Estate.*

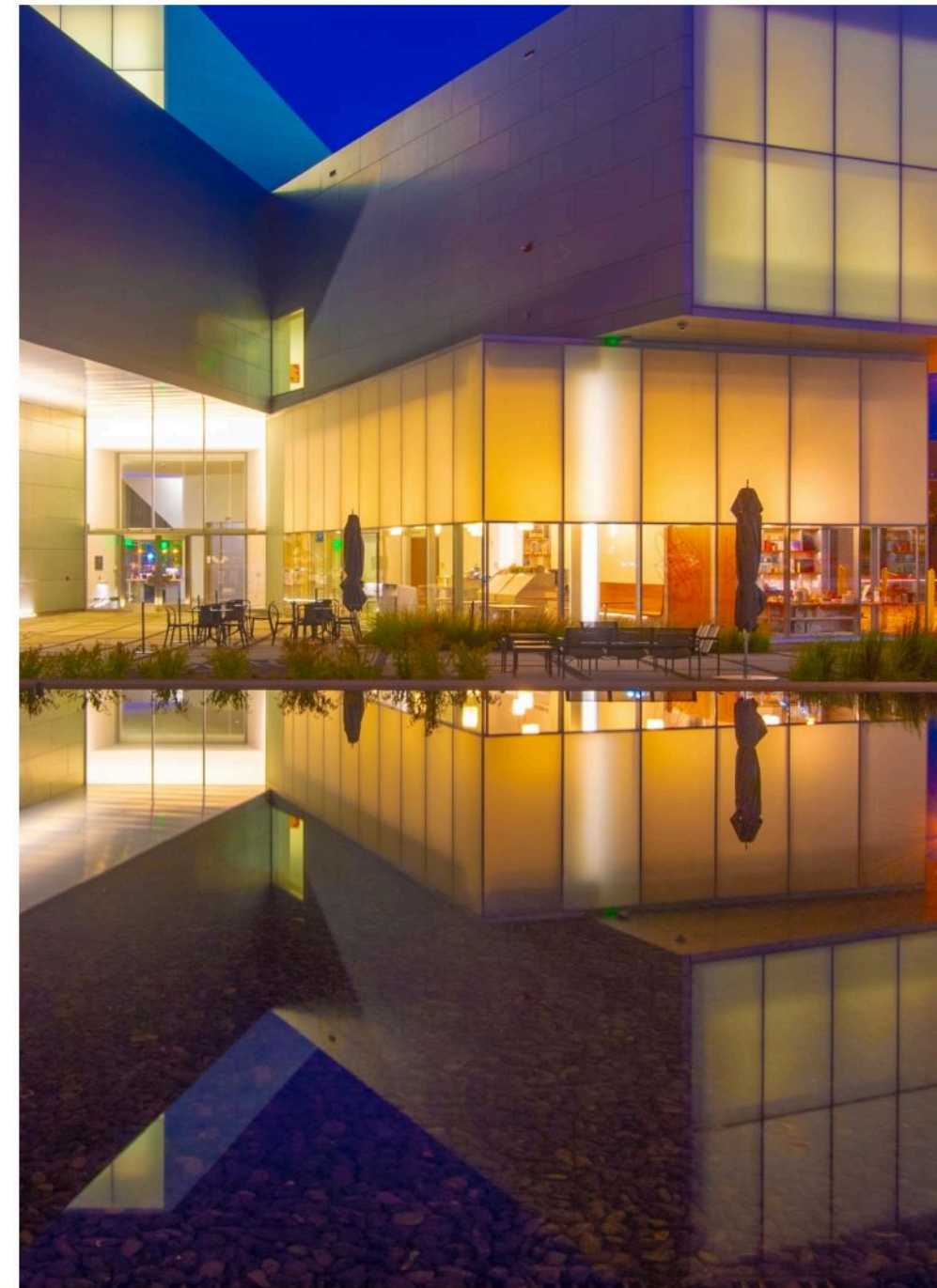
Board of Visitors

Jay Davenport

Vice President

Development and Alumni Relations

December 13, 2024



The logo graphic for VCU Link is a rectangular box with a black border. Inside, the background is a gradient from orange at the bottom to red at the top. Overlaid on this background is a network of thin white lines connecting various points, some of which are highlighted with small, bright pink circular glows. The text "VCU Link" is written in a large, bold, white sans-serif font. A small white icon of a person inside a circle is positioned above the letter 'i' in "Link".

VCU Link

VCU Link is the online community for connecting students, alumni and friends of the university for career advice, industry contacts and meaningful professional relationships



Current Participation

5,035

Alumni

3,259

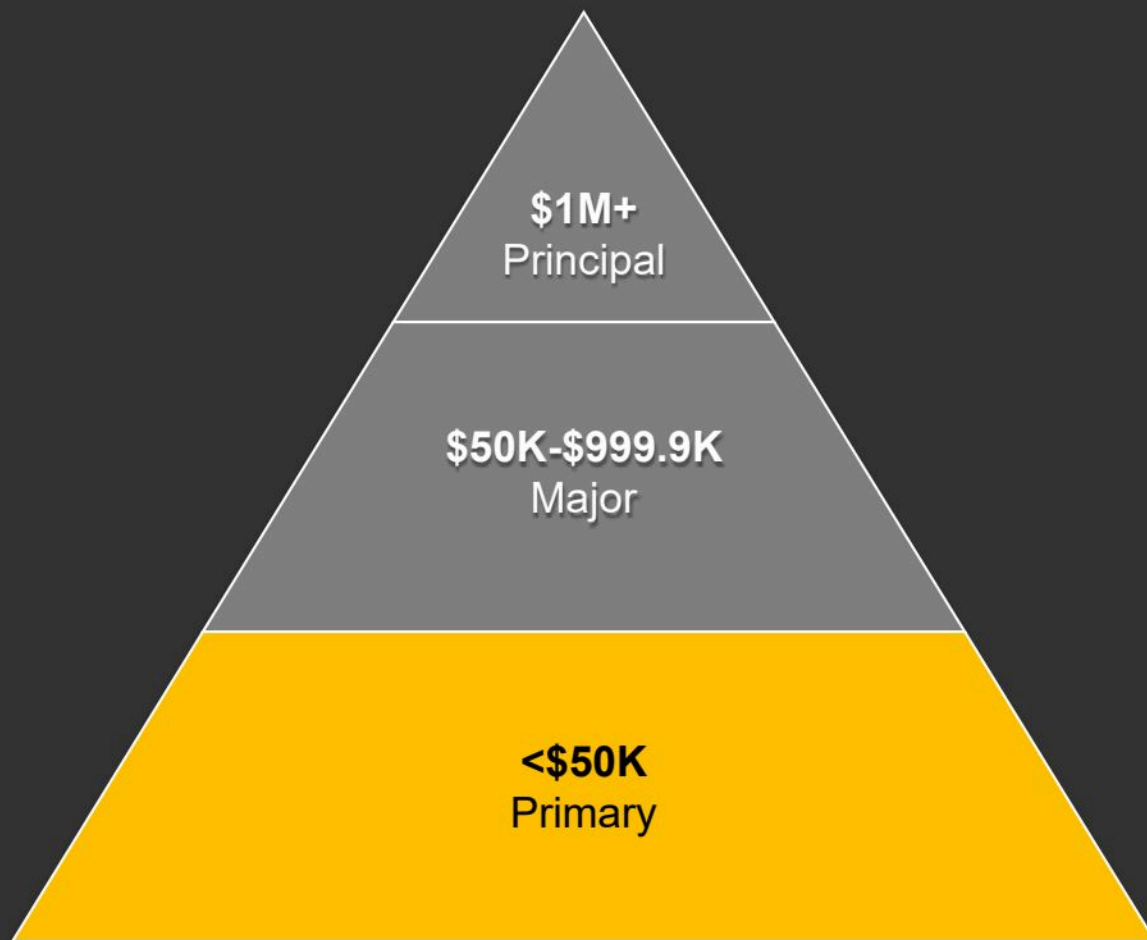
Students

227

Faculty

Data as of October 2024

PRIMARY GIVING



- Align our strategy and focus on constituents and donors under \$50K
- Build a strong donor pipeline for the future
- Bring together leadership annual giving, annual giving, and inclusive engagement into one integrated corridor

Introducing Ramona

A virtual engagement officer at VCU



VCU



 **Version2.ai**
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VCU

Finance and Administration

FY2025 Q1 Financial Performance Analysis

Dollars in Millions

SOURCES/USES <i>(in millions)</i>	FY2024-25 Full Budget	FY2024-25 YTD @ Q1	Projected Year- End Actuals	Projected YE \$ Budget Variance	Projected YE % Budget Variance
SOURCES					
Net Tuition and Fees (E&G)	\$461	\$219	\$462	\$1	0%
State Appropriations	\$305	\$86	\$305	\$0	0%
Other E&G Income	\$67	\$14	\$70	\$3	4%
Auxiliary Student Fees	\$68	\$37	\$69	\$1	1%
Other Auxiliary Income	\$108	\$47	\$105	-\$3	-3%
Sponsored Programs and Research	\$379	\$105	\$373	-\$6	-2%
University Funds	\$86	\$20	\$109	\$23	27%
Student Financial Assistance	\$114	\$53	\$126	\$12	11%
Hospital Services	\$72	\$14	\$72	\$0	0%
Total Operating Sources	\$1,660	\$595	\$1,691	\$31	2%
USES					
Academic Programs (E&G)	\$433	\$119	\$445	\$12	3%
Academic Support (E&G)	\$400	\$124	\$403	\$3	1%
Auxiliary Enterprises	\$176	\$48	\$167	-\$9	-5%
Sponsored Programs and Research	\$379	\$119	\$373	-\$6	-2%
University Funds	\$86	\$27	\$105	\$19	22%
Student Financial Assistance	\$114	\$55	\$126	\$12	11%
Hospital Services	\$72	\$12	\$66	-\$6	-8%
Total Operating Uses	\$1,660	\$504	\$1,685	\$25	2%
Net Operating Sources & Uses	-	\$91	\$6	\$6	

Finance and University Resources Committee

Dashboard Metrics for Quarterly Review - December 2024

Finance

Area/Metric	Target/Goal/Benchmark	Actual/Outcome	Information/Notes
Bond ratings (AA- credit rating is minimum to achieve Tier III designation)			
Moody's	Aa Category	Aa3	Rating reaffirmed March 2023, met goal
S&P	AA Category	AA-	Rating reaffirmed September 2023, met goal
Debt ratio (Debt policy requires 6% limit based on debt ratio)			
Calculated debt ratio	Threshold is S&P (6%) or Moody's rating group median (4.3%; FY2023) Annual debt service/operating expense (as defined by each S&P and Moody's)	FY2024 debt ratio is 3.01% (estimated); S&P calculation not available	Current estimated debt ratio is within debt policy expectations. Debt ratios are calculated differently by S&P and Moody's.
Investment performance (calculated over previous 12 months as of September 30, 2024)			
Short-term tier	7.23%	6.75%	Short-term tier investments are in fixed income assets and are managed by external managers. Performance exceeds benchmark. See treasurer's report for more detail.
Long-term tier	18.29%	25.43%	Long-term tier investments include the Quasi endowment and Glasgow endowment under the management of VCIMCO. Performance under benchmark. See treasurer's report for more detail.
Quarterly review of budget to actual performance			
Revenues	For FY2025: Q1 - 36% , Q2 - 66%, Q3 - 88%, Q4 - 100%	For FY2025: Q1 - As of the end of the first quarter, we have collected 36% of our budget.	Revenues continued to trend positively for FY2025 with Q1 8.4% above FY2024. Revenues include tuition, state funds, research, gifts, housing, dining, financial aid and other operating funds.
Expenses	For FY2025: Q1 - 29% , Q2 - 49%, Q3 - 84%, Q4 - 100%	For FY2025: Q1 - As of the end of the first quarter, we have accounted for 30% of our budget.	Growth in expenses for FY2025 in Q1 was 7.4% above FY2024 expenditure levels. Expenses include academic, personnel, research, financial aid and other categories. See quarterly performance analysis for further information.

Supply chain diversity			
1. Percentage of discretionary spend with Small, Woman and Minority owned (SWaM) businesses certified by Virginia	40%	31%	Goals for FY2025/Actual for FY2024
2. Percentage of discretionary spend with SWaM businesses certified by all certifying entities	52%	36%	Goals for FY2025/Actual for FY2024

Development & Alumni Relations¹

Campaign progress

Primary giving by household/entity (< \$50,000)

Major giving by household/entity (\$50,000 - \$999.9K)

Principal giving by household/entity (\$1M+)

Donors

New donors

Government Relations Priorities

Reduce financial impact of military waivers (VMSDEP)

Increase funding to support and expand academic programming and enrollment in the health sciences

Increase undergraduate financial aid

Increase general fund for faculty salaries and academic programs

Increase state support for university research priorities

Secure funding for acquisition and upfit of the Altria CRT Building

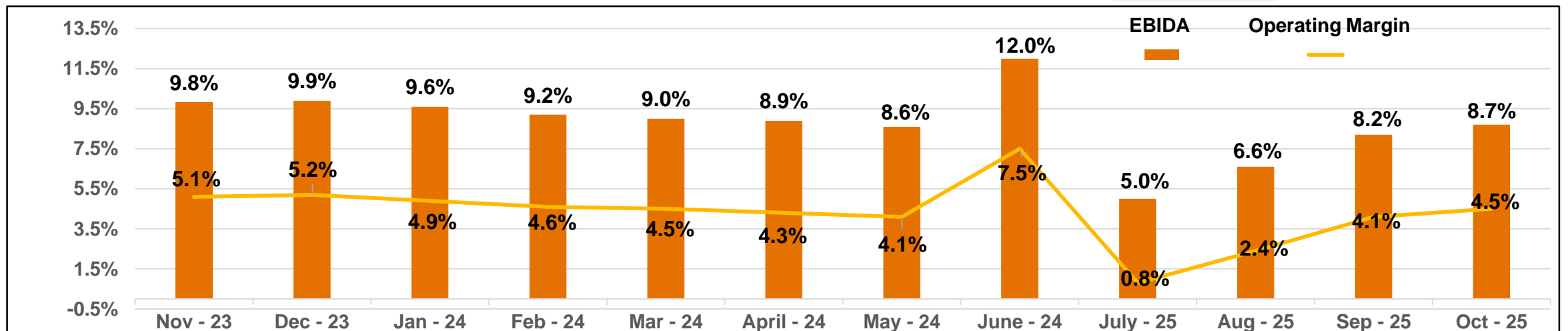
¹ Information is discussed during closed session under Section 2.2-3711(A)(9) of the Virginia Freedom of Information Act for the discussion of gifts, bequests, and fund-raising activities of the University.

FY 2025 Strategic Finance Update: 4-months ending Oct 31, 2024

VCUHS – Consolidated Operating Margin & Liquidity

For the four months ending Oct 31, 2024, as well as 12-month Trending Performance

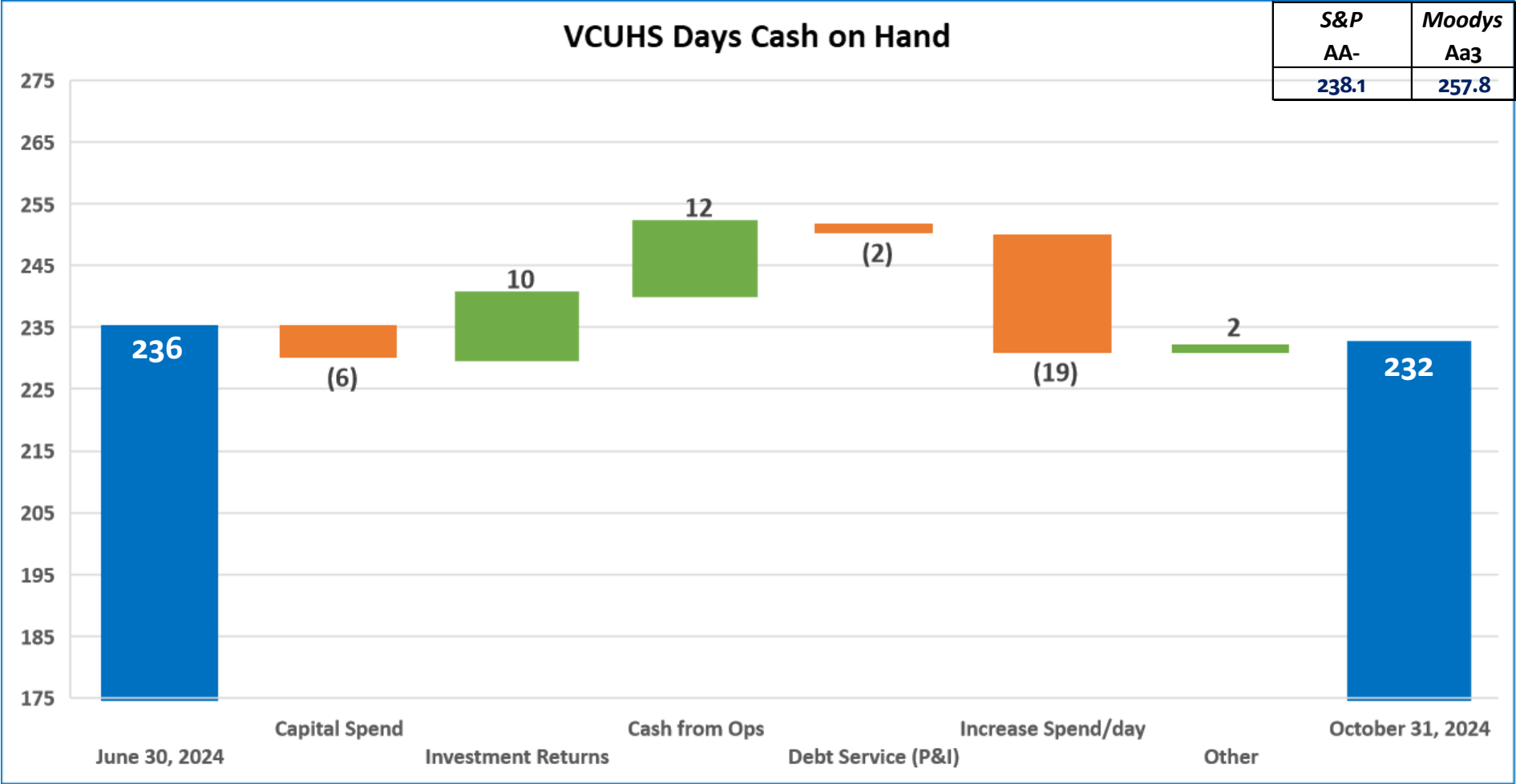
(\$s in 000s)	Actual FY22	Actual FY23	Actual FY24	Budget Oct YTD FY24	Actual Oct YTD FY25	S&P AA- Medians	Moodys Aa3 Medians
Total Operating Revenue	\$ 2,778,395	\$ 3,063,278	\$ 3,545,911	\$ 1,178,710	\$ 1,221,315	N/A	N/A
Income for Operations	\$ (53,321)	\$ (19,549)	\$ 267,078	\$ 52,535	\$ 55,187	N/A	N/A
Operating Margin %	-1.9%	-0.6%	7.5%	4.5%	4.5%	0.1%	1.9%
Operating EBIDA	\$ 98,357	\$ 133,857	\$ 426,972	\$ 104,295	\$ 105,990	N/A	N/A
EBIDA %	3.5%	4.4%	12.0%	8.8%	8.7%	5.2%	6.1%
Debt to Capitalization	21.7%	20.6%	18.5%	17.1%	17.9%	25.8%	24.0%
Days Cash on Hand	234	225	236	262	232	238	258
Unrestricted Cash to Debt	221%	238%	266%	304%	278%	229%	259%
Maximum Annual Debt Service Coverage	2.3	3.4	8.1	6.7	6.7	3.2	5.6



VCUHS – Days Cash on Hand

YTD as of October 31, 2024

Average Daily Expense increased by \$485K since June 30, 2024 or 17 Days Cash on Hand



VCUHS – KPIs & Covenant Summary

Rating Agency Lens

✓ Moody's: Affirmed "Aa3" (Stable Outlook) - March 14, 2024

✓ S&P: Affirmed "AA-" (Stable Outlook) – November 14, 2024 ★

Strengths:

- Solid business position as the only academic provider in a very competitive area, with recent capital expansion contributing to increasing volumes and a gain in market share;
- Balance sheet ratios, specifically unrestricted reserves to long-term debt and leverage, that continue to be better than those of peers at the same rating;
- Sizable improvement in operating performance in fiscal 2024 and interim fiscal 2025 contributing to solid debt service coverage, with expectations to remain above budget for the full year; and
- Increasing volumes following the completion of major capital plans over the past few years, with continued growth expected through improving length of stay and enhancing service lines.

Challenges:

- Moderate cash position, with average days' cash on hand (DCOH) for the rating and an investment portfolio with liquidity restrictions that hampers unrestricted reserves;
- Heavy reliance on support from the commonwealth, related to its role as a safety net provider for indigent care and Medicaid patients; and
- Location in a competitive market, where it is one of three major providers.

Liquidity & Leverage Ratios

Ratio	Better	YTD Oct 31, 2024	June 30, 2024	June 30, 2023	Moody's 2023 Median (Aa3)	Moody's 2022 Median (Aa3)	S&P 2023 Median (AA-)	S&P 2022 Median (AA-)
<u>Financial Performance</u>								
Operating Revenue (\$MM)	Higher	\$3,663	\$3,546	\$3,063	\$4,674	\$4,480	\$4,570	\$4,883
Operating Margin (%)	Higher	4.5%	7.5%	-0.6%	1.9%	1.1%	0.1%	-0.9%
EBIDA Margin (%)	Higher	8.7%	12.0%	4.4%	6.1%	4.9%	5.2%	5.0%
Debt Service Coverage (x)	Higher	6.7	8.1	3.4	5.6	5.7	3.2	3.4
<u>Liquidity</u>								
Cash to Debt (%)	Higher	278%	266%	238%	259%	241%	229%	214%
Days Cash on Hand	Higher	232	236	225	258	262	238	233
<u>Leverage</u>								
Debt to Cashflow (x)	Lower	2.4	1.8	5.7	2.9	3.0	N/A	N/A
Debt to Capitalization (%)	Lower	17.9%	18.5%	20.6%	24.0%	25.2%	25.8%	28.1%

Note: YTD Operating Revenue, Debt Service Coverage and Debt to Cash Flow are annualized

Pensions & Investments

A CRAIN FAMILY BRAND

ENDOWMENTS AND FOUNDATIONS

October 25, 2024 03:36 PM

Virginia Commonwealth University Investment Management returns 13.9% for fiscal year

By ROB KOZLOWSKI [X](#) [✉](#)

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Google Earth

Virginia Commonwealth University Investment Management Co. said its \$1.7 billion long-term assets pool returned a net 13.9% for the fiscal year ended June 30, said Bruce MacDonald, CEO and chief investment officer.

The return fell just short of its long-term benchmark return of 14.2% for the period, according to an Oct. 23 news release from VCIMCO.

Despite falling short of the benchmark, VCIMCO's pool of endowment and other assets of Virginia Commonwealth University and its affiliates had the third-highest return among the 31 college and university endowments whose returns for the period have been tracked by *Pensions & Investments* as of Oct. 25.

The median return of the college and university endowment universe is 10.7%.

For the three and five years ended June 30, the assets pool returned an annualized 3.2% and 9.2%, respectively, above the respective benchmarks of 3% and 7.4%.

VCIMCO had returned a net 9.9% for the fiscal year ended June 30, 2023.

Returns by asset class were not available.

As of June 30, the actual allocation of the long-term assets pool was 67% equities, 16% cash (including hedged exposure), 14% credit and 3% real assets. Within the equities allocation, 15% of the total pool is in private equity, said MacDonald.

Updated FY2024 Returns

Similar to last year, large public university endowments have generally been outperforming privates this year; both groups fortunately did not have any negative returns.

Yuba Commentary: As in FY2023, returns at larger endowments have been relatively weaker, with preliminary Cambridge returns currently +10.1% for the broader college and university universe (n=150) and +9.4% (n=83) for those greater than \$1B (n=83). Last year, such medians were +6.7% (n=160) and +4.7% (n=92), respectively, as a result of higher private equity allocations that have struggled over the past two years.

Indices	FY2024	FY2023
S&P Total Return	24.6%	19.6%
Barclays US Aggregate Total Return	2.6%	-0.9%
70% S&P 500/30% Barclays Blended	18.0%	13.4%
IEPI (forecast as of 8/22/24)	3.4%	4.5%

Cambridge - All Colleges & Universities	10.1%	6.7%
Cambridge - C&U >\$1B	9.4%	4.7%

Cambridge Associates FY2024 median data as of 10/28/2024; returns do not reflect Cambridge's investment track record.

Private Institutions	Size	FY2024 Return	FY2023 Return	10Y
Columbia	\$14.8 bill	11.5%	4.7%	7.4%
Brown	\$7.2 bill	11.3%	2.7%	10.8%
Bowdoin	\$2.6 bill	10.9%	0.6%	10.9%
Grinnell	\$2.7 bill	10.7%	4.5%	7.7%
Williams	\$3.7 bill	10.2%	2.9%	9.2%
Harvard	\$53.2 bill	9.6%	2.9%	7.6% ^[4]
U Rochester	\$3.5 bill	9.5%	6.9%	7.4%
SMU ^[1]	\$2.1 bill	9.6%	2.2%	6.1% ^[4]
Vanderbilt	\$10.2 bill	9.2%	-2.0%	7.9% ^[4]
Case Western (CEP)	\$2.4 bill	9.0%	7.5%	6.7% ^[4]
MIT	\$24.6 bill	8.9%	-2.9%	10.5%
Tulane	\$1.8 bill	8.8%	3.3%	8.9%
Cornell	\$10.7 bill	8.7%	3.6%	7.7% ^[4]
Dartmouth	\$8.3 bill	8.4%	1.6%	9.4%
Stanford ^[2]	\$42.8 bill	8.4%	4.4%	8.6%
Duke	\$11.9 bill	8.0%	-1.0%	8.6%
Wellesley	\$3.0 bill	7.8%	4.2%	8.8% ^[4]
Brandeis	\$1.8 bill	7.4%	4.9%	NA
U Penn	\$22.3 bill	7.1%	1.3%	8.7%
Carnegie Mellon	\$3.2 bill	6.6%	2.9%	9.7%
Yale	\$41.4 bill	5.7%	1.8%	9.5%
Princeton	\$34.1 bill	3.9%	-1.7%	9.2%

[1] Fiscal year ended 5/31

[2] 12 months ended 6/30/2024; university has FYE as of 8/31

[3] Preliminary, 12 months ended 6/30/2024; University has FYE of 8/31, with FY2024 preliminary returns of 10.48% and 10.36% for PUF and LTF, respectively

[4] Calculated from prior annual returns

Public Institutions	Size	FY2024 Return	FY2023 Return	10Y
Michigan State	\$4.4 bill	15.1%	6.9%	9.3%
U.S. Carolina	\$1.0 bill	14.5%	12.8%	7.3%
VCU	\$1.7 bill	13.9%	9.9%	NA
U Minnesota	\$3.7 bill	13.4%	7.0%	8.4%
U Iowa	\$1.6 bill	13.0%	6.4%	6.7%
U Conn	\$634.0 mill	12.1%	-1.1%	7.2% ^[4]
Clemson	\$1.1 bill	11.9%	8.5%	NA
NC State LTIP	\$1.80 bill	11.8%	1.2%	9.1%
U California (GEP)	\$22.6 bill	11.7%	8.2%	8.1%
Purdue	\$4.1 bill	11.6%	3.8%	7.3% ^[4]
Arizona State	\$1.6 bill	11.3%	4.3%	7.2%
U Missouri	\$2.4 bill	11.3%	3.8%	7.2%
U Washington	\$5.5 bill	11.3%	6.0%	7.7%
Iowa State	\$1.5 bill	10.9%	5.5%	8.0%
The Ohio State	\$7.9 bill	10.8%	6.9%	6.9%
Penn State	\$4.9 bill	10.6%	3.9%	8.2%
U Utah	\$1.7 bill	10.0%	5.9%	5.9%
U Kansas	\$2.3 bill	9.9%	4.5%	7.2%
U Houston	\$1.1 bill	9.6%	6.2%	6.9%
U Illinois	\$1.1 bill	9.4%	6.4%	7.9%
U Michigan	\$19.2 bill	8.9%	5.2%	8.7% ^[4]
U Texas (PUF) ^[3]	\$35.9 bill	8.9%	3.6%	7.6%
Kansas State	\$1.1 bill	8.8%	1.8%	7.2%
U Texas (LTF) ^[3]	\$23.2 bill	8.7%	3.6%	7.7%
U Colorado LTIP	\$2.7 bill	8.7%	7.8%	7.9%
Oklahoma State	\$1.0 bill	8.3%	7.7%	7.6%
U Virginia	\$14.2 bill	7.5%	2.0%	8.7%

Sources: University websites and reports, investment offices, Official Statements, and other publications. Returns may not be comparable due to timing differences in valuations as well as whether fees are included.

Rating Publications

Moody's has published its median report for the Not-for-Profit sector (available [here](#)) based on FY2023 financial statements. The ~100 organizations comprising this sector are diverse, consisting of philanthropic, research, cultural, independent K-12 schools, and service/advocacy organizations. The report highlights generally stable performance with strong investment returns and giving; however, it also cites challenging trends on expense growth, which outpaced revenue growth for the second consecutive year, as well as differences in business models. In a separate report (available [here](#)), Moody's is expecting more leadership changes in the higher education sector for various reasons (politicization, long tenures), which will be less impactful for larger, wealthier schools compared with smaller ones.

Miscellaneous Reminders

- With the recent TD Bank downgrade, bank-supported issues may require EMMA filings.
- The publication of BSBY will cease on November 15, 2024. Fallback language in legacy BSBY-based documents that have not been amended should be reviewed so that alternate rate-setting methodologies and mechanics are understood.

Chart of the Month – A Decade of Giving

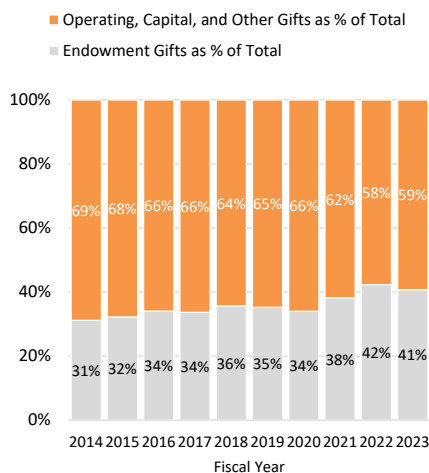
For the past ten years, private philanthropy has generally kept pace with operating growth for national private universities and liberal arts colleges.

For both groups of institutions, the breakdown between (1) operating and capital gifts and (2) endowment gifts is comparable with ~40% for endowment and ~60% for all other types of giving. This split has remained relatively constant over ten-year time period for liberal arts institutions. However, for national universities, the component of endowment giving as a % of total has steadily grown as shown on the graphs to the right.

Below are the ten-year totals for private giving along with the breakdown of giving among type of gifts.

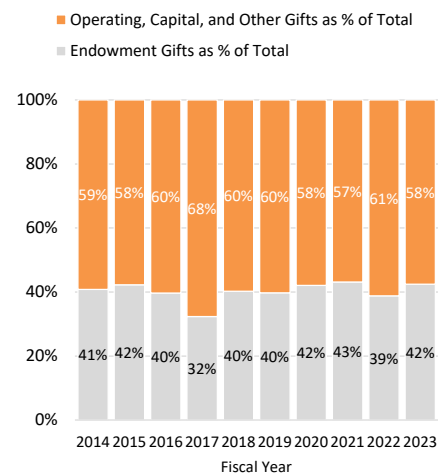
Private Large Research Universities

Composition of Gifts



Private Liberal Arts Colleges

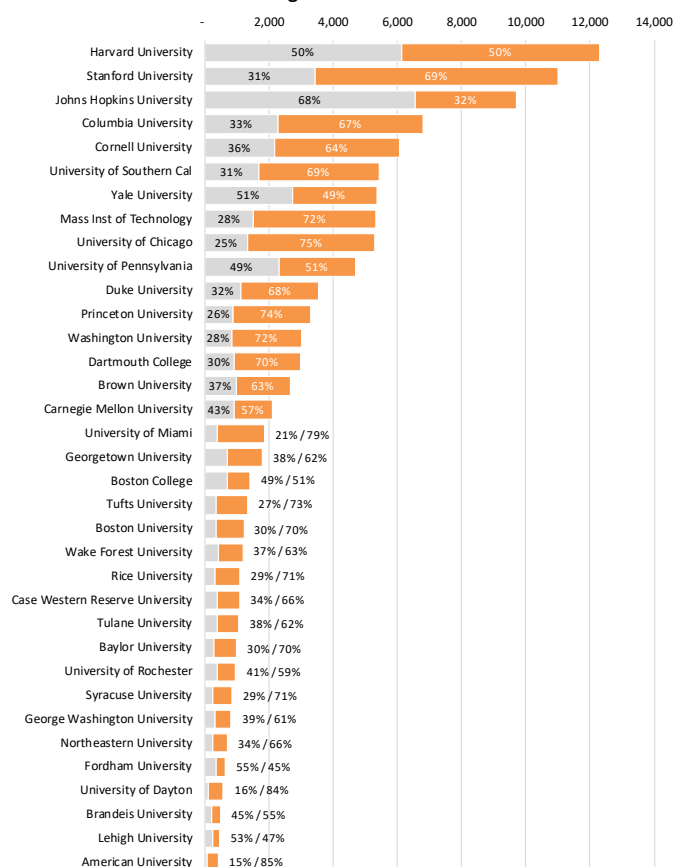
Composition of Gifts



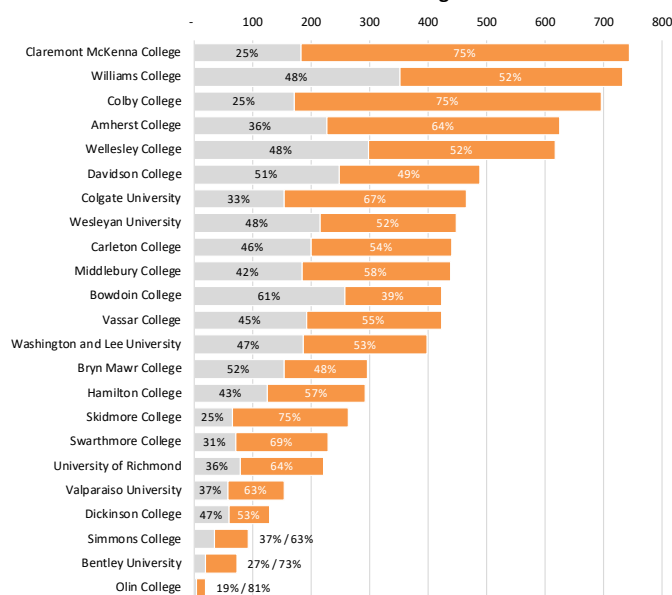
10-Year Cumulative Gifts by Type (\$ millions)

■ Endowment ■ Operating, Capital, and Other Gifts

Private Large Research Universities



Private Liberal Arts Colleges



Yuba Commentary: The trend in private philanthropy suggests that growth in endowment giving, particularly at larger, more decentralized institutions, may increase fungibility and “color of money” challenges. Many institutions are employing different endowment spending strategies in order to create more unrestricted funds for strategic purposes including capital and quasi endowment purposes.