

November 1, 2010

TO: Faculty Senate
FROM: Jody Magliolo
Chair, All-University Finance Committee

The following information is to supplement the information the Senate received prior to Chris Casey's appearance. The following "capital expenditures" were incurred by the university in its 2010 fiscal year (per the "Executive Summary" accompanying the audited financial statements):

Potomac Park and Right of Way	\$18,158
Caruth Hall	16,523
Annette Caldwell Simmons Bldg	8,525
Phase II and IV Energy Performance Projects	2,449
Elizabeth Perkins Prothro Hall and Renovation to Perkins School	2,131
Dedman Pedestrian Mall	1,813
Meadows Museum Plaza and Sculpture Garden	<u>1,321</u>
	\$50,920

Separately, the Senate hasn't received any information about the endowment in a year or so, so some quick update points:

- 1) The Investment Committee met in September for the first time in the current fiscal year. As of August 31, the Endowment totaled \$1,084.6 million.
- 2) The return on the "Endowment Pool Composite" (all but about \$ 37 million of the above total) in the fiscal year ended May 31, 2010 was 7.8%.
- 3) "Liquidity" continues to be an extensively discussed topic at the Investment Committee meetings. Many of the endowment investments require commitment of capital over a number of years (and then capital will be returned over a number of years). Returns of capital versus requirements of capital over the next couple of years could lead to some liquidity pressure over the next couple of years. Mike Condon and his staff have extensively explored how to make sure that the can meet its spending needs. The good (and hopefully continuing news) is that the recovery in the markets have made liquidity concerns much less severe over the last year.
- 4) All the above said, relative to its long-term targets the university is under-invested in marketable equities (i.e., traded stocks) and over-invested in private equity/venture capital and real assets (oil and gas, real estate, and timber partnerships). Efforts will presumably focus on moving toward the target, subject to the constraints imposed by the previous comment.