

BOARD OF VISITORS

FINANCE COMMITTEE

MARCH 1, 2024





FINANCE COMMITTEE AGENDA

UVA Wise Center for Teaching Excellence Tuition Reduction

Capital Project Financial Plans

Signatory Authority for Academic Division Contracts

Signatory Authority for Medical Center Contracts

2024 General Assembly Report

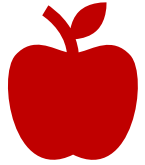

UVIMCO Report on Endowment

Executive Vice President's Remarks



**COLLEGE AT WISE CENTER FOR TEACHING
EXCELLENCE TUITION ADJUSTMENT**

UVA WISE CENTER FOR TEACHING EXCELLENCE TUITION REDUCTION

- In the interest of affordability and program competitiveness, the College at Wise recommends a reduction to its Center for Teaching Excellence tuition rates:
 -  • Licensure courses from \$224 to \$199 per-credit-hour
 -  • Recertification courses from \$133 to \$116 per-credit-hour



CAPITAL PROJECTS FINANCIAL PLANS

MAJOR CAPITAL PROJECTS FINANCIAL PLANS

Project (\$ in millions)	Budget	Gifts	Debt	Cash
Institute of Biotechnology	\$350M	\$100.0M	\$250.0M*	-
Hereford HVAC Upgrade	\$11.4M			\$11.4M
UVA Hospital South Tower Fit-Out	\$120M			\$120M**

* Debt serviced through: Commonwealth funds, SIF, operating funds from the University fund, potential philanthropy and facilities and administrative costs (F&A)

**Medical Center operating cash (\$55.1M) and Medical Center strategic funds (\$64.9M)



**SIGNATORY AUTHORITY FOR
ACADEMIC DIVISION CONTRACTS**



SIGNATORY AUTHORITY FOR ACADEMIC DIVISION CONTRACTS

- The following proposed contracts **exceed \$5M** per year:
 -  ▪ Awardee(s) associated with RFP for **custodial services** for a portion of the University's buildings
 -  ▪ Awardee(s) associated with RFP for **technology solutions from original equipment manufacturers**
- Request **delegation of authority to the EVP-COO** to execute contracts



**SIGNATORY AUTHORITY FOR
MEDICAL CENTER CONTRACTS**

SIGNATORY AUTHORITY FOR MEDICAL CENTER CONTRACTS

- The following companies' proposed contracts **exceed \$5M** per year:
 -  • Cardinal Health 105, LLC, for **CAR T-cell therapies**
 -  • Health Carousel, LLC d/b/a Passport USA for **international staffing**
- Request **delegation of authority to the EVP-COO** to execute contracts



2024 GENERAL ASSEMBLY REPORT

2024 GENERAL ASSEMBLY SESSION UPDATE





UVIMCO REPORT ON ENDOWMENT

OUTLINE

- Overview
- Market Update
- Performance
- Asset Allocation
- Risk Management

BOARD OF DIRECTORS



Mitchell Cohen
UVIMCO BOARD CHAIR
Managing Director,
Trilogy Search
Partners, LLC



Thomas Baltimore Jr.
Chairman, President,
and CEO, Park Hotels
& Resorts



John Connaughton
Co-Managing
Partner,
Bain Capital



J.J. Davis
EVP and COO,
University of
Virginia



George Martin
Partner,
McGuireWoods LLP



Henry McVey
Member and Head of
Global Macro & Asset
Allocation, CIO of
KKR Balance Sheet



Andrew Mulderry
Co-CIO, Willett
Advisors LLC



James Murray Jr.
Managing Partner,
Court Square
Ventures;
Founder,
Presidential
Precinct



Timothy O' Hara
Head of Banking,
Corporate &
Investment Bank,
Wells Fargo &
Company



Elizabeth Weymouth
Founder and
Managing Partner,
Grafine Partners

UVIMCO SENIOR STAFF



Robert Durden
Chief Executive
Officer/Chief
Investment Officer



Kristina Alimard
Chief Operating
Officer



Allison Gilliam
Chief Financial
Officer



John Winn
General Counsel/
Chief Compliance
Officer



Eric Bundonis
Managing Director



Adrienne Clough
Managing Director



Matt Dorchuck
Managing Director



Lindsay Larsen
Managing Director

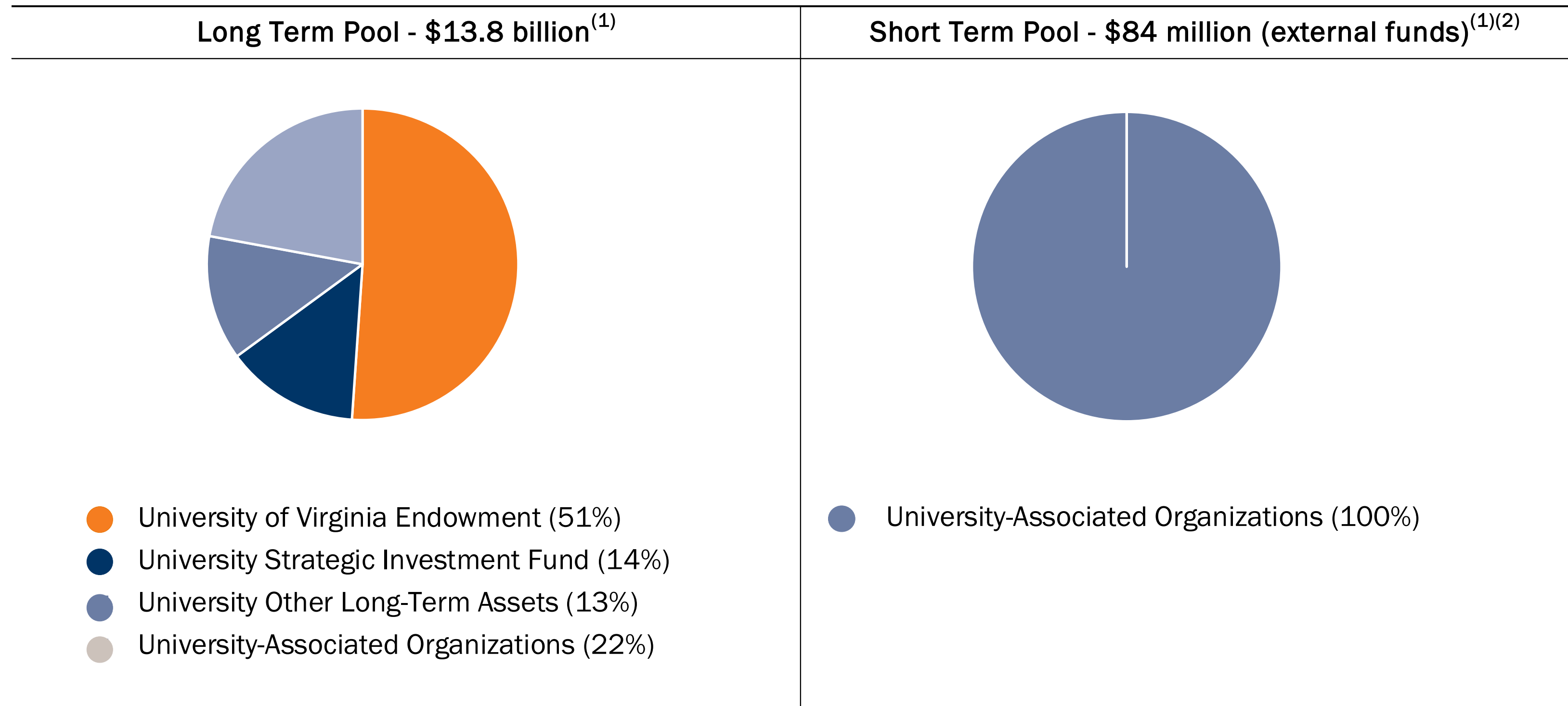


Jason Love
Managing Director



Sargent McGowan
Managing Director

ASSETS UNDER MANAGEMENT



(1) Data as of December 31, 2023.

(2) The Long Term Pool's cash portfolio invests in the Short Term Pool. The Short Term Pool market value reflected above excludes Long Term Pool assets.

INVESTMENT OBJECTIVES

Primary objective: Maximize long-term real returns commensurate with the risk tolerance of the University

- Preserve the purchasing power of long-term investment assets by earning an annualized rate of return of at least spending + inflation + fees
- Evaluate Pool performance relative to that of the policy portfolio, which represents a passive and liquid expression of the University's long-term investment risk tolerance
- The policy portfolio is 75/25 equity and fixed income

PERFORMANCE

Long Term Pool and Policy Portfolio Performance Summary

<i>As of 12/31/2023</i>	1 YR	3 YR	5 YR	10 YR	20 YR
Long Term Pool	4.7	7.0	11.5	9.2	9.7
Policy Portfolio	17.9	4.2	9.5	7.0	7.1
Relative	(13.2)	2.8	2.0	2.1	2.6

- In CY23, the primary drivers of the LTP's relative underperformance versus the policy portfolio were 1) allocation to private strategies and 2) public portfolio tilts underperforming strong global equity returns.
- The value of private investments typically lags public markets (in either direction) and becomes even more pronounced when markets differ from their long-term average (~8%).
- Public Equity and Long/Short Equity suffered from outsized exposure to emerging markets, small caps, and biotech, and underexposure to the mega cap technology companies that drove the market rally in 2023.
- Evaluating the LTP performance over longer time horizons and investing with a long-term focus are key to our investment approach and success.

PERFORMANCE

Long Term Pool and Policy Portfolio Performance Detail

<i>As of December 31, 2023</i>	Market Value		TWRR, Annualized				
	\$mms	% LTP	1 Year	3 Years	5 Years	10 Years	20 Years
Long Term Pool	13,758	100.0	4.7	7.0	11.5	9.2	9.7
<i>Policy Portfolio</i>		100.0	17.9	4.2	9.5	7.0	7.1
Equity							
Public	3,988	29.0	14.6	0.0	10.3	8.9	11.7
Long / Short	1,320	9.6	6.0	(1.8)	7.0	4.6	7.3
Buyout	649	4.7	14.7	31.4	20.6	14.6	13.2
Growth Equity	1,528	11.1	(5.8)	7.5	14.3	16.8	--
Venture Capital	1,415	10.3	(6.1)	21.9	29.7	27.6	18.1
Real Assets	2,182	15.9	2.4	26.4	13.5	11.6	11.0
Total Equity	11,081	80.5	5.1	7.7	13.1	10.7	11.1
<i>MSCI All Country World Equity</i>		75.0	22.8	6.2	12.3	8.5	8.1
Diversifiers							
Absolute Return	1,310	9.5	8.9	7.9	5.7	4.5	5.9
Credit	584	4.2	6.2	5.2	7.4	5.4	6.8
Fixed Income	742	5.4	4.8	(3.8)	2.5	1.6	3.2
Cash	362	2.6	4.8	2.0	1.7	1.1	--
Total Diversifiers	2,998	21.8	6.5	3.4	5.5	3.8	4.0
<i>Bloomberg U.S. Treasury Bond</i>		25.0	4.0	(2.4)	1.6	2.3	3.4
Portfolio Management and Overlays⁽¹⁾	(320)	(2.3)	(0.7)	(0.1)	(0.2)	(0.1)	--

(1) Represents the returns added/subtracted to the total LTP return by overlay, financing, and other portfolio management positions. Returns are displayed as a percentage of the LTP

PERFORMANCE

Fiscal Year 2023 LTP and Peer Performance⁽¹⁾

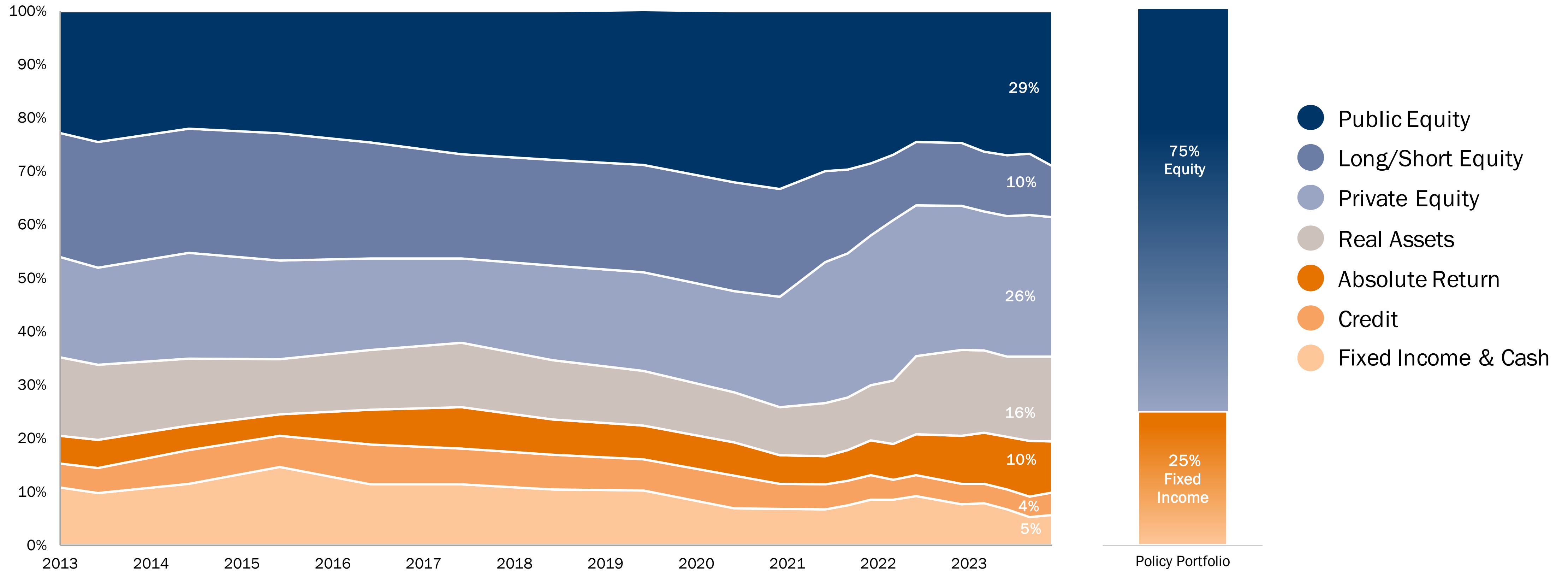
As of 6/30/2023	1 YR	3 YR	5 YR	10 YR	20 YR
Long Term Pool	2.0	13.1	10.1	9.8	10.0
Policy Portfolio	12.3	8.0	7.0	7.4	7.5
C A U.S. \$5 Billion + Quartile of LTP	3rd	1st	2nd	1st	1st
C A U.S. \$5 Billion + Top Quartile	4.4	13.1	10.3	9.8	9.9
C A U.S. \$5 Billion + Median	2.9	12.5	9.5	9.1	8.8
C A U.S. \$5 Billion + Bottom Quartile	1.3	11.3	8.3	8.3	8.3

(1) Peer returns are based on data from Cambridge Associates and direct communications.

- Annually, we measure our fiscal year performance against our peers (fiscal year data available in November).
- UVIMCO continues to perform favorably against U.S. colleges and universities with investment pools of \$5B+.
- UVIMCO and the majority of its peers invest benchmark agnostic, employing the endowment model made famous by Yale University.
- As such, every single one of our peer schools underperformed UVIMCO's policy benchmark in FY23, and we expect this trend to continue in the calendar year.

ASSET ALLOCATION

UVIMCO Long Term Pool Historical Asset Allocation, as of December 31, 2023



RISK MANAGEMENT

Risk is the impact that a portfolio loss has on shareholders

- Short-term: Volatility or drawdown risk
- Long-term: Decline in the real value of the endowment

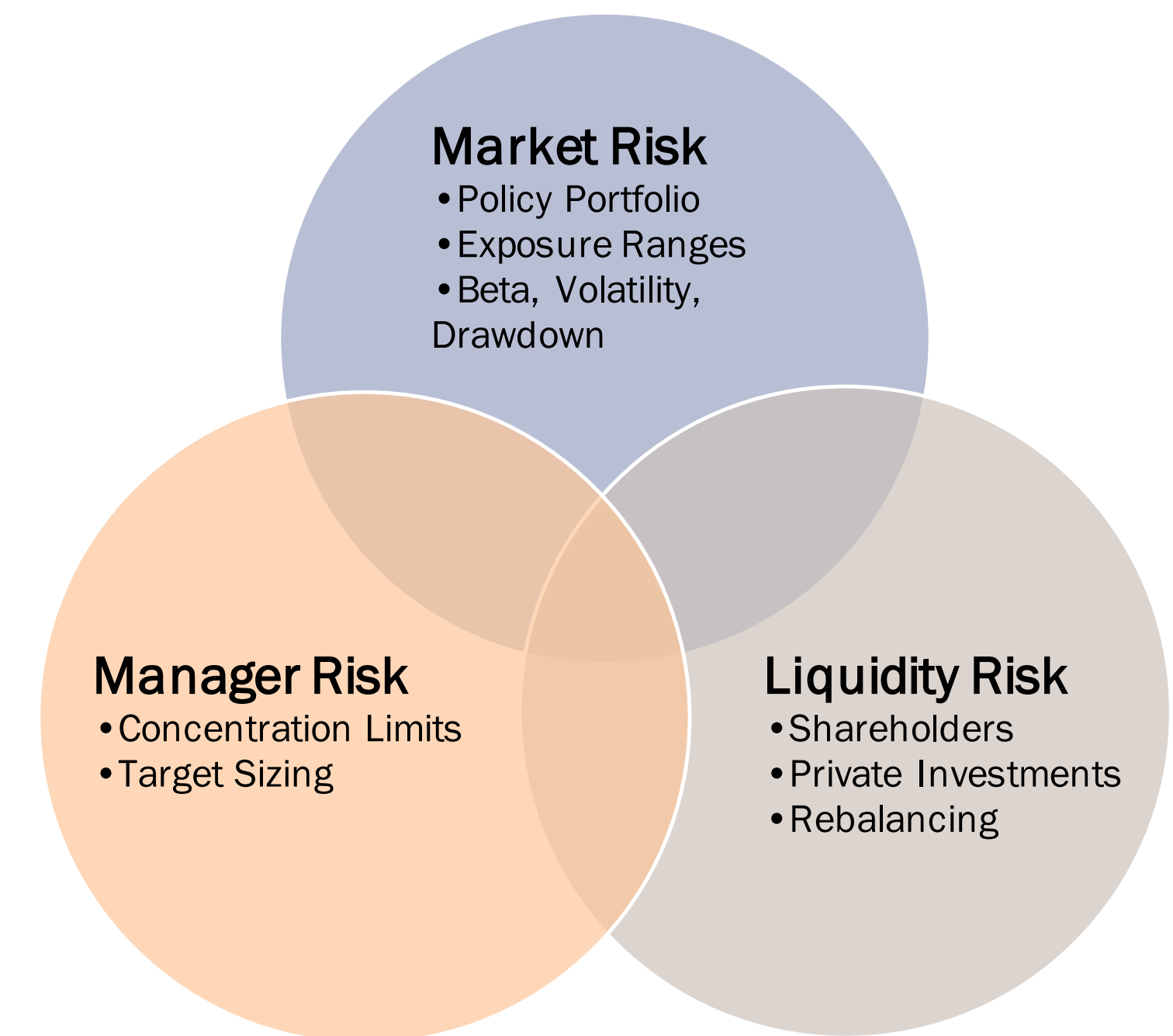


Trade-off between short-term and long-term risk

Risk Management Framework

Measure and control for three primary risks:

- Market risk: consider short-term (drawdown or volatility in distribution/NAV) and long-term (purchasing power impairment) risks
- Liquidity risk: risk of insufficient liquidity to cover shareholder withdrawals, capital calls and rebalancing transactions
- Manager risk: risk that managers underperform expectations, as well as operational or business risks. Manage and mitigate through due diligence and diversification



RISK MANAGEMENT

Type	Risk Metrics	Policy	Actual As of December 31, 2023
Market Risk	Global Equity Beta	75%	81%
	Drawdown Risk (1.0% Value at Risk)	-22%	-23%
Liquidity Risk	Minimum 3-Month Liquidity	20%	28%
	Minimum 12-Month Liquidity	35%	45%
	Target to Private Investments	45%	46%
	Target Unfunded Commitments	20%	14%
Manager Risk	Maximum Concentration to a Single Manager	7.5%	5.4%



EXECUTIVE VICE PRESIDENT'S REMARKS

AFFORDABLE HOUSING

Local Economy

Pipelines and Pathways

Early Childhood Education

Public Health

Community Safety

Support the development of 1,000-1,500 affordable housing units over a decade on land in Charlottesville and/or Albemarle County that is owned by UVA or the UVA Foundation

Being a Great and Good University



AFFORDABLE HOUSING ADVISORY GROUP MEMBERS

Danny Abramson

Carlos Brown

Robert Byron

Kevin Chavers

J.J. Davis (Chair)

Harold Folley

Lou Haddad

Eddie Howard

Alex Ikefuna

Joy Johnson

Jim Murray

Louis Nelson

Stacy Pethia

Tim Rose

Susi Yu

BOV Representation



Jim Murray



Carlos Brown

AFFORDABLE HOUSING MILESTONES

WE ARE HERE



SITE REVIEW & DUE DILIGENCE



ANNOUNCE SITES



FINANCIAL ANALYSIS, MASSING STUDIES



SELECT DEVELOPMENT PARTNERS



CONSTRUCTION BEGINS

2021

2022

2023

2023-2024

2026+



ADVISORY GROUP CONVENES



LISTENING TOUR



COMMUNITY INPUT ON SITES



REQUEST FOR PROPOSALS*



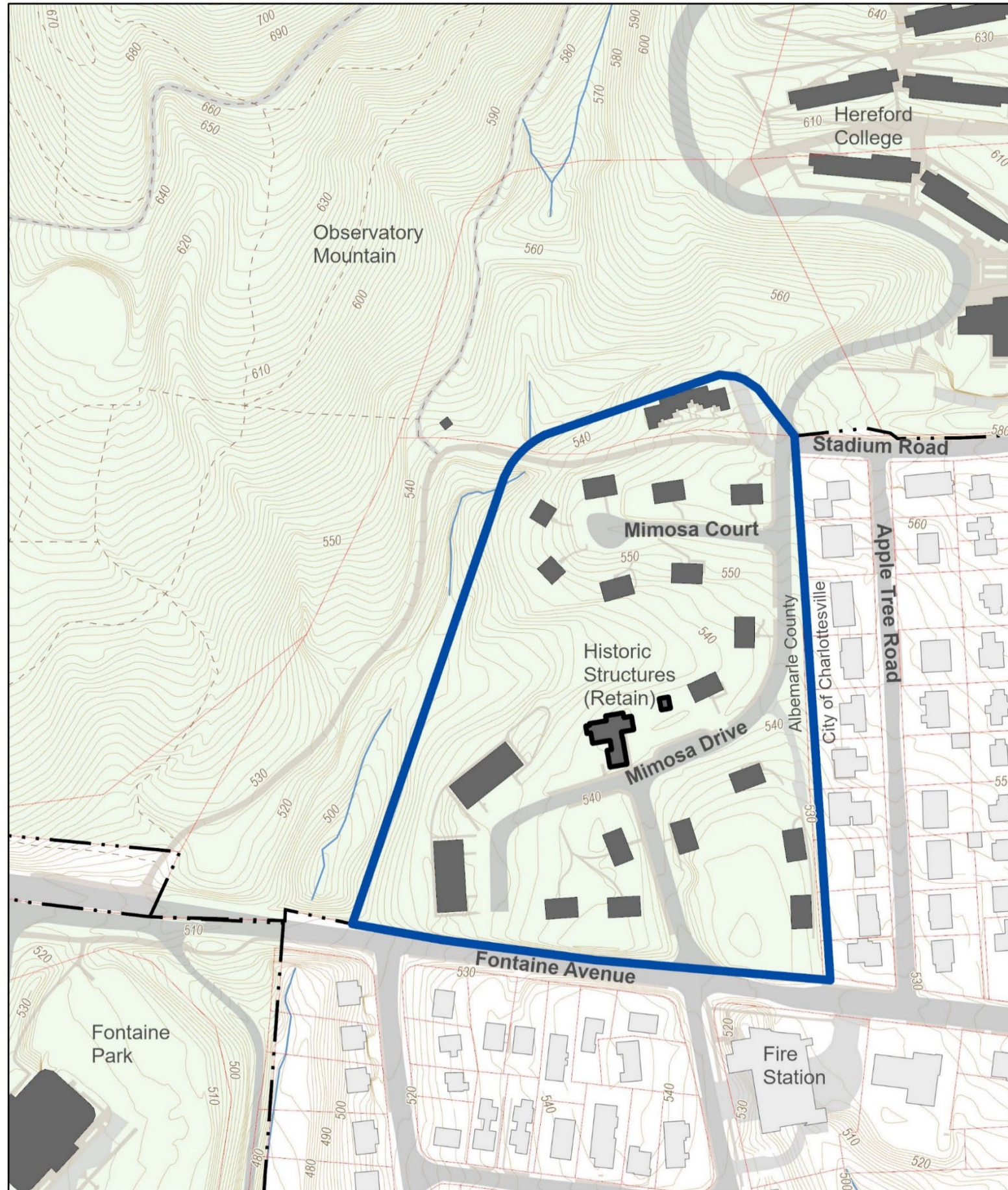
PRE-CONSTRUCTION ACTIVITIES



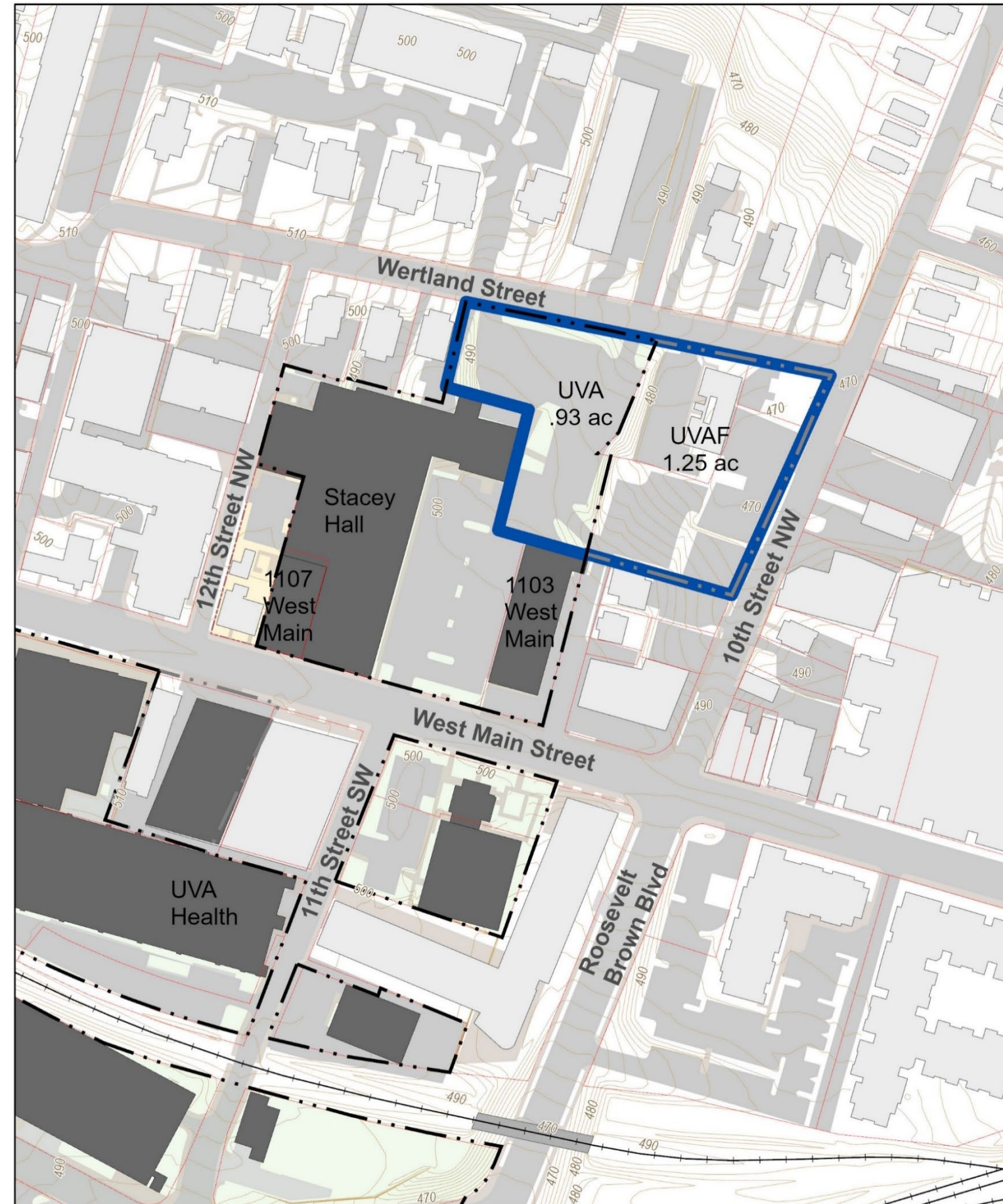
**Piedmont and Wertland & 10th St sites; Separate timeline for North Fork from this point forward*

AFFORDABLE HOUSING SITES

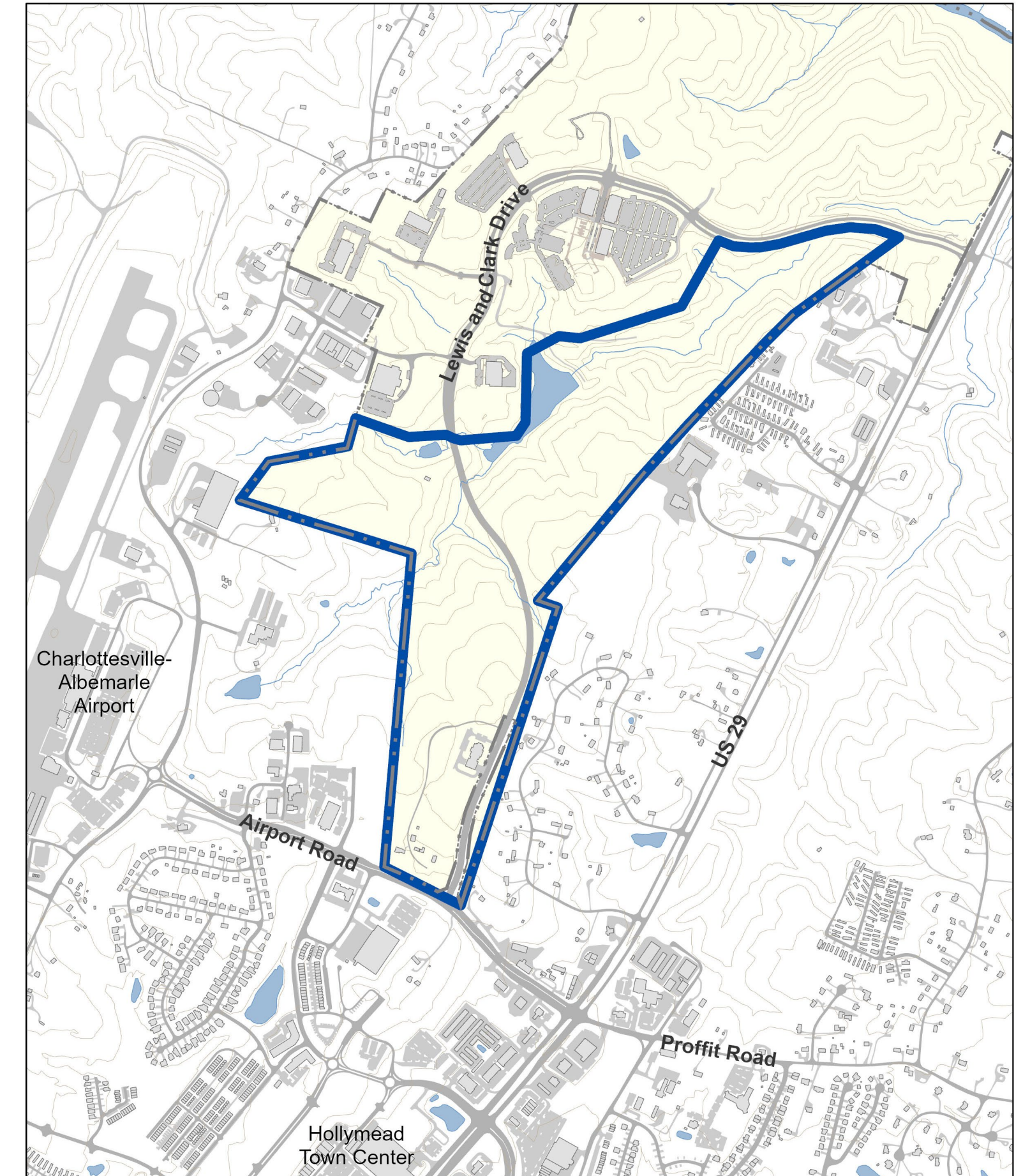
Piedmont
~12 acres



Wertland & 10th St
~2.18 acres

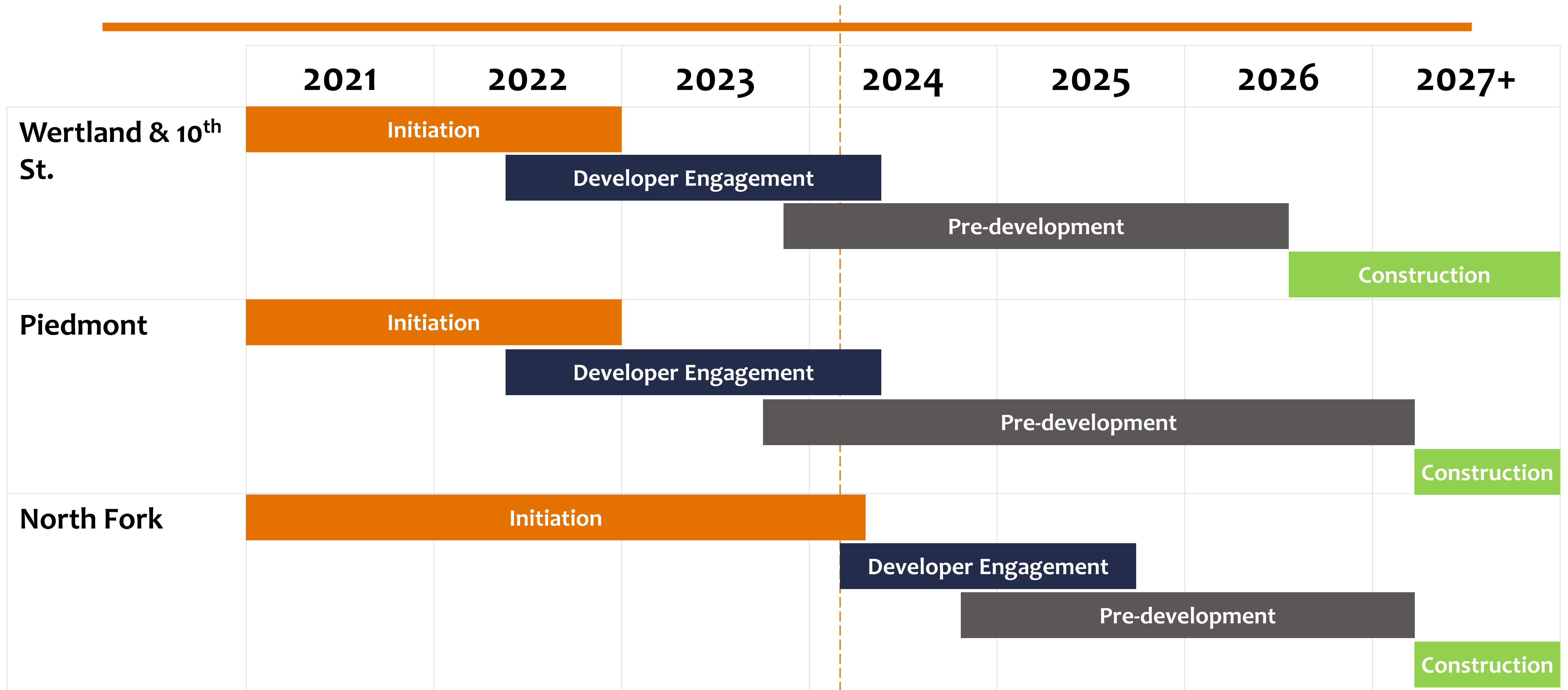


North Fork ~120 acres to be developed including housing for AHI



AFFORDABLE HOUSING TIMELINE

Subject to change based on financing, entitlements, etc. **WE ARE HERE**



AFFORDABLE HOUSING ROLES & RESPONSIBILITIES

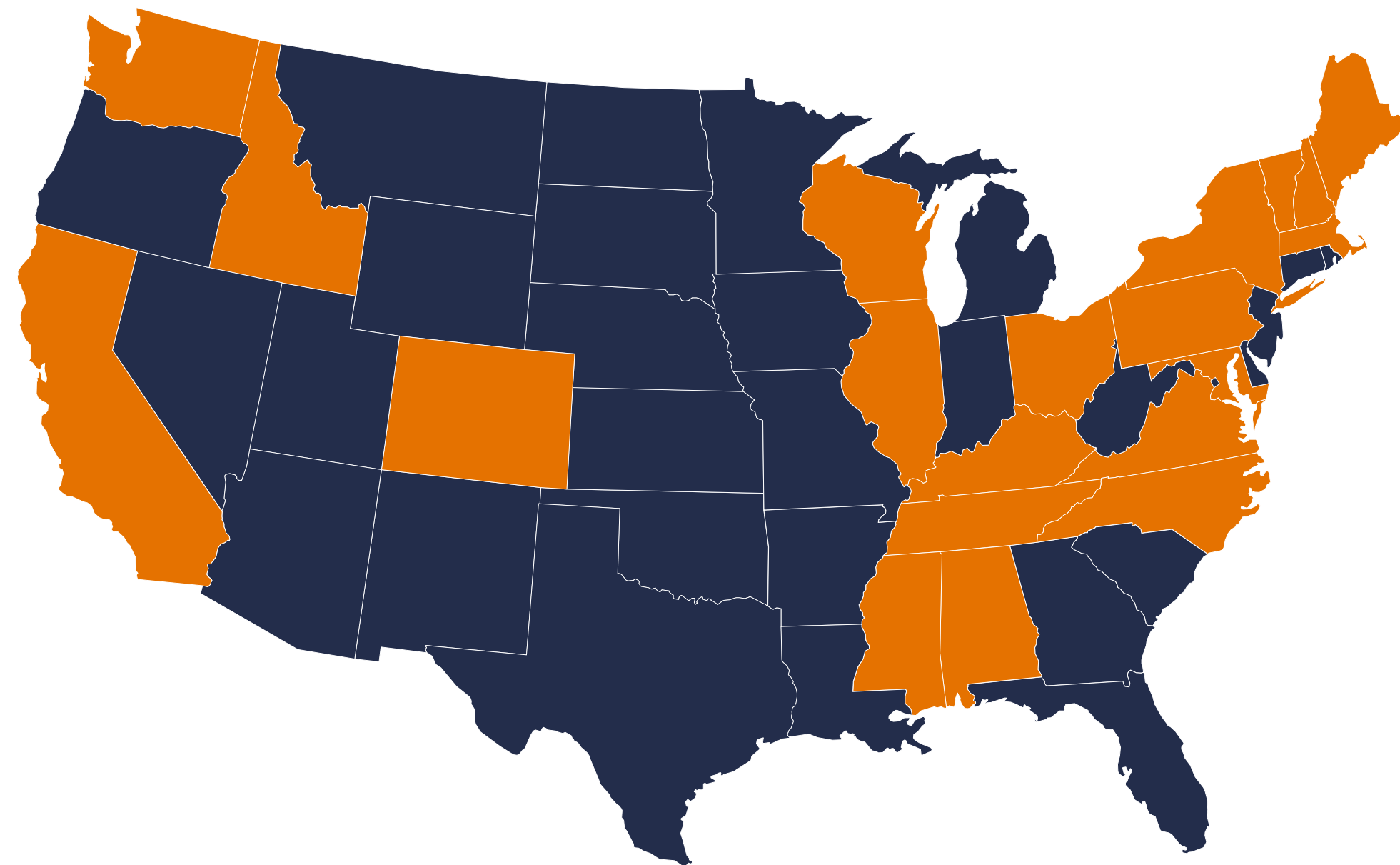
UVA/UVAF	Community	Developer	UVAF
<ul style="list-style-type: none">• Preliminary community engagement• Contribute land• Select developer through RFQ/RFP process• Manage ongoing developer relationships	<ul style="list-style-type: none">• Advise on sites• Co-create development principles• Partner with developer for ongoing engagement	<ul style="list-style-type: none">• Design• Entitlements• Ongoing community engagement• Construction• Ongoing operations• Reporting	<ul style="list-style-type: none">• Ground lease (long-term) to developer• Development agreement• Deed• Terms & conditions• Property management accountability

AFFORDABLE HOUSING DEVELOPMENT PARTNERS

Site	Partner
Piedmont	Piedmont Housing Alliance (PHA)
Wertland & 10 th St	Preservation of Affordable Housing (POAH)
North Fork	TBD



AFFORDABLE HOUSING BENCHMARKING



ALABAMA

Auburn University

CALIFORNIA

Stanford University
University of California
San Diego
University of Southern
California

COLORADO

Colorado State University
University of Colorado
Boulder

IDAHO

Boise State University

ILLINOIS

Northwestern University

KENTUCKY

University of Kentucky

MAINE

University of Maine

MARYLAND

Johns Hopkins University
University of Maryland

MASSACHUSETTS

Harvard University
Massachusetts Institute of
Technology
Clark University

MISSISSIPPI

University of Southern
Mississippi

NEW HAMPSHIRE

Dartmouth

NEW YORK

Cornell University
University of Rochester

NORTH CAROLINA

Duke University
University of North Carolina

OHIO

Case Western Reserve
Ohio University

PENNSYLVANIA

Drexel University
University of Pennsylvania
University of Pittsburgh

TENNESSEE

University of Tennessee

VERMONT

Middlebury College

VIRGINIA

George Mason University
Howard University
Longwood University

WASHINGTON

University of Washington

WISCONSIN

Marquette University

AFFORDABLE HOUSING NEXT STEPS

- Negotiate final agreements with development partners
- Continue due diligence for sites
- Community engagement
- Entitlement process and financing
- Begin construction by 2026 at the earliest

FORBES: AMERICA'S BEST EMPLOYERS 2024

- UVA among **Best Large Employers**
- Among 600 employers with 5,000+ workers across the **US**:
 - **UVA is 73rd; UVA Health is 117th**
- Among employers based in **Virginia**:
 - **UVA is 4th; UVA Health is 17th**
- UVA is the **highest-ranking college/university in Virginia**



OPERATIONAL EFFICIENCY AND EFFECTIVENESS EFFORTS

- Commonwealth-wide Boston Consulting Group (BCG) Study (Fall 2023)
- Operational Efficiency and Effectiveness Study (In Progress)
- Accounting and Financial Reporting Optimization (In Progress)
- Commonwealth-wide JLARC Cost Efficiency Study (Spring 2024 anticipated)

NEXT STEPS (MARCH – JUNE 2024)

- Meet with units and divisions to review operating budget proposals
- Consider incremental budget requests
- BOV Finance Committee FY2025 Operating Budget Orientation
- Aggregate and finalize FY2025 operating budget for BOV consideration
- Continue Operational Efficiency and Effectiveness Study



CAVA
LIEB
VALLI
ERCA
ALLIE
SCAVA
LIEB

THANK YOU

