REPORT OF THE FINANCE COMMITTEE

2014-2015 Projected Revenues and Expenditures

As earlier reported to the Board of Trustees in December, 2014, the university’s operations for the fiscal year 2014-15 were projected to result in a Deficit of $1.2 million.

However, at this point in time, March 2015, we are projecting that the university will have a break even operation or a small surplus.

Because there have been swings in both Revenues and Expenditures since December, the university has taken steps to continue to minimize the earlier anticipated deficit. Through the cooperation of all of the Vice Presidents, adjustments are being made within their respective budgets to expend no more than previously projected, less if possible, and using restricted funds to offset expenses where possible.

We have conservatively estimated Summer School revenue and expenditures which will come to fruition after the May Board meeting.

In summary, the university is projected to end the fiscal year with a break even operation or a small surplus. We will maintain a 9.17% draw on the Endowment.
REPORT OF THE FINANCE COMMITTEE

Kenner Land Sale

The Resolution passed by the Board in December, 2013 to sell the remaining tract of the Kenner Land for $3,000,000 has come to fruition on February 13, 2015. As per the resolution, the sale of this land will offset the purchase of Saint Mary’s from the Dominican Sisters. The resolution follows this narrative for you information.
RESOLUTION
THE BOARD OF TRUSTEES
OF
LOYOLA UNIVERSITY NEW ORLEANS

AUTHORITY TO SELL

KENNER PROPERTY

WHEREAS, Loyola University New Orleans is a Louisiana nonprofit corporation duly organized and validly existing under and pursuant to the laws of the State of Louisiana (the "University"); and

WHEREAS, the Board of Trustees of the University (the "Board") is the governing body of the University; and

WHEREAS, pursuant to the Board bylaws Article XII, Section 2(J) the Board is authorized to acquire and dispose of all property and physical facilities, including the construction of new buildings, and capital renovations and repairs of existing buildings; and

WHEREAS, the University is in the process of negotiating the sale of the vacant tract of land forming the N.W. corner of Williams Boulevard and Joe Yenni Boulevard and described as Parcel D3-A1-A, City of Kenner, Jefferson Parish, Louisiana and containing approximately 7.581 acres (hereinafter “Kenner Property”); and

WHEREAS, pursuant to an independent appraisal the property was appraised at three million dollars ($3,000,000.00) and the University has received an offer of three million dollars ($3,000,000.00); and

WHEREAS, there will be a forty-five (45) day inspection period post agreement and the University must close within thirty (30) days of receipt of the Purchase Agreement; and

WHEREAS, the above-referenced legal description is an Endowment asset; and the University requests approval to deposit the proceeds into the Endowment fund; and

NOW THEREFORE BE IT RESOLVED, the University requests approval to sell the property for three million dollars ($3,000,000.00), plus Seller’s closing costs and related fees; and
IN WITNESS WHEREOF, the University has caused this document to be signed by its duly authorized officer, and the Trustee has accepted this amendment, on the date before written, at New Orleans, Louisiana.

BE IT KNOWN, that on the ____________ day of ______________________, 2013, the undersigned personally came and appeared:

______________________________
Peter Rogers, S.J.
Secretary, Board of Trustees
LOYOLA UNIVERSITY NEW ORLEANS
FINANCE COMMITTEE
REPORT OF THE ENDOWMENT SUB COMMITTEE

Endowment Update

2014 can be best described as a year of divergence with regard to asset class returns. While U.S. stocks (+13.7%) enjoyed a good year on the heels of better-than-expected economic growth and improving employment conditions, such success was not experienced overseas. For the calendar year ending December 31st, Developed International stocks and Emerging Markets stocks declined 4.9% and 2.2% respectively. Interestingly, the vast majority of this weakness was the result of strong appreciation in the U.S. Dollar, as Developed International and Emerging Markets actually generated positive returns during the year when viewed in local currency terms. Historic evidence shows that divergence in currency returns does not persist over the long-term, however it did make 2014 a less prosperous year for U.S. investors like Loyola, who are invested internationally. Despite record low interest rates and forecasts for Fed tightening going into 2014, the U.S. Fixed Income markets delivered a 6.0% return, surprising most pundits and market experts.

During the 2014 calendar year, Loyola’s Endowment returned 3.5% net-of-fees and ended the year with a market value of $271.9M. The underlying Unrestricted and Restricted Pools returned 2.9% and 4.5% respectively, modestly trailing their benchmarks. The market value for the Unrestricted Pool was $158.8 million as of December 31, 2014, whereas the value of the Restricted Pool stood at $113.1 million at year-end.

Underperformance relative to the benchmarks last year can be largely attributed to Loyola’s Domestic Equity and Fixed Income portfolios, both of which proved to be difficult asset classes for active investment management strategies in general. Given current valuations on U.S. Equities and Fixed Income, the portfolio remains well-diversified and conservatively positioned in both areas, which we believe should lead to outperformance in the long run.

As of December 2014, Loyola’s Unrestricted Pool was invested as follows: 72% in Equities, 24% in Cash/Fixed Income and 4% in Real Assets. At year-end, the Restricted Pool had 69% in Equities and 31% in Cash/Fixed Income.

During the year, the Committee spent considerable time working with Loyola’s investment consultant to fill out Private Capital allocations within the Unrestricted Pool. Commitments were made to two new Private Equity managers, one Private Natural Resources partnership as well as a “Special Situations” strategy designed to capitalize on Distressed opportunities within Europe. Other notable activity during the year included the replacement of PIMCO within the Endowment’s Fixed Income portfolio, which gave us cause for concern after several well-publicized, high-level employee departures at the firm.

With our long-term horizon, the Finance Committee will continue to make financial decisions that we believe will benefit Loyola for years to come. Manager performance and asset allocation will be regularly monitored and evaluated with prudence as Loyola’s needs and market conditions evolve.
FINANCE COMMITTEE
REPORT OF THE FACILITIES SUB COMMITTEE

Construction Project Updates Through January 31, 2015

Monroe Hall
- All interior portions of Monroe Hall have been released from the contractor for occupancy by Loyola University.
- The LA State Fire Marshall has completed his final inspection and has granted a final Certificate of Occupancy for the entire building.
- Nunemaker Auditorium has been opened for use by the University.
- All departments, except Theatre Arts and Dance and Art and Design, have been moved into their permanent spaces. Furniture delivery for all occupied spaces is complete. The last two departments are scheduled to move at the end of the Spring semester, during the summer.
- Punch out items are being addressed through a collective effort of the Architects, contractor, and Loyola representatives.
- Exterior site work continues in the construction yard and Loyola Street. Loyola Street repaving is ongoing in the interior of the campus where utility work required demolition. Contractor storage containers and materials are being removed from the lay-down yard.
- Final brick cleaning is ongoing.
- The temporary trailers for Purchasing/Central Receiving and for the academic offices in the Mercy Hall parking lot are being removed.
- Resurfacing of the Mercy Parking lot and of Marquette Place between Calhoun and Palmer is being coordinated.

Tom Benson Jesuit Center
- Loyola University has applied for and received a Demolition Permit from the City Of New Orleans.
- Demolition is scheduled to begin after The President’s Open House (Saturday, March 14, 2015).