

WILLIAM & MARY

BOARD OF VISITORS
COMMITTEE ON FINANCIAL AFFAIRS
DRAFT MINUTES
APRIL 21, 2023
ALAN B. MILLER HALL – BRINKLEY COMMONS

COMMITTEE MEMBERS PRESENT

Mr. James A. Hixon, Chair
Ms. Anne Leigh Kerr, Vice Chair
Mr. Kendrick F. Ashton, Jr.
Mr. John P. Rathbone

Ms. Laura Keehner Rigas
Dr. John B. Gilmour, faculty representative
Mr. Owen R. Williams, student representative

OTHER BOARD MEMBERS PRESENT

Mr. S. Douglas Bunch
Ms. AnnaMaria DeSalva
Mr. Stephen J. Huebner
Ms. Barbara L. Johnson
Hon. John E. Littel
Mr. C. Michael Petters

Hon. Charles E. Poston, Rector
Mr. J. E. Lincoln Saunders
Dr. Karen Kennedy Schultz
Ms. Ardine Williams
Mr. David Armstrong, faculty representative
Mr. John Cho, student representative

OTHERS PRESENT

Dr. Katherine A. Rowe, President
Dr. Peggy Agouris, Provost
Ms. Jackie Ferree, Interim Chief Operating Officer
Ms. Carrie S. Nee, University Counsel
Dr. Jeremy P. Martin, Vice President for Strategy & Innovation
Dr. D. Derek Aday, Dean and Director, Virginia Institute of Marine Science
Mr. Jacob P. Long, Assistant Vice President, Budget and Financial Planning
Ms. Melanie T. O'Dell, Assistant Vice President Financial Operations, University Controller
Mr. Steve E. Hicks, Chairman and Chief Executive Officer, Provident Resources Group
Ms. Abby Houser, Associate Budget Director
Mr. Kent Erdahl, Director Internal Audit
Mr. Dan Pisanello, Director of Facilities, Planning, Design and Construction
Mr. Sean Hughes, Interim Associate Vice President Business Services & Organizational Excellence
Ms. Teresa Belback¹, Director of Environmental Health & Safety
Ms. Pamela W. Carroll, Executive Assistant to the Chief Operating Officer
Mr. Michael J. Fox, Secretary to the Board of Visitors
Ms. Jessica L. Walton, Deputy Secretary to the Board of Visitors
Members of the President's Cabinet
William & Mary Staff and Faculty

INTRODUCTORY REMARKS

Mr. James A. Hixon, Chair, called the Committee on Financial Affairs to order at 9:00 a.m.

¹ Attended on behalf of Board Staff Liaison, Mr. Marc Kelly.

APPROVAL OF MINUTES

Mr. Hixon requested a motion to approve the Committee on Financial Affairs minutes of the February 9, 2023 meeting. Motion was made by Mr. John P. Rathbone, seconded by Mr. Kendrick F. Ashton, Jr. and approved by voice vote.

Mr. Hixon gave a brief overview of the agenda and then introduced Ms. Jackie Ferree, Interim Chief Operating Officer.

REPORT FROM INTERIM CHIEF OPERATING OFFICER

Ms. Ferree provided an update on the Public Private Partnership (P3) as it relates to the Housing & Dining Comprehensive Facilities Plan (“Housing & Dining Plan”). She said the plan is in sync with Vision 2026, gave an overview of the project schedule, and noted the following action items up for consideration by the Committee: (1) Ground Lease; (2) Contingent Support Lease; and (3) Retirement of Debt.

Ms. Ferree gave an overview of the deliverables of Phase I (West Woods 1B, West Woods 1A + Dining, and Jamestown East) of the Housing & Dining Plan. She noted the P3 partners involved in facilitating the Housing & Dining Plan, and highlighted partner Provident Resources Group (“Provident”). She said that upon the approval of the Committee and Board, William & Mary will enter into a ground lease, affiliate agreement, and management agreement with Provident. In turn, Provident will enter into a loan agreement with the City of Williamsburg Economic Development Authority. She said Provident will also enter into a development agreement with Balfour Beatty Campus Solutions, and that construction is scheduled to begin this summer and conclude by the fall of 2026. Ms. Ferree said that upon the completion of the construction, Williamsburg Properties L.L.C., a subsidiary of Provident, will take ownership of the improvements during the time of the land lease and all improvements will be managed by William & Mary.

CLOSED SESSION

Mr. Hixon moved the William & Mary Committee on Financial Affairs convene into closed session pursuant to Va. Code Sections §2.2-3711.A.29 for discussion of the terms or scope of a public contract for services related to the housing and dining master plan where discussion in open session would adversely affect the bargaining position or negotiating strategy of the university; and §2.2-3711.A.8 for consultation with legal counsel regarding W&M contract and compliance matters. The motion was seconded by Mr. Ashton and approved by roll call vote – 5-0 – conducted by Mr. Michael J. Fox, Secretary to the Board of Visitors.

At that time Committee and Board members, President, Members of the Cabinet (includes University Counsel), Members of the P3 Team, student and faculty committee and Board representatives, and Mr. Terry Gilbride² (via Zoom) entered the closed session meeting at 9:07 a.m.

RECONVENED OPEN SESSION

Following the closed session, Committee members and others returned to open session at 9:29 a.m. Mr. Hixon moved that the Committee certify by roll call vote that, to the best of each member’s knowledge, only matters lawfully exempted from the open meeting requirements under the Freedom of Information Act were discussed, and only matters identified in the motion to have the closed session were discussed. Motion was seconded by Mr. Ashton and approved by roll call vote – 5-0 – conducted by Mr. Fox.

² P3 Counsel from HodgsonRuss Attorneys

Following the closed session Ms. Ferree continued her presentation. She provided an overview of the proposed FY24 tuition and fees, and highlighted models considered during this process. Ms. Ferree gave a brief overview of the past five years in which the university held in-state tuition flat. She noted the amount of revenue lost since the beginning of FY19 by not following the Six-Year plan (\$25M), and the cumulative cost (\$31M) of state mandates to the university.

First, Ms. Ferree presented a model that would increase undergraduate tuition by 5% for both in-state and out-of-state, holding E&G fees flat, and increasing mandatory non-E&G fees by 3%. Based on this model students would see an overall impact of 4.5-4.7% based on their residency.

Ms. Ferree noted that while graduate fees were brought to the Committee and Board in November, the market study for Online Counselor Education Program was still in progress. To bring this program inline with the market, and to ensure the program can operate within faculty to student ratios, the recommendation is to increase the credit hour from \$665 to \$825.

Ms. Ferree presented the FY24 proposed operating budget, which used the tuition & fee model previously mentioned. Under this model revenues will increase by 4.5% whereas expenditures will increase by 4.9%. Ms. Ferree continued her presentation by showing the major expense drivers (state mandates, inflation, financial aid) of the university. She noted that the state mandated salary increases, and fringe benefits, result in a \$20.9M increase in expenditures for which the state only provides \$5.4M, and a \$6.9M increase in inflation (utilities) and financial aid. Ms. Ferree said that these expenses leave a shortfall of \$22.4M.

A lengthy discussion ensued regarding the FY24 undergraduate tuition and fees, alternative options, and the net impact on in-state and out-of-state students.

Mr. Hixon introduced, **Resolution 21-R (appended)**, FY24 W&M Tuition & Fees Proposal. The revised resolution would increase in-state tuition by 4.7% and out-of-state by 4.9%, hold E&G fees flat and increase mandatory non-E&G fees by 3.9%. President Rowe told the Board if they wanted to lower these numbers, some investments would need to be deferred.

The discussion continued regarding tuition and fees, in-state and out-of-state tuition and the ability to continue to offer a quality education.

Mr. Owen R. Williams, student representative, thanked the Board and administration for the work done over the last five years to keep tuition flat. He said that without information students do not support the increase in tuition and fees, given the already high cost of obtaining education. However, when students understand the strain of state mandates and inflation on the university, and the threat that this poses to a William & Mary education, they believe these increases are appropriate to protect the health and prestige of the institution. Mr. Williams added that a quality education was and is the top priority of students. Lastly, he thanked Dr. Jeremy P. Martin, Vice President for Strategy & Innovation, and Ms. Jackie Ferree, Interim Chief Operating Officer for educating the student body on the university's financial processes.

ACTION ITEM

Mr. Hixon brought forth **Resolution 19**, Authorization to Execute Ground Lease, Contingent Support Lease and Retire Existing Debt and asked for a motion. Motion was made by Mr. Rathbone, seconded by Ms. Laura Keehner Rigas, and approved by voice vote.

Mr. Hixon brought forth **Resolution 20**, FY24 VIMS Operating Budget Proposal and asked for a motion. Motion was made by Mr. Rathbone, seconded by Mr. Ashton, and approved by voice vote.

Mr. Hixon brought forth **Resolution 21-R**, FY24 W&M Tuition & Fees Proposal, and asked for a motion. Motion was made by Mr. Rathbone and seconded by Ms. Anne Leigh Kerr. Prior to the vote Ms. Kerr made a substitute motion to amend **Resolution 21-R**. The amendment would change the proposed in-state tuition from 4.5% to 4.0% and out-of-state tuition from 4.7% to 5.4%. This would in turn modify the Total FY24 increase of tuition plus mandatory fees for in-state students from 4.5% to 4.0% and out-of-state students from 4.7% to 5.1%. The motion to amend was seconded by Ms. Rigas.

Mr. Hixon asked for comments. Ms. Kerr explained her reasoning for the proposed amendment.

The motion to amend failed by a voice vote of 2-3. The motion to approve **Resolution 21-R**, as presented, was approved by a voice vote of 3-2.

Mr. Hixon brought forth **Resolution 22**, FY24 W&M Operating Budget Proposal, and asked for a motion. Motion was made by Mr. Rathbone, seconded by Mr. Ashton and approved by voice vote.

Mr. Hixon brought forth **Resolution 23**, Long-Term Tuition Policy, and asked for comments. President Rowe said that William & Mary's focus is predictability and has been since the inception of the Promise. She said the intent of the resolution is to provide predictability moving forward and provide a framework to move.

A discussion ensued regarding the implication of such a resolution on the future action of the Board. Mr. Charles E. Poston, Rector, clarified that the resolution is a policy statement that can be altered by the Board at any time.

Following the discussion, Mr. Poston recommended that the committee table the resolution until the Board's retreat. President Rowe supported tabling the resolution and said she looks forward to working with the Board to develop a philosophy and formula that will provide predictability for students, their families and the university. Mr. Hixon tabled **Resolution 23**.

ADJOURNMENT

There being no further business, Mr. Hixon thanked the group for the discussion and adjourned the meeting at 10:27 a.m.