

**VIRGINIA STATE UNIVERSITY BOARD OF VISITORS
COMMITTEE ON FACILITIES & FINANCE
12:30 P.M.; THURSDAY, NOVEMBER 16, 2023
Gateway Dining & Events Center
(On the campus of Virginia State University)
(No Public Comment Period Scheduled)**

AGENDA

CALL TO ORDER Mr. William Murray, Chair

ROLL CALL

INVOCATION

APPROVAL OF AGENDA

APPROVAL OF PREVIOUS MEETING MINUTES (if any)

- September 14, 2023, Committee Meeting

PRESIDENT'S REMARKSDr. Makola M. Abdullah

CLOSED SESSION.....Real Estate and Economic Development

REPORTS AND RECOMMENDATIONS

- Finance and Facilities Overview

- Division of Finance Mr. Kevin Davenport
Senior Vice President, Finance & Administration/CFO

- Information Items:
 - Investment Update: Spider Management LLC, Rebecca Fender, Director of Investor Relations
 - Investment Update: Truist Foundations and Endowments Specialty Practice, Robert Norfleet III, Director & Senior Investment Advisor
 - Harris Hall Project Update: Dwight Snead Construction, Dwight Snead, Owner & President
 - Finance & Facilities Overview
 - Statement of Sources and Uses for Year Ending September 30, 2023
 - Comparative Cash and Reserves for Year Ending September 30, 2023
 - Proposed Tuition & Fees for 2024-25
 - Capital Project Update for Year Ending September 30, 2023

OTHER BUSINESS

ADJOURNMENT

11.1.23

**VIRGINIA STATE UNIVERSITY BOARD OF VISITORS
FACILITIES AND FINANCE COMMITTEE
MINUTES
THURSDAY, NOVEMBER 16, 2023**

Call to Order

Mr. William Murray, Committee Chair, called the Finance and Facilities Committee meeting to order at 12:30 p.m. in the Gateway Dining and Events Center on the Virginia State University campus.

Roll Call

A quorum was present.

Committee Members Present:

Mr. William Murray, Chair
Ms. Pamela Currey, Vice Chair
Dr. Valerie Brown (Rector, ex-officio)
Ms. Daphne Meeks
Mr. Thomas Cosgrove
Mr. Kishore Thota

Ms. Currey participated by electronic communication from Quinton, VA, due to personal reasons. Mr. Cosgrove participated by electronic communication from Fairfax, VA, due to personal reasons.

Board Appointees:

Dr. Leonard Githinji, Faculty Representative
Ms. Kailyn Haye, Student Representative (*absent*)

Other Members Present:

Mr. Joseph A. F. Chase, Jr.
Mr. Victor Branch
Dr. Robert Denton, Jr.
Dr. Leonard Haynes, III
Mr. Edward Owens (*Arrived@1:01pm*)

Administration Present:

Dr. Makola M. Abdullah, President
Dr. Tia Minnis, Interim Provost/Vice President for Academic and Student Affairs
Tonya S. Hall, Vice President for Advancement and External Engagement
Kevin Davenport, Senior Vice President for Finance and administration/Chief Financial Officer
Shawri King-Casey, Vice President for Institutional Integrity & Compliance
Dr. Alexis Brooks-Walter, Vice President for Student Affairs/Enrollment Management
Dr. Annie C. Redd, Chief of Staff/Director, Board Operations & Relations

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Legal Counsel:

Cynthia Marquez, Senior Assistant Attorney General

Other's Present:

Rebecca Fender, Director of Investor Relations

Robert Norfleet III, Director & Senior Investment Advisor

Dwight Snead, Owner and President of Dwight Snead Construction

President's Office Staff:

Danette Johnson

Debbie Jefferson

Tina Cabrera

Rodney Hall

INVOCATION

The Chair called Pastor Seth-Ahmad McQueen to deliver the invocation.

APPROVAL OF AGENDA

The Committee approved the agenda by voice vote.

APPROVAL OF PREVIOUS MEETING MINUTES

The Committee approved the minutes from the September 14th meeting by voice vote.

PRESIDENT'S REMARKS

Dr. Abdullah thanked everyone for being here and serving Virginia State University.

REPORTS & RECOMMENDATIONS

Mr. Davenport welcomed Woody Snead, a subcontractor on the Academic Commons project, noting that Mr. Snead's firm, a site work and excavation company, is doing about \$4.2 million worth of work on this project. Mr. Snead stated that his firm had done jobs for the University before this project. He summarized some of these projects and noted that his company is about halfway through its work on the Academic Commons project.

Mr. Davenport welcomed Spider Management, which oversees roughly \$50 million on behalf of the University. Will McClean, Chief Investment Officer for Spider, presented an overview of VSU's partnership with Spider, which dates back to 2006. Mr. McClean presented quarterly performance returns, highlighted return drivers in 2023, including public versus private equity, and discussed returns versus the benchmark for the one, three, five, and ten-year timeframes.

Referencing the strong performance of the "Magnificent 7" stocks in 2023, the Chair asked what the downside would be for a hypothetical portfolio with overexposure to these stocks versus the

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downside of the University's current asset allocation with Spider. Mr. McLean responded, noting the massive difference in potential downside versus the University's current allocation with Spider. Mr. McClean highlighted the addition of diversity, equity, and inclusion to Spider's policies and their process for encouraging diversity in their manager selections.

Rebecca Fender, Director of Investor Relations at Spider, presented information about Spider's involvement with VSU students, including giving a seminar on investing and hiring several VSU students into Spider's internship program.

Mr. Davenport welcomed Truist Bank's Endowment and Foundation Group, whom VSU recently hired to oversee roughly \$23 million in Title III endowment assets. Armond Reese, Regional Practice Leader for Truist, opened the presentation by introducing Rob Norfleet (Director and Senior Investment Advisor) and Mani Grant (Vice President).

The Chair asked a follow-up question about the genesis of this group within Truist Bank concerning the bank's various mergers. Mr. Reese clarified that this practice has existed within the bank since 1980. Mr. Reese highlighted the priority of hiring diverse managers and emphasized an average tenure of 18 years amongst Truist Endowment and Foundation Group clients.

Mr. Norfleet highlighted several strengths of this group, including specializing in not-for-profit organizations for over 30 years and building fully customized portfolios based on the specific needs or restrictions of the client. He also emphasized the absence of proprietary investment products or conflicts of interest associated with these products. Mr. Norfleet discussed his team's review of VSU's Investment Policy Statement, noting that Mr. Davenport has approved an allocation, and a plan is in place for phasing the funds into the market opportunistically.

Mr. Grant concluded the presentation by outlining administrative solutions for clients, such as the ethernet for client account information, white papers structured with VSU's interests in mind, and additional services such as fund accounting and planned giving.

Mr. Davenport introduced Ms. Petway to present the cash and reserves, investment balances, and sources and uses. Ms. Petway highlighted the cash and reserve balances as of the quarter ending September 30th, 2023. She then presented the investment balances, noting that total investments are over \$100 million. Finally, she presented the sources and uses, detailing various categories such as increased one-time expenses.

A Visitor asked about the average refund check received by Pell Grant recipients. Mr. Davenport noted that the larger refunds are usually in cases where students receive loans and where students live off campus (so that the refund can be used for food and rent). The Chair asked to have this information at a later time.

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The Chair asked when the pay raises in the budget bill take effect. Ms. Petway noted that this increase will be two percent and take place sometime this quarter. Mr. Davenport presented the tuition and fee proposal for FY24-25. He outlined a three percent proposed increase for in-state and out-of-state tuition and fees. The Chair confirmed the timing of when this increase would go into effect. Mr. Davenport noted some of the broad drivers in increased costs behind this proposal.

The Chair asked when was the last time the University raised tuition (as opposed to fees). Dr. Abdullah replied that the VSU had not raised in-state tuition in three years. The Chair added that this increase would not address all of the inflationary pressures but only a subset. Dr. Abdullah provided an overview of the timing of events relating to a decision regarding tuition. He stated that today's goal is to start the conversation, which will continue at the next board meeting. He also outlined additional steps in the process, such as a public comment period and an executive committee or special board meeting to hold a vote.

A Visitor asked for additional context regarding efficiencies or other efforts to reduce student costs, such as tuition discounting. The Visitor stressed the importance of being able to explain the "why" behind the increase, whether it be to a student, parent, or state representative. The Chair provided some suggestions for demonstrating this additional context, such as showing how much costs have increased, cross-walking the sources and uses, and outlining how to close the gap by cutting costs or increasing revenue.

A Visitor added that seeing some of the efficiencies already undertaken would be good. The Visitor added that increased enrollment, due to the associated increase in revenue, can have the initial effect of masking the costs of additional students, further noting that with enrollment uncertainties, we would not want to undercut ourselves too much. The Visitor emphasized that a three percent increase will be necessary to provide proper resources to students.

The Chair suggested that it would also be helpful to consider the assessment of a potential tuition raise in terms of the fixed and variable costs faced by the University.

A Visitor noted that there have been various mandates for which the University has yet to receive full funding, such as salaries (in which case the University often has to pay more than fifty percent of the associated costs). Another Visitor requested more information regarding how the tuition increase would, by association, increase the need for financial aid. The Chair clarified that the goal of today is purely to have an open discussion on the matter of a potential three percent tuition increase but that no Board action will be taken today.

A Visitor asked about health services in particular and what it would look like to increase the funding for mental health services. A Visitor noted that there are some institutions that, rather than doing across-the-board increases, might phase in the increase with first-year students, but not raise the rates of existing students. Mr. Davenport stated that this is something that can be considered.

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Dr. Abdullah stated that he appreciates the wisdom of this conversation. He discussed some conversations with students, where students asked about the actual increase in costs faced by the University and how much university leadership would ideally raise prices (if a hypothetical amount over three percent were chosen). The Chair noted that looking at tuition increases for peer institutions over the past three years would be illustrative.

A Visitor noted that if Board members fully understand the justification for the increase, they will likely support it.

CLOSED SESSION

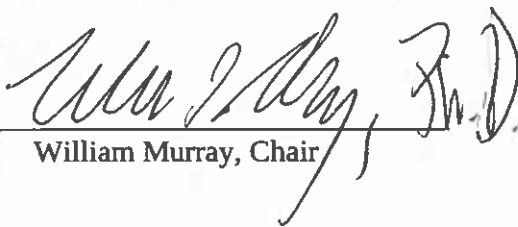
The Chair asked for a motion to enter a closed session for the discussion or consideration of information pursuant to 2.2-3711 (A) (3), relating to the acquisition of real property for a public purpose where discussion in an open meeting would affect the bargaining position or negotiating strategy of the public body. This discussion is pertaining to the leasing and/or purchase of private properties. The motion was made, properly seconded, and approved by roll call vote. Attendees included President Makola M. Abdullah, Kevin Davenport, Jane Harris, Tonya Hall, Tia Minnis, Alexis Brooks-Walter, Shawri King-Casey, Eldon Burton, Ben Houck, Adrian Petway, Annie C. Redd, and Cynthia Marquez, Legal Counsel. The Chair asked for a motion to return to open session; the motion was approved by voice vote.

The Chair read a statement to certify that during its closed meeting, the Committee discussed only public business matters lawfully exempted from open meeting requirements under the Virginia Freedom of Information Act and only those public business matters identified in the motion convening the Committee in closed session. The Committee certified the closed session by roll call vote.

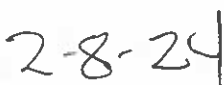
ADJOURNMENT

With no further business, Chair Murray called for a motion to adjourn the meeting. The motion was received, properly seconded, and the Committee voted by voice vote. The Chair adjourned the meeting at approximately 2:08 p.m.

APPROVED:



William Murray, Chair



Date