President's Advisory Council Meeting

November 18, 2025

Location: Stallard Ballroom

In attendance: President Taylor Reveley, Drs. Lee Bidwell, Ronda Walker, Haley Woznyj, Carl Harvey, Jennifer Hutchinson, and JoEllen Pederson

Lee started the meeting with a discussion about what faculty are excited about right now:

- Research and Creative Inquiry Day
- Homecoming weekend

Longwood University Relationship with Affiliated Nonprofit Entities & LU's Bond Rating

- Please explain Longwood University's relationship with affiliated nonprofit entities such as the Longwood Foundation, the Real Estate Foundation, and any others connected to the institution.
    - Specifically, how do these organizations support the University's mission, and in what ways does Longwood borrow or receive financing through them? We are particularly interested in understanding how those financial arrangements work and how they differ from more traditional forms of university borrowing or state funding.
- We are asking because a report published by S&P July 29, 2025 states that the LU Real Estate Foundations' bond rating was lowered from low-investment-grade ("BBB-") to speculative ("BB+") for the following reasons:
    - Enrollment declines at LU, which reduce the university's capacity to support the housing projects financially;
    - Weakened reserves at the LU Real Estate foundation, including the use of the rent stabilization fund during fiscal 2024;
    - High debt levels for the housing projects, which leave limited financial flexibility.
- What are the short- and long-term implications of the lowered bond ratings for the University's overall financial health?

President Reveley said that the university has four main 501(c)(3) entities, which is a typical number of 501(c)(3) entities for a public institution for our size. As a comparison, UVA has several dozen, and William & Mary has about 10. Some schools have only one, which can cause some complicated financial issues. Having 4 is a good approach. Each of our 501(c)(3) entities has its own board. Universities have these entities because if something goes sideways, the problem is contained in one particular area, rather than affecting the totality of the university. For instance, if the number of students declines and dorms aren't filled, the financial problems that might result will stay within the Real Estate Foundation, rather than affecting the university as a whole.

The president explained the four entities. The first is the Alumni Association, which is the oldest (dating back to the late 1800s) and most straightforward. There's not a lot of financial activity in this association, but there is a lot of "person" activity – e.g., homecoming was facilitated through the alumni association. Lee asked how they are funded. The President replied that there aren't dues, but it's a mixture of a little philanthropic money and fees from event attendance.

The second entity, which dates back to the 1950s, is the Longwood University Foundation. Its primary function is to the endowment (i.e., managing the investment of the gifts that come in). It also handles the university side of things to distribute scholarships. President Reveley noted that Longwood didn't start to raise money in a consequential way until the 1960s, so the endowment is a real success story – it has grown from $0 in 50s/60s to $117 million as of this week. It was just over $70 million right before COVID.

Third, the trust is the philanthropic receiving vehicle for the university. When a gift comes in, it sorts through the funds and makes sure the money gets to the right spot. On any given day, it might have a lot of money before it gets dispersed, but it doesn't have long-term assets.

Finally, there is the Real Estate Foundation (REF), which is about 20 years old. It's a fairly common approach for public higher education institutions to have an REF. It was created from the General Assembly and the Attorney General's office in the state. It's the most complex entity of the four. It's chaired by John Daniel, who served as the Secretary of Natural Resources for the state, but it doesn't have employees of its own. The REF was the one entity that was most stressed during COVID. The REF is essentially the private manager of Longwood University housing. It is the building supervisor for all residence halls, Lancer Park (which it owns outright). Longwood University leases space from the REF, then the REF makes a payment back to LU for RAs, some LUPD expenses, and other services. When something needs to be fixed really quickly, the REF can step in, because the state usually can't operate quickly enough. There are meaningful chunks of cash that flow back and forth between the REF and Longwood.

The REF will issue bonds to renovate a building or even handle a bigger maintenance issue but hasn't done so in a while. The bond rating is a private rating for the REF rather than it being a public rating. He noted that the rating isn't something he's closely thought about in a while.

Lee asked the President to clarify that the lowered bond rating has no bearing on our financial health because we're not in the market to issue more bonds. President Reveley agreed and explained that S&P (who issued the REF bond rating) has a bleak view of higher education right now, and the rating is a reflection of that. The rating doesn't have any bearing on anything that REF or the university is working on right now. Further, the President explained that ratings are rearward-looking rather than forward-looking. When S&P issued the rating, we didn't have the full picture of how last year's admission cycle would play out. When you look at the number of students in Longwood housing (REF's business), it was down as low as 1900 students in Fall 2021. Since then, we're back up to a good number at just over 2,400 students.

The President explained that the bonds and debt that REF are different from the bonds/debt that Longwood University has. The university is conscious of paying down its own bonds and debt, which was as high as $70 million 10 years ago and will be about $30 million at the end of this fiscal year. On the other hand, the REF has about $300 million in assets and about that much in debt, with no plans now to issue new debt.

Lee asked where the $300 million in debt came from. President Reveley stated that rather than borrowing money in the way that a household or small business would (i.e., borrow a loan from a bank), nonprofit entities and state governments, for example, more typically issue bonds. It's an involved process with a lot of regulation, weighing of pros and cons of a project, etc., lawyers, and bond issuers. President Reveley said that the most recent time REF issued bonds was during in COVID, and the time before that was in 2017. Issuing bonds is a 9 month to 14-month horizon from the proposal of a project that might make sense to the issuance of the bond to the capital market.

Lee asked what we were paying for with those bonds. President Reveley said the renovations for Moss and Johns, and Lancer Park. The state issues bonds all the time. When the new music building gets under construction, we won't be in the middle of issuance of bond debt. The state will just give the money. On the back end, however, the state is pooling that money with other projects and issuing bonds related to it, and then pushing the proceeds from those bonds to us.

Lee asked if we can borrow money from these entities. President Reveley said we can, in theory, but we don't. Gifts are placed with LUF. We've worked to make sure that that cash and liquidity is available on the university side when it's necessary. The local accounts situation from a couple of summers ago would have been avoided if we had gifts available for short term uses. The university doesn't borrow from any foundations, though the REF and the university have lot of financial activity back and forth each year.

President Reveley noted that there are a few different metrics to look at to see how we're doing. Enrollment is a pure barometer for how things are going, though what's considered a student can be counted in a lot of different ways. Retention takes some explaining, particularly if it bounces up and down. Then there's the endowment. Finally, there's net assets or net positions, which is everything a place has and compared to everything it owes. The President explained that we made it through a terrible situation (COVID). Our total enrollment is up compared to the fall before COVID. Looking at pure undergrad enrollment, it's moving in the right direction. The endowment is up in a good way. Retention is steady and showing signs of getting better. Our net assets before COVID was about $230 million and we'll end 2026 well above over $300 mill, so it's also moving in the right direction.

Lee clarified how we might use money from these entities. She stated hypothetically if we're waiting for tuition to come in (which comes in in waves), and we have expenses we need to cover, we can take money to cover the expenses, and then we reimburse what we took. President Reveley said it can work this way. Lee asked if we have to pay interest. The President said we don't. Although, when we take philanthropic dollars from LUF, we pay interest on that because he thought that was a good thing to do.

Carl asked if there were benchmarks that the President is looking for with the endowment. The President explained that the invested portion of the endowment kicks off a yield each year of around 4%, which is used for scholarships. The investment earnings are well above what's needed for scholarships, so the endowment is growing organically, and gifts are being added to it. Longwood has been fundraising in earnest for about a generation. As a comparison, W&M's endowment crossed $100 million in the early 90s. Just a few years ago, they celebrated reaching $1 billion. Over a generation, the organic investment growth plus additional gifts has gotten W&M to a place where they can absorb any number of punches. In a generation from now, that's the way things could develop for us.

Like individual wealth, endowments work where the more you have, the quicker it turns into more and more money, which is a good thing for institutions. It took a lot of work to get to $100 million, but $200 million might come a little easier (but still will take work). In a slow year, we raise $10 million and in a good year, it's close to $20 million. Some of those monies are used for immediate needs, but half of it is going into the endowment. Endowments are a basic source of strength for the farther future for universities. A metric to look at is endowment per student – ours is about $22,000 or so, which is quite good compared to other institutions.

President Reveley stated that public universities are some of the most financially complex clocks on earth.

Campus Building Plans

- What does the University plan to do with the empty dorms (ARC Hall, Cox, and South Rotunda)?
- What is the status of the Longwood Village property?
- What are the future plans for Wygal?

President Reveley stated that Cox will almost certainly be back online next fall. ARC needs some TLC, which is on the 2-3 year horizon. It became the quarantine building during COVID and has not received a lot of attention since then. It would be the next to come back online if current trends hold. The Rotunda is more interesting. At one point, Tabb, which currently houses athletics, was housing and South Tabb was housing, but it hasn't been open since the early 2000s. There could be the potential to renovate South Tabb, South Rotunda, and possibly Tabb itself to have those as student housing, which would revitalize the northern part of campus by High Street. There would have to be lots of thinking that goes into it, and it is a dream down the line.

President Reveley explained that the vision for Longwood Village was to turn it into affordable housing for teachers and nurses, and such. But, it ran into a variety of voices, opposition, and zoning complications. The REF is working through getting it sold, which will likely happen in the next year or two.

As for Wygal, the President explained that the next step will be to get an idea of how sound the bones of the building are. The general sentiment is that it's not great as a music building, but the structure could be rehabilitated in some other way with the right kind of TLC when things like acoustics don't need to be considered. It could certainly be an academic building in its next incarnation. The question will become, do we rehabilitate the structure as it stands, or do something new there? This is a longer-term horizon (more than 5 years) project to consider.

The President also mentioned that there's a parking lot between Wygal and the library that could lend itself to a bigger building down the line.

Carl asked if there will be more parking on the north side of campus with the new music building. The President explained that the state is thinking about the future of parking. Structured parking (garages) are typically built and financed in a way that they end up financing themselves from the fees to use the garage. The state is thinking about what the state of parking will look like with driverless cars – a parking garage would be one of the things that driverless cars could fundamentally alter the business model of.

President Reveley suggested that day-to-day parking (i.e., during the day) will be something that we need to fine-tune to figure out. We've lost some spots already, and we're adding people to that part of campus. Big event parking has worked out okay with the JPB events. Haley asked about coordinating events at the new music building with events at JPB so that the current parking options aren't overwhelmed. President Reveley agreed that it will be important to do.

The President also noted that he has future plans to try and get state funding to renovate the library.

Improving Faculty & Staff Recruitment and Retention with Tuition Waivers

- We would like to discuss the possibility of offering a tuition waiver for the children of Longwood faculty and staff. Such a benefit could help recruit and retain faculty and staff and also increase enrollment at LU.

President Reveley noted that Longwood currently offers a discount on the comprehensive fee to students of faculty and staff. Although this suggestion has been brought up before, he hasn't looked at it in a while. He said that it's worth freshly thinking through what kind of arrangements we could make on this front, between tuition, fees, housing, and dining. He cautioned that there are a lot of statutory intricacies that would go into it. A good first step would be to look at how many children of faculty/staff are enrolled currently. Lee expressed appreciation for at least having a conversation about it. It could be helpful on multiple fronts with faculty retention and enrollment.

Communicating Parking Closures and Campus Events

- Could we get notified a week in advance about all upcoming parking lot closures scheduled for the next week?
- Also, can we get a weekly email about upcoming campus events?

President Reveley lamented that this is a longstanding vexation that he hasn't been able to figure out yet. He suggested trying to create a one-stop shop somewhere for this type of information. He also suggested trying to develop a human-curated list of interesting things that are happening, and perhaps including events that Hampden Sydney and/or the town are offering as well.

Questions for us?

The President ended by stating that in the midst of the profoundly strange world that surrounds us, it's nice that things here are continuing to motor in the right direction. Applications, although different from deposits, are looking good. We have a big open house ahead of the December application cycle.