

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS
MEETING OF THE
FINANCE COMMITTEE
OCTOBER 5, 2000**

FINANCE COMMITTEE

Thursday, October 5, 2000
10:15 - 11:30 a.m.
Board Room, The Rotunda

Committee Members:

William H. Goodwin, Jr., Chair
Charles L. Glazer
Timothy B. Robertson
Walter F. Walker
James C. Wheat, III
Joseph E. Wolfe
John P. Ackerly, III, Ex Officio

AGENDA

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BOARD OF VISITORS CONSENT AGENDA

REVISIONS TO PERMANENT UNIVERSITY IMPLEMENTING PROCEDURES FOR MEDICAL CENTER PROCUREMENTS: Approves revisions to the permanent University implementing procedures for Medical Center procurements to correct outdated titles and terminology, increase the threshold for small procurements and sole-source justifications from \$30,000 to \$50,000, and provide for emergency procurement authority.

One of the recommendations of Lane Kneedler and Walter Marston in their Report on the Relationship between the Commonwealth of Virginia and Academic Medical Centers was to determine if the implementation and delegation of codified autonomy at each operational level was appropriate. In follow up, a committee of administrators reviewed the Board Policy Statement and Permanent University Implementing Procedures for Medical Center Procurements. In addition to changes in titles and terminology that are outdated, the committee recommended two substantive changes to the Permanent Implementing Procedures to increase efficiency and bring the authority of procuring officials in line with state laws on purchasing that govern non-Medical Center purchasing. The first change is to increase the threshold for small procurements and sole-source justifications from \$30,000 to \$50,000. The second change is to provide for emergency procurements without competitive bidding and negotiation, if a written determination of the basis for the emergency and for the selection of the contractor is submitted by the requestor to the Chief Administrative Officer. "Emergency" is defined as "an occurrence of a serious or urgent nature that demands immediate action." The revised procedures can be found on page 49, as Attachment A.

ACTION REQUIRED: Approval by the Finance Committee and the Board of Visitors

APPROVAL OF REVISIONS TO THE PERMANENT UNIVERSITY IMPLEMENTING PROCEDURES FOR MEDICAL CENTER PROCUREMENTS

RESOLVED that the Permanent University Implementing Procedures for Medical Center Procurements are revised (see Attachment A) to correct outdated titles and terminology, increase the threshold for small procurements and sole-source justifications from \$30,000 to \$50,000, and provide for emergency procurement authority.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: October 5, 2000

COMMITTEE: Finance

AGENDA ITEM: II.A. Bond Issuance, Monroe Lane Residence
Hall

BACKGROUND: The 2000 Session of the General Assembly approved the Monroe Lane Student Residence Hall project, replacing the Gildersleeve Apartment building with a larger, more flexible student residence facility. The new building will house 80 students and provide space for faculty/advisor apartments, kitchen and dining areas, meeting rooms and lounges. The project budget is \$7.0 million, with \$4.8 million financed by bonds and \$2.2 million by housing revenues. The Board approved the project's preliminary design on June 17, 2000. Construction is scheduled to begin in February 2001 and will be completed by July 2002.

DISCUSSION: The project was authorized by the General Assembly with financing by Self-Supporting General Obligation Bonds pursuant to Article X, Section 9(c) of the Constitution of Virginia. The Virginia Department of Treasury anticipates that the bonds will be issued next year. While the intent to issue resolution for "9(c)" projects is prepared by the Department of Treasury and approved by the Commonwealth, the Board of Visitors must approve the issuance resolution prior to issuance of the bonds or any bond anticipation notes.

ACTION REQUIRED: Approval by the Finance Committee and the Board of Visitors.

APPROVAL OF BOND ISSUANCE FOR MONROE LANE RESIDENCE HALL

WHEREAS, the General Assembly of Virginia passed an act entitled "Commonwealth of Virginia Higher Educational Institutions Bond Act of 2000" (the "2000 Act") which has been or is expected to be signed by the Governor; and

WHEREAS, the 2000 Act may be repealed but the Project, as defined below, continues as an authorized project for bond financing through subsequent legislation (the 2000 Act and any such subsequent legislation, the "Act"); and

WHEREAS, pursuant to the Act, the Treasury Board of the Commonwealth of Virginia (the "Treasury Board") is authorized, by and with the consent of the Governor, to sell and issue bonds or bond anticipation notes of the Commonwealth of Virginia for the purpose of providing funds, with other available funds, for paying the cost of acquiring, constructing, renovating, enlarging, improving and equipping certain revenue-producing capital projects at certain institutions of higher learning of the Commonwealth and for paying issuance costs, reserve funds and other financing expenses (the "Financing Expenses"), all in accordance with the provisions of Section 9(c) of Article X of the Constitution of Virginia; and

WHEREAS, such revenue-producing capital projects include the Monroe Lane Student Residence Hall, Capital Outlay Project Number 16385 (the "Project") for the University of Virginia (the "Institution"); and

WHEREAS, the Treasury Board is proposing to sell and issue bonds or bond anticipation notes pursuant to the Act for such revenue-producing capital projects, in one or more series;

RESOLVED that:

Section 1. The Board of Visitors of the Institution (the "Board") requests the Treasury Board to sell and issue bonds or bond anticipation notes ("BAN's") in an aggregate principal amount not to exceed \$4,800,000 to finance all or a portion of the costs of the Project plus Financing Expenses (individually, the "Project Bonds" or "Project Notes," collectively, the "Project Borrowing"). The Project Borrowing will be identified by amount by the State Treasurer upon issuance of any bonds or BAN's.

Section 2. The Board (a) covenants to fix, revise, charge and collect a housing fee and other rates, fees and charges, for or in connection with the use, occupation and services of the Project and (b) pledges such rates, fees and charges remaining after payment of (i) the expenses of operating the Project and (ii) the expenses related to all other activities funded by the housing fee ("Net Revenues") to the payment of the principal of, premium, if any, and interest on the Project Borrowing. The Board further covenants that it will fix, revise, charge and collect such rates, fees and charges in such amounts so that Net Revenues will at all times be sufficient to pay, when due, the principal of, premium, if any, and interest on the Project Borrowing and on any other obligations secured by Net Revenues

(such payments collectively the "Required Payments"). The Project Borrowing shall be secured on a parity with such other obligations so secured by Net Revenues (other than any obligations secured by a prior right in Net Revenues). Any Net Revenues pledged herein in excess of the Required Payments may be used by the Institution for any other lawful purpose.

Section 3. It is hereby found, determined and declared that, based upon responsible engineering and economic estimates and advice of appropriate officials of the Institution, as shown on the Financial Feasibility Study, the anticipated Net Revenues pledged herein will be sufficient to pay the Required Payments so long as the aggregate amount of net debt service on the Project Borrowing actually payable in any bond year does not exceed the amounts assumed in the Financial Feasibility Study.

Section 4. The Board covenants that the Institution will furnish the Treasury Board its general purpose financial statements, within 30 days of their issuance and receipt, audited by a firm of certified public accountants or the Auditor of Public Accounts which shall include a schedule of revenues and expenditures for auxiliary enterprise systems. If Net Revenues are insufficient to pay Required Payments during such period, the Institution shall provide evidence of a plan to generate Net Revenues sufficient to make Required Payments in the future.

Section 5. The Board covenants that so long as any of the Project Notes are outstanding, the Institution will pay to the State Treasurer, not less than 30 days before each interest payment date, an amount estimated by the State Treasurer to be due and payable on such date as interest on the Project Notes. The Board covenants that so long as any of the Project Bonds are outstanding, the Institution will pay to the State Treasurer, not less than 30 days before each interest or principal payment date, the amount certified by the State Treasurer to be due and payable on such date as principal of, premium, if any, and interest on the Project Bonds.

Section 6. The Board hereby approves and authorizes its Executive Vice President and Chief Operating Officer (officer) to execute and deliver on behalf of the Institution the Payment Agreement, to be completed with such changes as the officer of the Institution executing such Payment Agreement determines to be appropriate and in the best interest of the Institution.

Section 7. The Board covenants that the Institution will pay from time to time its proportionate share of all expenses incurred in connection with the sale and issuance of any series of bonds that includes Project Bonds or Project Notes and all expenses thereafter incurred in connection with the Bonds, including without limitation the expense of calculating any rebate to the United States of the earnings derived from the investment of gross proceeds of the Bonds, all as certified by the State Treasurer to the Institution.

Section 8. The Board covenants that the Institution will not take or omit to take any action the taking or omission of which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, including regulations issued pursuant thereto (the "Code"), or otherwise cause interest on the Bonds to be includable in the gross income of the owners thereof for federal income tax purposes under existing laws. Without limiting the generality of the foregoing, the Institution will pay from time to time its proportional share of any rebate to the United States of the earnings derived from the investment of the gross proceeds of the Bonds.

Section 9. The Board covenants that the Institution will proceed with due diligence to undertake and complete the Project and that the Institution will spend all of the available proceeds derived from the sale of the Project Borrowing for costs associated with the Project and appropriated for the Project by the General Assembly.

Section 10. The Board covenants that the Institution will not permit the proceeds of the Project Borrowing to be used in any manner that would result in (a) 5 percent or more of such proceeds being used in a trade or business carried on by any person other than a governmental unit, as provided in Section 141(b) of the Code, (b) 5 percent or more of such proceeds being used with respect to any output facility within the meaning of Section 141(b)(4) of the Code, or (c) 5 percent or more of such proceeds being used directly or indirectly to make or finance loans to any persons other than a governmental unit, as provided in Section 141(c) of the Code. The Institution need not comply with such covenants if the Institution obtains the written approval of the State Treasurer and an opinion of nationally recognized bond counsel acceptable to the Treasury Board that such covenants need not be complied with to prevent the interest on the Bonds from being includable in the gross income of the owners thereof for federal income tax purposes.

Section 11. The Board covenants that for so long as any of the Bonds are outstanding the Institution will not enter into any operating lease, management contract or similar agreement with any person or entity, other than a state or local governmental unit, for all or any portion of the Project without first obtaining the written approval of the State Treasurer and an opinion of nationally recognized bond counsel acceptable to the Treasury Board that entering into such agreement will not cause the interest on the Bonds to be included in the gross income of the owners thereof for federal income tax purposes.

Section 12. The Board covenants that for so long as any of the Bonds are outstanding, the Institution will not sell or dispose of any or any part of the Project without first obtaining the written approval of the State Treasurer and an opinion of nationally recognized bond counsel acceptable to the Treasury Board that such sale or disposition will not cause interest on the Bonds to be included in the gross income of the owners thereof for federal income tax purposes.

Section 13. The officers of the Institution are authorized and directed to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the sale and issuance of the Bonds.

Section 14. The Board acknowledges that the Treasury Board will rely on the representations and covenants set forth herein in issuing the Bonds, that such covenants are critical to the security for the Bonds and the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, that the Board will not repeal, revoke, rescind or amend any of such covenants without first obtaining the written approval of the Treasury Board, and that such covenants will be binding upon the Board so long as any of the Bonds are outstanding.

Section 15. This resolution shall take effect immediately.

UNIVERSITY OF VIRGINIA
FISCAL IMPACT STATEMENT

PROJECT/PROPOSED BOARD OF VISITORS ACTION: Bond Issuance -
Monroe Lane Student Residence Hall

DESCRIPTION: The Monroe Lane Student Residence Hall is the new International Language House. As it is a 9(c) project to be supported by revenues, the Commonwealth has assumed the task of declaring an intent to issue bonds. Board approval is sought for the actual bond issuance on this project.

BACKGROUND:

Architect Selection:	May, 1998
Project Approval:	November, 1999
Architectural Guideline Approval:	February, 2000
Schematic Design Approval:	April, 2000
Design Approval:	June, 2000
Demolition Commencement:	July, 2000

FISCAL IMPACT:

Project Financing

Bonds:	\$4,800,000
Housing Reserve Fund:	<u>\$2,200,000</u>
Total:	\$7,000,000

Operations

Revenue (Room and Board):	\$ 213,000
less: Debt Service:	\$ (410,000)
less: Operating Expenses:	<u>\$ (75,000)</u>
Required Subsidy from Housing Revenues:	\$ 272,000

The Housing Division has sufficient resources to cover the anticipated operating deficiencies.

CONCLUSION: The Board should approve the bond issuance on the Monroe Lane Student Residence project.

RECOMMEND APPROVAL OF BOARD ACTION:

Leonard W. Sandridge
October 5, 2000

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UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: October 5, 2000

COMMITTEE: Finance

AGENDA ITEM: II.B. Institutional Performance Agreement

BACKGROUND: In its final report, the Governor's Blue Ribbon Commission on Higher Education recommended that the Commonwealth move toward a system of institutional performance agreements that address major funding, quality and accountability issues on an institution-specific basis. In his budget as introduced, the Governor outlined a process by which institutions of higher education would develop and negotiate an Institutional Performance Agreement (IPA) with appropriate state officials. The General Assembly modified the provision to call instead for a progress report on institutions' strategic plans emphasizing quality, access, accountability and affordability. The Secretary of Education will report to the House Appropriations and Senate Finance Committees on the institutional strategic plans and include in that report a recommendation on which institutions are ready to move from the strategic plan to the institutional performance agreement.

In early June, Secretary Bryant contacted the rectors and presidents of each public institution and asked them to notify him of their interest in developing an IPA. The University had already indicated its interest in serving as a pilot institution for this program. On July 27, 2000, we were notified that we had been selected to develop an IPA this fall. The final product is to be submitted to the Secretary of Education by October 6, 2000. The Rector asked Gordon Rainey and Tim Robertson, as members of the Blue Ribbon Commission, to work with the administration in preparing the IPA.

DISCUSSION: The Board of Visitors was sent an outline of the IPA on August 31, 2000. A draft of the document was sent to Board Members on September 22, 2000. Since the agreement must be in Richmond on October 6, we have requested feedback from Board members prior to the October meeting. During the meeting we will summarize the major points in the IPA and have a general discussion of the agreement.

Due to the evolving nature of the IPA document, a completed fiscal impact statement is not yet available as of this mailing. We will incorporate Board member feedback into the IPA and fiscal impact statement, which will be distributed to the Board at its October 5 meeting.

ACTION REQUIRED: Approval by the Finance Committee and the Board of Visitors.

APPROVAL OF INSTITUTIONAL PERFORMANCE AGREEMENT

WHEREAS, item 131 of the 2000 Appropriation Act requires the Secretary of Education to recommend to the Chairmen of the Senate Finance Committee and House Appropriations Committee those institutions that are ready to proceed with an institutional performance agreement (IPA) by December 1, 2000; and

WHEREAS, in order to facilitate his recommendation on July 27, 2000 the Secretary of Education asked the University to develop an IPA; and

WHEREAS, the University has developed an IPA according to the guidance provided by the Secretary of Education;

RESOLVED, that the IPA is approved subject to further modifications during the negotiation process with the Secretary of Education;

RESOLVED FURTHER, that the President and the Executive Vice President and Chief Operating Officer are hereby authorized to amend the IPA during the negotiation process in consultation with the members of the Board of Visitors who also were members of the Governor's Blue Ribbon Commission on Higher Education.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: October 5, 2000

COMMITTEE: Finance

AGENDA ITEM: III.A. Endowment Report

ACTION REQUIRED: None

Market Value and Performance as of August 31, 2000

BACKGROUND: The Rector and Visitors of the University, particularly the University of Virginia Investment Management Company (UVIMCO), oversees the major component of the endowment that benefits the University. A report on the endowment is made at each Board of Visitors meeting.

DISCUSSION: For the fiscal year ending June 30, 2000, the endowment grew by \$479 million to \$1.74 billion. In the months of July and August 2000, the endowment grew an additional \$63 million to \$1.80 billion. Most of the growth in endowment is attributable to the appreciation of the Pooled Endowment Fund, the main investment pool for the endowment, representing more than 95 percent of total endowment investments.

For Fiscal Year 2000, the Pooled Endowment Fund returned 43.7 percent, versus 10.4 percent on the target benchmark; 7.2 percent on stocks, as measured by the S&P 500 Index; and 4.5 percent on bonds, as measured by the Merrill Lynch 7-10 Year Government Bond Index. The return falls within the top quartile of peer institutions. For the months of July and August, the Pooled Endowment Fund is up 4.1 percent, versus 2.8 percent on the target benchmark; 4.5 percent on stocks; and 2.3 percent on bonds.

The "Fund" is diversified across a broad spectrum of assets, with a targeted allocation of 20 percent domestic equities, 12.5 percent international equities, 25 percent marketable alternatives (hedge funds), 22.5 percent private equity and real estate and 20 percent fixed income.

Extraordinary returns on the endowment's venture capital portfolio were the key driver in the strong returns posted in Fiscal Year 2000. Venture capital, however, was not the only

source of outperformance. The international portfolio returned 22 percent; marketable alternatives were up 17 percent. This fiscal year, the domestic and international markets have been very volatile, with very large swings across markets and between sectors. Within the endowment each sector is performing relatively well. Details of the returns on the endowment through August 31, 2000, are reported on the following Investment Report.

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UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: October 5, 2000

COMMITTEE: Finance

AGENDA ITEM: III.B. Report on Actions of the Board of
the Investment Management Company,
September 5, 2000

ACTION REQUIRED: None

BACKGROUND: The University of Virginia Investment Management Company (UVIMCO) Board meets quarterly and reports all of its activities at the following meeting of the Finance Committee.

DISCUSSION: The Board met on September 5, 2000, in Richmond and approved several changes to the management structure. The GMO Foreign Fund will be replaced with BPI Global Asset Management, and Invesco will be replaced with \$30 million in Marsico Capital Management. UVIMCO will invest \$75 million with Blue Ridge Capital, \$25 million with K Capital and \$10 million with each of the following partnerships: NEA 10, Draper Fisher VII and Bain Capital VII.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: October 5, 2000

COMMITTEE: Finance

AGENDA ITEM: III.C. Vice President's Remarks

ACTION REQUIRED: None

Update on Annual Report to
State Council of Higher Education

BACKGROUND: In December 1998 the University began development of a strategic plan to meet requirements set out by the Governor and the State Council of Higher Education. The Board of Visitors reviewed the plan in the fall of 1999. A meeting was held with the Secretary of Education to discuss the University's critical issues. The University's budget initiatives for 2000-02 were based on the strategic plan. The 2000 General Assembly called for institutions of higher education to submit to the Secretary of Education a progress report on implementing their strategic plans. The report is due October 15, 2000, and describes progress made on objectives identified in the strategic plan and identifies resources needed to meet the objectives. In addition, the report includes benchmarks for use in assessing the University's progress toward meeting its objectives.

DISCUSSION: The State Council of Higher Education prescribed the format for the strategic plan progress report. The objectives remain the same as those reported in the document submitted in the fall of 1999. The progress report consists of four matrices that categorize the University's objectives as:

- Efforts to improve the quality of instruction, public service, research and student life
- Efforts to maximize student access and minimize cost to students and the state
- Efforts to increase administrative efficiency and productivity
- Other strategic plan objectives

As part of the progress plan the University developed performance measures for each of its objectives. Baseline data

from Fiscal Year 1998-99, targeted outcomes and actual results for Fiscal Year 1999-2000 are also included.

A fifth matrix allows the University to make proposals for enhancing managerial autonomy and streamlining operations as a means of improving managerial flexibility in meeting its strategic plan objectives.

Since the document is over 80 pages long, we are not including a copy with these materials. During the meeting we will give you a summary of the report. Copies of the full report will be available at the meeting.

UVa Health Plan Annual Report

BACKGROUND: The Board has asked that the Executive Vice President and Chief Operating Officer report regularly on the status of the University's self-insured health care plan.

DISCUSSION: The University, with the help of fringe benefit consultants, regularly monitors its health insurance claims and premiums, the adequacy of its reserves and the outlook for future health care costs. We anticipate that health care costs will rise in the year ahead by as much as nine percent. Currently, claims are slightly lower than we projected a year ago. Our reserve for claims "incurred but not yet reported or paid" is fully funded.

The University will revise its insurance plan premium structure effective January 2001. Rates will be set to cover our projected claims costs, to hold employee premiums equal to or less than the state-sponsored employee benefits plan and to keep the reserve at an appropriate level based on projected costs. The University will add orthodontic dental services and a discount vision plan for a modest increase in premiums. Changes to the University's health insurance prescription plan will help manage the constant escalation of prescription drug costs.

A detailed report will be provided during the October 5 Finance Committee meeting.

Pricing Policy for 2001-2002 Tuition and Required Fees

BACKGROUND: The Board normally approves tuition and required fees at its April meeting. Members of the Board have emphasized that it is important to review pricing policy and outlook prior to the meeting at which action is taken.

The Governor's budget and General Assembly actions set the criteria and framework for the establishment of tuition and fees. Board policy and Board response to institutional requirements determine the specific tuition structure within the state-prescribed framework.

DISCUSSION: The discussion at the Board meeting will address undergraduate, graduate and professional school charges and the outlook for 2001-2002. In accordance with guidance from the state, in-state undergraduate tuition and educational and general fees will remain unchanged at 2000-2001 rates. Out-of-state undergraduate and graduate tuition increases will be related to operational needs and priorities of the University and may be influenced by state funding policies.

The University has a serious concern about its ability to compete effectively for the best graduate students. Many of our peer institutions are able to give graduate students better financial aid offers than we can. One feature of the financial aid offer is paid health insurance. We are considering ways that we might be able to enhance our current financial aid awards to graduate students by including health insurance. If it proves feasible, the proposal will be part of the tuition and fee recommendations presented to the Board in the spring.

In 2001-02, the School of Medicine plans to continue the implementation of its surcharge, which increases in-state tuition to a level comparable to other state-supported medical schools. First-, second- and third-year medical students will be assessed a \$2,000 surcharge. Fourth-year students will continue to pay a \$1,000 surcharge. In 2002-03, the School of Medicine anticipates that the \$2,000 tuition surcharge will be fully implemented to all students. The state provided medical education/physician's indigent care support in 2000-01 and the University has requested continuation of the funding in 2001-02 and beyond. If this support is not continued, the School of Medicine may need to consider tuition increases in excess of the rate of inflation.

Law School and Darden School tuition will continue to emphasize the self-sufficiency model. The Law School plans to maintain in-state tuition at a 30 percent discount off out-of-state tuition. To achieve this will require a one-time surcharge for entering in-state students estimated at \$1,000 in 2001-02. This surcharge will be phased in over three years and then built in to the base tuition so as to maintain the tuition discount at 30 percent. Darden, on the other hand, reached its goal of a \$5,000 differential between in-state and out-of-state tuition in the current fiscal year. Future tuition increases will maintain this differential while helping Darden meet its program needs with a goal of achieving self-sufficiency by 2005.

Required fees and housing and dining rates will be set to address state salary requirements, approved capital projects and inflation, and will be in keeping with the state's policy on mandatory non-educational and general fees. Future housing fees will be influenced by the amount of renovations and modernizations required to preserve the quality of our student housing system. A significant portion of our system is of an age where we can expect building and infrastructure conditions to require attention.

The University of Virginia's College at Wise plans to continue the implementation of the student fee increases necessary to fund the new Student Center. For Fiscal Year 2002 the fee will increase by \$100. When the Center was approved by the General Assembly in 1998 as an \$8 million bond project, the Department of Planning and Budget (DPB) did not allow the project to proceed until it had been demonstrated that the debt service and operating expenses could be funded without excessive fee increases. The College's proposal, accepted by DPB, designated \$228 of the existing student fee in Fiscal Year 1999 for the project and increased the fee annually by \$100 over a four-year period (Fiscal Year 2000 - Fiscal Year 2003), and by \$32 during the fifth year (Fiscal Year 2004). By Fiscal Year 2004, a total of \$660 of the College's student fees will be designated for the Center. As of Fiscal Year 2002, which the Board will consider next spring, the total fee dedicated to the project will be \$528.

We will seek Board comments on the various strategies, alternatives and projections. The outcome of the discussions will determine the direction taken in the development of the tuition and fee structure for 2001-2002. No action will be taken at this meeting.

Observatory Hill Dining Facility

BACKGROUND: At the September 20, 2000, Buildings and Grounds Committee meeting, the Vice President for Management and Budget reported that the previously authorized project to renovate the Observatory Hill Dining Facility was determined to be financially infeasible.

The Committee discussed the project and the alternatives thoroughly, and decided to recommend to the full Board that the University abandon the renovation project, demolish the existing structure and construct a replacement facility in the same location.

DISCUSSION: The new building would result in a net gain of 7,000 square feet and would utilize the existing site more efficiently. The new project would add two years to the existing project timeline and cost approximately \$1.8 million more than the revised cost of the renovation project.

The Buildings and Grounds Committee felt that the entire Board should have the opportunity to hear a full explanation of the proposed change at the October meeting. Detailed comparative figures of the construction and renovation projects will be distributed at the October meeting.

MISCELLANEOUS FINANCIAL REPORTS
Finance Committee
University of Virginia

October 5, 2000

ACADEMIC DIVISION

FINANCIAL REPORT

ACCOUNTS AND LOANS RECEIVABLE AS OF JUNE 30, 2000

Summary of Accounts Receivable:

The Academic Division's accounts receivable as of June 30, 2000, were \$10,252,000, compared with \$15,017,000 as of March 31, 2000. The major source of receivables as of June 30, 2000, is sponsored programs of \$8,055,000.

The past due receivables over 120 days old are \$800,000 as of June 30, 2000, or 7.80 percent of total receivables, below the Commonwealth's management standard of ten percent.

	<u>Student Accounts</u>	<u>Sponsored Programs</u>	<u>Other Receivables</u>	<u>Total</u>
Gross Accounts Receivable	\$154,000	\$8,055,000	\$2,044,000	\$10,253,000
Less: Allowance for Doubtful Accounts	<u>100,000</u>	<u>0</u>	<u>110,000</u>	<u>210,000</u>
Net Accounts Receivable	<u>\$54,000</u>	<u>\$8,055,000</u>	<u>\$1,934,000</u>	<u>\$10,043,000</u>
Accounts Receivable Greater than 120 Days Past Due	<u>\$101,000</u>	<u>\$472,000</u>	<u>\$227,000</u>	<u>\$800,000</u>

SOURCE: Bursar's Office
DATE: September 6, 2000

ACADEMIC DIVISION

FINANCIAL REPORT

ACCOUNTS AND LOANS RECEIVABLE AS OF JUNE 30, 2000

Summary of Loans Receivable:

The default rate for the Perkins Student Loan Program decreased by .13 percent to 6.52 percent. This is based on the cohort default rate calculation and is well below the 15 percent threshold set by federal regulations. The Health Professions Loan Program default rate remained the same at 0 percent. The Nursing Undergraduate Student Loan Program default rate increased by .55 percent to 1.56 percent, Graduate Nursing Loan Program has been closed and will not be reported in the future. All medical loan programs are well below the five-percent federal threshold. The University Loan Program default rate increased by .06 percent to 2.16 percent.

	<u>Gross Loans Receivable</u>	<u>Current Default Rate</u>	<u>Inc./ (Dec) From Last Quarter</u>
Perkins Student Loans	\$16,028,000	6.52%	(0.13)%
Health Professions Loans	1,299,000	0.00%	(0.00)%
Undergraduate Nursing Loans	525,000	1.56%	0.55%
University Loans	10,016,000	2.16%	0.06%
Total Student Loan Outstanding	<u>\$27,868,000</u>		

SOURCE: Bursar's Office
DATE: September 6, 2000

CAPITAL CAMPAIGN GIFT REPORT

Cash and Pledges as of 7/31/00 -- In Millions
All Units

	Expendable	Endowment	Future Support	TOTAL
Pledges	141.2	35.9	0	177.1
Deferred Gifts	24.1	27.9	0	52.0
Cash & Securities	374.5	273.6	0	648.1
Private Grants	97.1	0	0	97.1
Gifts in Kind	79.7	0	0	79.7
Future Support	0	0	136.4	136.4
SUBTOTAL	716.6	337.4	136.4	1190.4
Additional Amounts to be Raised	-216.6	62.6	-36.4	-190.4
TOTAL	500.0	400.0	100.0	1000.0

Cash and Pledges as of 7/31/00 -- In Millions
Rector and Visitors ONLY

	Expendable	Endowment	Future Support	TOTAL
Pledges	71.3	13.4	0	84.7
Deferred Gifts	17.2	18.1	0	35.3
Cash & Securities	188.6	101.1	0	289.7
Private Grants	96.8	0	0	96.8
Gifts in Kind	72.6	0	0	72.6
Future Support	0	0	90.5	90.5
SUBTOTAL	446.5	132.6	90.5	669.6
Additional Amounts to be Raised	-96.5	146.4	9.5	59.4
TOTAL	350.0	279.0	100.0	729.0

SOURCE: Development Office
DATE: September 6, 2000

**EXPENDITURE OF FUNDS FROM PRATT ESTATE
For Year Ended June 30, 2000**

	<u>6/30/00</u> <u>Carryforward</u>	<u>FY 01</u> <u>Allocation</u>	<u>Total</u> <u>Available¹</u>	<u>FY 99-00</u> <u>Expenditures</u>	<u>6/30/00</u> <u>Balance</u>
Arts & Sciences					
Biology					
Student Support	\$ 120,611.31	\$ 224,496.00	\$ 345,107.31	\$ 178,441.94	\$ 166,665.37
Faculty Salary Support	83,023.40	10,504.00	93,527.40	54,135.75	39,391.65
Research & Equipment ²	<u>322,695.85</u>	<u>0.00</u>	<u>322,695.85</u>	<u>11,456.71</u>	<u>311,239.14</u>
	526,330.56	235,000.00	761,330.56	244,034.40	517,296.16
Chemistry					
Student Support	119,468.54	115,000.00	234,468.54	119,667.51	114,801.03
Faculty Salary Support	50,594.79	50,000.00	100,594.79	74,817.66	25,777.13
Research & Equipment ²	<u>-75,562.28</u>	<u>110,000.00</u>	<u>34,437.72</u>	<u>116,337.37</u>	<u>-81,899.65</u>
	94,501.05	275,000.00	369,501.05	310,822.54	58,678.51
Mathematics					
Student Support	162,351.49	114,000.00	276,351.49	85,612.58	190,738.91
Faculty Salary Support	253,632.90	126,000.00	379,632.90	168,060.29	211,572.61
Research & Equipment ²	<u>102,154.15</u>	<u>35,000.00</u>	<u>137,154.15</u>	<u>21,827.11</u>	<u>115,327.04</u>
	518,138.54	275,000.00	793,138.54	275,499.98	517,638.56
Physics					
Student Support	178,700.86	0.00	178,700.86	43,224.50	135,476.36
Faculty Salary Support	361,134.60	0.00	361,134.60	89,390.39	271,744.21
Research & Equipment ²	<u>720,595.11</u>	<u>275,000.00</u>	<u>995,595.11</u>	<u>59,886.10</u>	<u>935,709.01</u>
	1,260,430.57	275,000.00	1,535,430.57	192,500.99	1,342,929.58
Presidential Science Initiative	347,497.05	140,000.00	487,497.05	192,363.46	295,133.59
Science & Technology Initiative	0.00	250,000.00	250,000.00	0.00	250,000.00
Provost Faculty Start-Ups	0.00	500,000.00	500,000.00	0.00	500,000.00
Arts & Sciences Basic	0.00	100,000.00	100,000.00	0.00	100,000.00
School of Medicine					
Student Support	1,062,399.02	909,097.00	1,971,496.02	932,238.63	1,039,257.39
Research & Equipment ³	1,249,927.55	3,145,721.89	4,395,649.44	833,700.22	3,561,949.22
Presidential Science Initiative	312,082.85	0.00	312,082.85	278,977.50	33,105.35
Science & Technology Initiative	<u>0.00</u>	<u>250,000.00</u>	<u>250,000.00</u>	<u>0.00</u>	<u>250,000.00</u>
	<u>2,624,409.42</u>	<u>4,304,818.89</u>	<u>6,929,228.31</u>	<u>2,044,916.35</u>	<u>4,884,311.96</u>
TOTALS	\$ 5,371,307.19	\$ 6,354,818.89	\$ 11,726,126.08	\$ 3,260,137.72	\$ 8,465,988.36

NOTES:

¹Allocations include amounts approved by the Board of Visitors for 2000-01 and carryforward amounts from prior year allocations.

²Research & Equipment includes the balances in the clearing accounts.

³School of Medicine Research & Equipment includes a one-time special allocation of \$2.5 million for the Vivaria project.

SOURCE: Financial Analysis

DATE: September 7, 2000

UNIVERSITY OF VIRGINIA
INTEGRATED SYSTEM PROJECT STATUS REPORT
October 2000

The Integrated Systems Project has completed its working prototype and is in the build and test phase of the project. The Gartner Group held its second independent verification and validation visit on August 7.

The Gartner Group's key findings were:

- Project continues to be on-time and within budget
- Project has been successful in limiting customization of the underlying Oracle software
- System design phase is nearly complete; however, several key design elements remain to be finalized
- The ISP team has been able to keep UVA stakeholders and senior management engaged in the project
- Primary technical risks at this point are focused on the ability of the Oracle software to provide the functionality required to support labor encumbrance
- The ISP team has addressed (or has plans to address) all of the recommendations made in the prior IV&V review performed by GartnerConsulting in April 2000

The Gartner Group's key recommendations are:

- Establish due dates for risk mitigation steps
- Finalize the outstanding design elements
- Begin contingency planning around the shortcomings relating to labor encumbrancing
- Increase value of issues tracking

As the teams set up the applications for the University of Virginia, many decisions have been made to maximize functionality and minimize costly modifications. Some of these decisions require changing current University processes to reflect "best business practices" built into the Oracle product. As a result, team members have been identifying University policies and procedures that will need modification and are working with the appropriate departments to begin that process.

The technical team is building interfaces and conversions to allow the transfer of data from and between the old and new systems. They are also building the modifications approved to meet University and State requirements.

The training team is completing documentation on each Oracle procedure, which will be available both in printed and Web form. The human resources management team has completed an inventory of all current University employees who have access to current University systems. That information will assist supervisors in assigning new Oracle responsibilities and identifying training needs.

Scripted demonstrations (conference room pilots) are scheduled for November and February. These events involve expert users in the University community who follow test scripts to test the applications to be certain transactions are processed correctly and instructions are clear.

During the next three months, project staff will:

- Complete any remaining system design work;
- Proceed to build and test the required interfaces, conversions, and modifications;
- Design the post-implementation support environment, to include a help desk;
- Complete the development of responsibilities within the Oracle environment;
- Design the post-implementation reporting environment, to include the creation of the first set of standard reports to be made available to users.

SOURCE: Integrated System Project
DATE: September 1, 2000

INTERNAL LOANS TO UNIVERSITY DEPARTMENTS AND ACTIVITIES
As of August 31, 2000

(Per January 1990 Board of Visitors resolution changing Current Funds Guidelines to include investments in internal loans and the June 1994 Board of Visitors resolution authorizing internal loans to be made in the discretionary collateral account lending program [security lending program], both subject to approval by the Executive Vice President and Chief Financial Officer)

GL ACCT	PURPOSE (SL ACCT)	DATE OF LOAN	INTEREST RATE	ORIGINAL LOAN AMOUNT	PRINCIPAL PAYMENTS MADE TO DATE	OUTSTANDING PRINCIPAL	APPROXIMATE FINAL PAYMENT
0-70828	CVC Football Facility (640404)	12/22/98	Fed. Funds+60 pts.	3,000,000.00	786,385.24	2,231,614.76	Dec 2002
0-71380	IM & Rec Sports (771380)	06/21/96	Fed. Funds+60 pts.	451,000.00	210,000.00	241,000.00	Jun 2001
0-19272	Mail Services (331043)	05/14/98	Fed. Funds+60 pts.	150,000.00	84,375.00	65,625.00	May 2002
0-70224	McCue Center (772570)	06/29/98	Fed. Funds+60 pts.	332,000.00	166,000.00	166,000.00	Sep 2001
0-70015	NRAO Addition	04/07/00	Fed. Funds+60 pts.	359,749.50	-	359,749.50	Apr 2001
0-19231	Parking & Trans. (321015)	03/25/98	Fed. Funds+60 pts.	1,000,000.00	562,500.00	437,500.00	Mar 2002
0-19026	Va. Neurological Inst. (191746)	05/28/97	Fed. Funds+60 pts.	600,000.00	150,000.00	450,000.00	May 2001
GRAND TOTAL INTERFUND BORROWINGS				\$5,892,749.50	\$1,941,260.0	\$3,951,489.26	0

NOTE: This report does not include all uses of interfund borrowings, only those formal loan agreements which are approved by the Budget Office and administered by Financial Analysis.

SOURCE: Office of the Treasurer
DATE: September 7, 2000

MEDICAL CENTER
REPORT ON WRITE-OFF OF BAD DEBTS
AND INDIGENT CARE

(Per February 6, 1993, Board of Visitors resolution granting the Executive Vice President and Chief Financial Officer authorization to approve the write-off of bad debts and free service for the Medical Center)

INDIGENT CARE: Indigent care charges totaling \$2,298,487 for the first month of Fiscal Year 2000-2001 have been written off. For the first month of the current fiscal year, \$2.3 million has been written off. Recoveries during this period amounted to \$0.2 million or 8.6 percent of the amount written off and occurred primarily through Medicaid payments.

The estimated cost of indigent care in Fiscal Year 1999-00 amounted to \$35.2 million all of which was funded through the Medicaid special disproportionate share payments. The cost of indigent care for Fiscal Year 2000-01 is estimated to be \$41.6 million of which 88 percent will be funded through the Medicaid special disproportionate share payments.

BAD DEBT: Bad debt charges totaling \$700,988 (including \$60,464 because of noncompliance with insurance information requirements) for the first month of Fiscal Year 2000-2001 have been written off. Total write offs for the first month of Fiscal Year 2000-01 amounted to \$.7 million. During this same period, \$.6 million was recovered through suits, collection agencies and Virginia refund set-off.

SOURCE: Medical Center Finance
DATE: August 29, 2000

**MEDICAL CENTER
ACCOUNTS COMMITTEE REPORT
(Dollars in Thousands)**

	Year to Date 07/01/99- 07/31/99	Annual Activity	
		Estimated 2000-01	Actual 1999-00
<u>INDIGENT CARE (IC)</u>			
Charge Write-Offs	2,298		
Recoveries	(158)		
Net Charge Write-Off	<u>2,140</u>	69,900	58,668
% of Net Write-Offs to Revenue	4.13%	10.50%	9.85%
Net IC Charges Factored to Cost	1,671	54,585	44,910
Medicaid Unreimbursed Cost	(1,079)	(12,946)	(9,706)
Total Indigent Care (TIC) Cost	<u>592</u>	<u>41,639</u>	<u>35,204</u>
State Appropriation	0	0	0
Medicaid Special DSA* Payment ¹	3,039	36,465	36,465
TIC Funding	<u>3,039</u>	<u>36,465</u>	<u>36,465</u>
TIC Funding as % of TIC Cost	513%	88%	104%
Unfunded Indigent Cost (UIC)	<u>(2,446)</u>	<u>5,174</u>	<u>(1,261)</u>

	Year to Date 07/01/99- 07/31/99	Annual Activity	
		Estimated 2000-01	Actual 1999-00
<u>BAD DEBT</u>			
Charge Write-Offs	701		18,660
Recoveries	(591)		(9,675)
Net Charge Write-Offs	<u>110</u>	12,648,597	8,986
% of Net Write-Offs to Revenue	0.21%	1.90%	1.48%

SOURCE: Medical Center
DATE: September 6, 2000

¹ DSA - Disproportionate Share Adjustment. This includes the additional \$1.3 million payment which will be transferred to the School of Medicine. This amount has been exactly offset in the Total Indigent Care Cost line.

UNIVERSITY OF VIRGINIA
MEDICAL CENTER INFORMATION SYSTEM STATUS REPORT
October 2000

The Board of Visitors approved the initiation of the Integrated Healthcare Information Management System (IHIMS) Project on May 14, 1999. The IHIMS Project is a complex initiative involving complete replacement of the systems infrastructure supporting both clinical care and administrative functions at UVa Health System, in support of a transformation in clinical care processes over a seven-year period.

The IHIMS Project remains on budget through September 2000. UVa and IDX are launching a collaborative planning process in September to identify ways to accelerate delivery of clinical functionality and resolve systems integration issues. Over the next two months this process will refine the phased delivery of functionality of the IHIMS Project and establish an accelerated timeline with no increase in overall project cost.

SOURCE: Medical Center Computing
DATE: September 11, 2000

QUARTERLY BUDGET REPORT

As of June 30, 2000

This report compares, on a quarterly basis, the approved budget with year-to-date actual revenues and expenditures for the Academic Division. The report as of the fourth quarter ended June, 2000 follows.

At the end of FY 1999-00, revenues collected totaled 101.3 percent of budgeted revenues; actual expenditures totaled 96.1 percent of budgeted expenditures.

A definition of terms is included to explain the sources of revenues and the purposes of expenditures.

SOURCE: Budget Office
DATE: August 29, 2000

**ACADEMIC DIVISION
1999-2000 REVENUE BUDGET SUMMARY**

	1999-2000 Revised Budget	06/30/00 Actual Revenues	Uncollected Budget Balance	06/30/00 Percentage Collected	06/30/99 Percentage Collected
Educational & General					
Tuition & Fees	\$142,714,900	\$ 140,354,915	\$ 2,359,985	98.3%	99.0%
State Appropriations	163,849,421	163,894,231	(44,810)	100.0%	100.1%
Endowment Income	32,277,030	31,722,270	554,760	98.3%	102.5%
Gifts	55,614,757	53,887,540	1,727,217	96.9%	105.1%
Spons. Pgms & Ind. Cost Recoveries	174,495,000	167,772,253	6,722,747	96.1%	99.7%
Sales, Services & Other	19,316,277	26,325,534	(7,009,257)	136.3%	137.6%
Total Educational and General	588,267,385	583,956,743	4,310,642	99.3%	101.5%
Student Financial Assistance					
State Appropriations	5,580,937	5,569,644	11,293	99.8%	103.3%
Transfer from Tuition	8,076,463	8,569,357	(492,894)	106.1%	100.6%
Spons. Pgms & Ind. Cost Recoveries	13,090,000	12,347,745	742,255	94.3%	77.6%
Gifts & Endowment Income	17,921,855	18,939,758	(1,017,903)	105.7%	96.0%
Other Income	1,439,635	1,357,415	82,220	94.3%	96.8%
Total Student Financial Assistance	46,108,890	46,783,919	(675,029)	101.5%	92.0%
Auxiliary Enterprises					
Athletics & Related Activities	22,853,767	24,088,300	(1,234,533)	105.4%	105.4%
Dining Services	3,514,000	3,294,047	219,953	93.7%	109.0%
Housing	18,424,300	19,415,650	(991,350)	105.4%	101.0%
Newcomb Hall & Related Activities	3,701,300	3,891,395	(190,095)	105.1%	102.1%
University Bookstores	21,200,000	23,078,900	(1,878,900)	108.9%	109.8%
Parking & Transportation	6,329,000	6,633,277	(304,277)	104.8%	98.1%
Student Health	5,914,607	6,000,044	(85,437)	101.4%	119.4%
Other Auxiliary Activities	6,307,520	6,244,991	62,529	99.0%	91.7%
Total Auxiliary Enterprises	88,244,494	92,646,604	(4,402,110)	105.0%	104.9%
TOTAL REVENUES	\$722,620,769	\$723,387,266	\$ (766,497)	100.1%	101.3%

**ACADEMIC DIVISION
1999-2000 EXPENDITURE BUDGET SUMMARY**

	1999-2000 Revised Budget	06/30/00 Actual Expenditures	Unexpended Budget Balance	06/30/00 Percentage Expended	06/30/99 Percentage Expended
Educational & General					
Instruction	\$207,455,497	\$ 206,249,663	\$ 1,205,834	99.4%	97.5%
Research	15,073,089	10,436,532	4,636,557	69.2%	92.9%
Public Services	19,068,267	21,256,235	(2,187,968)	111.5	110.9%
Academic Support	83,801,188	73,618,035	10,183,153	87.8	92.2%
Student Services	14,277,301	15,095,690	(818,389)	105.7%	102.2%
Institutional Support	50,610,244	50,992,077	(381,833)	100.8%	88.7%
Oper. & Maint. of Physical Plant	35,171,799	34,259,768	912,031	97.4%	103.5%
Spon. Pgms & Ind. Cost Recoveries	162,810,000	140,660,858	22,149,142	86.4%	92.0%
Total Educational & General	588,267,385	552,568,858	35,698,527	93.9%	95.4%
Student Financial Assistance	46,108,890	45,065,677	1,043,213	97.7%	91.3%
Auxiliary Enterprises					
Athletics & Related Activities	22,224,054	23,694,671	(1,470,617)	106.6%	104.5%
Dining Services	3,463,000	3,491,789	(28,789)	100.8%	102.0%
Housing	18,346,000	20,745,334	(2,399,334)	113.1%	101.4%
Newcomb Hall & Related Activities	3,726,300	3,687,033	39,267	98.9%	103.6%
University Bookstores	21,149,705	21,628,783	(479,078)	102.3%	110.6%
Parking & Transportation	6,329,000	6,258,549	70,451	98.9%	108.9%
Student Health	5,914,607	6,088,332	(173,725)	102.9%	92.7%
Other Auxiliary Activities	5,968,039	4,949,058	1,018,981	82.9%	85.0%
Total Auxiliary Enterprises	87,120,705	90,543,549	(3,422,844)	103.9%	103.3%
TOTAL EXPENDITURES	\$721,496,980	\$688,178,084	\$ 33,318,896	95.4%	96.1%

DEFINITION OF TERMS

Educational and General - those activities that embrace the three programs directly related to the higher education mission: (1) instruction, (2) research and (3) public service. These activities also encompass support programs: academic support; institutional support and maintenance and operation of physical plant; and sponsored programs associated with instruction, research and public service.

Student Financial Assistance - those activities that promote student accessibility to the University through scholarships and fellowships. Student loans, student wages and aid from third parties are not included.

Auxiliary Enterprises - those activities that are supported entirely though fees charged to users, such as housing, athletics, dining services, the telephone system and the bookstore.

Sponsored Programs and Indirect Cost Recoveries - primarily research projects, but also includes activities restricted to institutional and service programs.

Instruction - expenditures for the primary mission of the University, including teaching faculty, support staff, instructional equipment and related routine operating costs.

Research - encompasses expenditures for activities such as support for research faculty, but does not include sponsored research. Activities include the Center for Public Service, the Office of the State Climatologist and the Center for Liberal Arts.

Public Service - includes activities such as the Miller Center of Public Affairs, the Virginia Foundation for the Humanities and Public Policy and that portion of the School of Medicine's clinical physicians' salaries and fringe benefits related to patient care.

Academic Support - the program that encompasses the libraries, the activities of the deans of the schools and other related expenditures.

Student Services - activities whose primary purpose is to contribute to the students' emotional and physical well-being and to their intellectual, cultural and social development outside the classroom.

Institutional Support - primarily includes the financial, administrative, logistical and development activities of the University.

Operation and Maintenance of Plant - includes expenditures for activities related to the operation and maintenance of the physical plant, net of amounts charged to auxiliary enterprises and the Medical Center.

UNIVERSITY OF VIRGINIA
QUASI-ENDOWMENT ACTIONS

December 1, 1999 - July 31, 2000

(Per October 1990 and June 1996 Board of Visitors resolutions granting the Executive Vice President and Chief Financial Officer authority to approve selected quasi-endowment transactions, including establishments and disinvestments, less than \$2,000,000.)

<u>Additions</u>	<u>Amount</u>
Abbott, Stanley William Scholarship	250.00
Anderson, John F. Lectureship Income	
Capitalization Fund	264,845.00
Athletics Special Gift Fund ⁽¹⁾	3,651,692.81
Boyd, Malvina Y. Professorship in Oncology Nursing	33,333.33
Brown Residential College Quasi-Endowment	175.00
Byers, David R. III Architecture Library Fund*	47,326.53
Center for Entrepreneurial Studies Fund	80,000.00
Colonna Quasi-Endowment Fund	26,876.00
Emergency Medicine Academic Enrichment	
Quasi-Endowment	210,000.00
Faculty and Staff Undergraduate Scholarships -- UVA	
Matching Fund	5,593.91
Family Medicine Academic Support Quasi-Endowment*	217,337.00
General Scholarship Quasi-Endowment*	234,000.00
Howlans, Benjamin C. Memorial Lecture Fund	50.00
Mellon, Paul Quasi-Endowed Library Fund*	500,000.00
Moore Ophthalmology Quasi-Endowment*	200,000.00
Myers, Elizabeth A. Quasi-Endowment	85,500.00
Nau, III John L. Professorship Quasi-Endowment	65,952.00
Neurology Academic Advancement Quasi-Endowment*	99,079.00
Neurosurgery Academic Support Quasi-Endowment*	79,922.00
Ophthalmology Academic Support Quasi-Endowment*	69,934.00
Otolaryngology/Hns Molecular Research Program	500,000.00
Pratt, Lillian Fund	127.47
Pratt, Lillian HSC Fund	509.87
Real Estate Foundation Fund	326,414.20
Roberts, Robert J. Professorship in Pediatrics*	588,000.00
Saudi Plastic Surgery Departmental Unrestricted	34,793.33
University of Virginia Bookstore Endowment	
For Excellence	250,000.00
University Consolidated Quasi-Endowment Fund ⁽²⁾	926,892.30
UVAW Library Quasi-Endowment Fund	175,000.00
Vest, Samuel Memorial Fund Quasi-Endowment	137,925.59
White, Elizabeth M. Medical Student Scholarship	
Restricted	18.19
Total Additions to Quasi Endowments	\$10,111,560.82

Divestments

Carlson Psychiatry Research Fund	40,000.00
Carter, Beirne B. Center Quasi-Endowment Fund	51,825.00
Center for SCAT - Restricted Quasi-Endowment	250,000.00
Hunter, Della M. Quasi-Endowment Diabetes Research	163,000.00
Kenwood Property Maintenance	17,411.98
Miller Center General Endowment ⁽³⁾	3,043,857.95
Pratt Bequest - School of Medicine ⁽³⁾	2,676,868.34
Pratt Bequest - Arts & Sciences ⁽³⁾	676,868.34
Real Estate Foundation Fund	66,905.72
University Consolidated Quasi-Endowment Fund ⁽⁴⁾	<u>326,414.20</u>
Total Divestments from Quasi Endowments	\$7,313,151.53

Endowment Income Capitalizations

Antrim, Lottie C. - Income Capitalization	2,397.56
AT&T Professorship in Engineering Quasi-Endowment*	50,000.00
Bogges, Margaret F. Memorial Fund for Radiology Equipment	13,796.63
BP America Prof Quasi-Endowment*	20,000.00
Bristol Laboratories Quasi-Endowment - Hecht	5,735.41
Brown Residential College Quasi-Endowment	54,114.36
Burger, Albert Professorship	19,300.00
Byrd, Harry F. Jr. Professorship in Government & Foreign Affairs	39,000.00
Cabell, James B. Memorial Quasi-Endowment	43,500.00
Chrysler, W. P. Fund for Engineering Library	1,149.13
Class of 1955 Endowment Fund	866.47
Class of 1956 Endowment Fund	2,949.61
Class of 1957 Endowment Fund	2,293.21
Class of 1958 Endowment Fund	2,915.45
Class of 1959 Endowment Fund	3,408.22
Class of 1960 Endowment Fund	2,872.82
Class of 1961 Endowment Fund	2,594.72
Class of 1962 Endowment Fund	3,739.54
Class of 1963 Endowment Fund	1,174.32
Class of 1964 Endowment Fund	2,306.79
Class of 1965 Endowment Fund	704.09
Compton Visiting Professor Quasi-Endowment	50,000.00
Compton, Dorothy Danforth Quasi-Endowment*	65,000.00
Compton, Randolph P. Professorship Quasi-Endowment*	65,000.00
Dermatology General Investment Fund	13,856.46
Difazio, Cosmo A. Professorship in Anesthesiology	5,127.60
Diggs, Thomas G. Prof Restricted Quasi-Endowment	5,000.00
Gordon, Douglas Huntly, Jr. Professorship in French Literature	32,310.55
Griffin, Alice Professorship	62,300.00
Hart, James Professorship	15,800.00
Hecht -- Cruachem Chemistry Endowment Fund	4,272.38

Hecht -- Cruachem Chemistry Endowment Fund #2	3,865.56
Hecht -- Cruachem Chemistry Endowment Fund #3	1,755.58
Henderson, Charles Prof - Restricted Quasi-Endowment	40,000.00
Hughes Endowment Income Capitalization-Restricted Fund	1,824.40
Johnson, Willis Engineering Quasi-Endowment*	45,000.00
Kinnier, Henry L. Prof Quasi-Endowment*	40,000.00
Kosciuszko Prof In Polish Studies Quasi-Endowment*	45,000.00
Lacy, L.A. Distinguished Prof Quasi-Endowment*	40,000.00
McIntire Concerts Fund	13,819.17
McIntyre, Howard Neurology Fund	13,738.88
Medical School Academic Enrichment Fund	15,043.61
Miller Center for Public Affairs	290,000.00
Miller Center Prof Ethics & Institutions Quasi-Endowment	100,000.00
Miller, Mae W. Cancer Research Fund	2,654.08
Money, J.M. Profship. Restricted Quasi-Endowment	10,000.00
Moyston Endowment for Ophthalmology	5,876.03
Nau, John L. III Professorship	45,400.00
Nelson, Wilbur A. Fund	240.12
Olsson, Anne Shirley Carter Quasi-Endowed Professorship	25,000.00
Phase II Chemistry Building Unrestricted Endowment	22,405.22
Plastic Surgery Endowment Fund	55,911.82
Quarles, Lawrence Prof (NES) Rest Quasi-Endowment	100,000.00
Rader, Louis T. Prof Quasi-Endowment*	75,000.00
Radiology Fund	1,952.83
Reynolds, William G. Chair - Restricted Quasi-Endowment	5,000.00
Ross, William and Harriet Diabetes Research Endowment Fund	1,989.14
School of Medicine Fund	35,996.71
Stone, Whitney Chair - Restricted Quasi-Endowment	10,000.00
Taylor, Henry N. Endowment Fund	143.85
Virginia Quarterly Review Anonymous	248.60
Wade, Nancy & Neal Professorship Rest Quasi-Endowment	30,000.00
Wilsdorf, Heinz & Doris Prof Quasi-Endowment*	20,000.00
Wilson, Alice & Guy Profship. Rest Quasi-Endowment	10,000.00
Yen, C.K. Professorship Quasi-Endowment*	<u>85,000.00</u>
Total Endowment Income Capitalizations	\$1,811,350.92

NOTES:

* Quasi-endowment established since November 30, 1999.

1. Includes several gifts received for the benefit of the Athletics Department.
2. Includes current unrestricted gifts to the University which, under a standing Board of Visitors resolution, are required to be added to the University's Unrestricted Endowment Fund.
3. Divestments authorized by Board of Visitors.
4. Divestments made to fund advances to The University Real Estate Foundation.

SOURCE: Financial Administration
DATE: September 6, 2000

UNIVERSITY OF VIRGINIA
SALARY AND COMPENSATION FOR FULL-TIME FACULTY
AT AAU AND SCHEV PEER GROUP INSTITUTIONS

These reports provide average compensation and salary figures for institutions included in the American Association of Universities, and average salary figures for the University's peer institutions, as established by the State Council of Higher Education in Virginia. These figures include instructional faculty paid on a full-time basis; all medical faculty have been excluded. Salary figures for faculty with eleven- or twelve-month duties have been converted to nine-month figures by multiplying the total salaries by 9/11. The source for these figures is "The Annual Report on the Economic Status of the Profession, 1999-2000," Academe, March/April, 2000, the bulletin of the American Association of University Professors.

SOURCE: Institutional Assessment and Studies
DATE: September 6, 2000

UNIVERSITY OF VIRGINIA FACULTY SALARY AVERAGES

Salary at AAU Institutions:

- AAU salary data includes all sources of funds.
- The 60 institutions included in the rankings are all U.S. institutions. Two Canadian institutions, the University of Toronto and McGill University, have been excluded.
- The UVa average in each of the years displayed represents the salary average as of December 1 of that year and reflects the merit increase of that date. The 1996-97 average does not include the increases from endowment funds that were made in early 1997 retroactive to December 1996. That retroactive increase from the endowment, along with the December 1997 installment from the endowment and five percent increase from the state, are represented in the 1997-98 figures.
- The UVa percentage increase between 1998-99 and 1999-2000 was 4.70 percent. This was somewhat higher than the median for the AAU (4.18 percent) and resulted in a jump of two positions in the rankings (from 23rd to 21st).
- In 1989-90, before the first round of the Wilder budget cuts, UVa ranked 18th (69th percentile) in the AAU. Since then our ranking has varied, never rising above 18th, dropping as low as 32nd in 1996-97, and now stands at 21st (66th percentile) in 1999-2000. During that ten-year period our average salary increased from \$54,100 in 1989-90 to \$78,000 in 1999-2000 (an increase of 44 percent).

Compensation at AAU Institutions:

- As in the case of the average salary, average compensation was reported as of December 1 of those years.
- The UVa percentage increase between 1998-99 and 1999-2000 was 4.57 percent. This was somewhat higher than the median for the AAU (4.32 percent) but did not result in a change in our ranking (26th).
- In 1989-90, UVa ranked 20th (65th percentile) in compensation. Since then our ranking has varied, never rising above 20th, dropping as low as 31st in 1996-97, and now stands at 26th (58th percentile) in 1999-2000. During that ten-year period our average compensation increased from \$66,800 in 1989-90 to \$96,100 in 1999-2000 (an increase of 44 percent).

State Salary at SCHEV Peer Institutions:

- In spring 1997, SCHEV approved a new sample of peer institutions for the University. Again, the UVa state salary represents the salary average as of December 1 each year. The state salary average excludes all endowment funds.
- The UVa percentage increase between 1998-99 and 1999-2000 was 6.50 percent. Although this was significantly higher than the median for the peer group (4.29 percent), it did not result in a change in our ranking (26th) because of the relatively large gap between UVa and the next highest institution.
- In 1989-90, UVa ranked 10th in our state peer group of 25. In the newly constituted group, the University began in 1996-97 at position 16 (27th percentile), and has risen to position 13th (41st percentile) by 1999-2000.

SOURCE: Institutional Assessment and Studies
DATE: September 6, 2000

**SCHEV APPROVED 1999-2000 INSTITUTIONAL PEER GROUP
UNIVERSITY OF VIRGINIA**

Rank	Institution	1999-2000 Salary
1	Pennsylvania, U of	96,600
2	Northwestern U	91,600
3	California-Berkeley, U of	91,000
4	Duke U	87,300
5	Washington U	83,500
6	Emory U	81,800
7	Vanderbilt U	76,900
8	Southern California, U of	76,500
9	North Carolina-Chapel Hill, U of	75,300
10	Connecticut, U of	75,300
11	Michigan-Ann Arbor, U of	75,000
12	Illinois-Urbana, U of	74,600
13	Virginia, U of	74,498
14	Wisconsin-Madison, U of	74,000
14	Iowa, U of	71,300
16	Ohio State U	70,100
17	Boston U	69,500
18	SUNY Buffalo	68,300
19	Maryland-College Park, U of	68,100
20	Texas-Austin, U of	67,800
21	Arizona, U of	67,500
21	Colorado-Boulder, U of	64,700
23	Pittsburgh, U of	64,400
24	Tulane U	63,900
25	Kentucky, U of	62,800
	Mean Salary (excluding UVa)	74,900
	Standard Deviation (excluding UVa)	9,206
	UVa Percentile	48%
	60th Percentile Salary	77,394

Notes:

- UVa figures represent the authorized state salary average rather than the actual average. They are intended to exclude all endowment funds.
- All medical faculty have been excluded from the above salary averages.
- The Boston University averages for 1997-98, 1998-99 and 1999-2000 are estimates obtained by applying the sample group's average increases (3.72 percent, 3.87 percent and 4.29 percent) to Boston's average from 1996-97.
- In 1996-97 and 1997-98, UC Berkeley received five percent increases on November 1 instead of at the beginning of the year. Estimates of those increases have been included in the above figures even though they were not included in the AAUP report.

SALARY FOR FULL-TIME FACULTY AT AAU INSTITUTIONS - 1989 - 2000

COMPENSATION FOR FULL-TIME FACULTY AT AAU INSTITUTIONS - 1993 - 2000

SPONSORED PROGRAMS RESTRICTED GRANTS & CONTRACTS

July 1, 1999 - June 30, 2000

For the year ended June 30, 2000, the University received sponsored program awards totaling \$209 million, representing a 12 percent increase from June 30, 1999. The Department of Health and Human Services continued as the University's major source of awards, accounting for 44 percent of the total. The Medical School received approximately 57 percent of Fiscal Year awards, followed by Arts & Sciences at 17 percent, and Engineering at 14 percent. Awards received included \$42 million for Facilities & Administrative (indirect) cost, an eight percent increase from 1999.

SOURCE: Office of Sponsored Programs
DATE: September 6, 2000

RESTRICTED GRANTS & CONTRACTS

For the period July 1, 1999 - June 30, 2000

(In Millions)

School	DE	DOD	DOE	Non Federal	DHHS	NASA	NSF	Other Federal	State	Total 99 - 00	Total 98 - 99	% Inc./ Dec.
Architecture				0.29				0.10	0.21	0.60	0.36	67%
Arts & Sciences	0.70	1.13	2.18	7.79	10.04	2.87	7.57	3.39	0.15	35.82	34.39	4%
Education	5.18			1.12	0.94			0.23	0.98	8.45	4.63	83%
Engineering	0.12	5.41	0.66	10.87	0.37	3.99	4.30	1.96	2.20	29.88	27.47	9%
Law				0.73					0.67	1.40	1.22	15%
Medicine		3.26	0.05	33.75	78.75	0.33	0.74	1.89	2.04	120.81	107.87	12%
Nursing				0.09	1.67			0.40	0.07	2.23	2.40	-7%
Other *	5.63			2.33	0.03			1.37	1.03	10.39	9.31	12%
Total 99-00	11.63	9.80	2.89	56.97	91.80	7.19	12.61	9.34	7.35	209.58	187.65	12%
Total 98-99	8.63	8.66	2.75	49.70	83.95	8.60	12.77	6.71	5.88	187.65		
% Inc./Dec.	35%	13%	5%	15%	9%	-16%	-1%	39%	25%	12%		

Note: Totals may be off slightly due to rounding.

* Includes Alderman Library, Vice Provost for Research, Blandy Farm, UVa's College at Wise, Commerce, Continuing Education, Financial Aid, Graduate Business, Health Sciences Library, Madison Papers, Student Health, Washington Papers and Women's Center.

SOURCE: Office of Sponsored Programs
DATE: September 7, 2000

ATTACHMENT

PERMANENT UNIVERSITY IMPLEMENTING PROCEDURES
FOR MEDICAL CENTER PROCUREMENTS

A. Statement of Purpose and Authority

These implementing procedures are the permanent procedures authorized and required by the Board of Visitors' June 14, 1996, resolution governing the exercise of procurement autonomy by the University on behalf of the Medical Center for Medical Center procurements. The Medical Center department authorized to undertake these procurements is Materiel Support Services. These procedures implement the Board requirements and those of Chapters 933 and 995 of the 1996 Virginia Acts of Assembly. These procedures shall be effective for all University procurements on behalf of the Medical Center thirty (30) days after the date transmitted to the President and the Board. These procedures are to be implemented by the Director, through Medical Center Purchasing, a division of Materiel Support Services, and they shall apply to the purchase of all goods and services, except construction and architectural and engineering services, by the University on behalf of the Medical Center.

B. Policy and Goals

In connection with Medical Center procurements and the processes leading to award of contracts, the Medical Center shall adhere to the following principles and guidelines:

1. The Medical Center shall seek and ensure competition to the maximum practical degree, taking into account the size of the anticipated procurement, the term of the resulting contract, and the likely extent of competition.

2. The Medical Center shall conduct all procurements in a fair and impartial manner, avoiding any impropriety or appearance of any impropriety.

3. The Medical Center shall make procurement rules clear in advance of any competition to the extent practicable.

4. The Medical Center shall provide access to all qualified vendors, firms, and contractors (collectively referred to as vendors), with no potential bidder or offeror excluded

arbitrarily or capriciously, while allowing flexibility to engage in cooperative procurements and to meet the special needs of the Medical Center.

5. The Medical Center shall ensure that specifications for procurements are fairly drawn so as to not favor unduly a particular vendor.

6. The Medical Center shall support the goal of the procurement process to provide for the exchange of information between the Medical Center, the remainder of the University, and vendors, firms, or contractors concerning the goods or services sought and offered while preserving the confidentiality of proprietary information.

These principles and guidelines shall be adhered to and incorporated into the procurement process as outlined in the following procedures.

C. Methods of Contractor Selection

All contracts with nongovernmental contractors for the purchase of goods or services shall be awarded by one of the following methods. In all instances, competition should be sought to the maximum practical degree, but no contract award will be reversed based upon the method of contractor selection used. Written records of all procurements shall be maintained. Vendors may be prequalified for particular types of contracts at the discretion of Medical Center Purchasing.

1. Small Procurements. Procurements of goods or services to be obtained at anticipated prices of \$30,000 or less may be undertaken by any method reasonable under the circumstances, given the complexity of the transaction, the likely extent of competition, the term of the contract and the needs of the requesting department. Methods include informal bidding, including telephone or other quotes, competitive sealed bidding, competitive negotiation and sole source. Negotiation with any vendor is permitted and encouraged, and the agreed price should in all instances be reasonable under the circumstances. Written records of sources solicited and prices should be maintained.

2. Procurements Over \$30,000. Procurements of goods and services anticipated to be priced at more than \$30,000 should be made with such competition, including public notice, as is practicable under the circumstances. Where requirements are clear and price is the sole determining factor in the award, competitive sealed bidding shall be used unless other factors

make this method impractical. In such cases, telephone solicitations, supported by written documentation to ensure reasonable price and a reasonable scope of competition, is permitted with the prior approval of the method and the procurement specifications by the Director of Materiel Support Services. Other methods may be used as well.

a. Competitive Sealed Bidding. Where competitive sealed bidding is used, the procurement shall be undertaken pursuant to an Invitation for Bids ("IFB") which shall prescribe all relevant contractual requirements, including quantities, term, conditions, etc. The IFB may be distributed to prospective bidders identified by Medical Center Purchasing and notice of the procurement shall be posted in the offices of Medical Center Purchasing for public view. Other methods of publication are encouraged where practicable. Variations of competitive sealed bidding may be used, such as a process for vendor pre-qualification.

b. Competitive Negotiation. Where factors other than price are important in selecting a vendor, competitive negotiation pursuant to a Request for Proposal ("RFP") may be used. In addition, a system of competitive negotiation pursuant to an RFP shall be used for procurements of professional services, as such services are defined in Virginia Code § 11-37. The RFP shall set out the requirements for vendor qualification and selection, and describe what is sought to be purchased. The RFP may be distributed to prospective offerors identified by Medical Center Purchasing and notice of the procurement shall be posted in the offices of Medical Center Purchasing. The competitive negotiation process used for contractor selection by Medical Center Purchasing shall ensure that information made available to any offeror or prospective offeror is available to all other offerors or prospective offerors. Following evaluation of written proposals, Medical Center Purchasing shall rank the proposals, may negotiate with two or more offerors, and may award a contract upon achieving a reasonable and satisfactory price and non-price offer from an offeror.

c. Sole Source. Sole-source procurements for procurements over \$30,000 may be undertaken only after a written finding that only one source is practicably available for the goods or services sought, which shall be reviewed and approved by the Director of Materiel Support Services or designee. Procurements at auction may be similarly authorized, based upon a written determination that it is in the best interest of the University and the Medical Center to undertake such a purchase.

d. Cooperative Procurements. Cooperative or joint procurements by the University on behalf of the Medical Center are authorized. To the extent that it is economically beneficial and lawful to do so, the Medical Center may participate with other units of the University in the joint procurement of goods and services, or it may purchase under blanket University or state contracts. The Medical Center may also participate in cooperative procurements with other educational institutions, charitable organizations, healthcare provider alliances, and purchasing organizations, such as the University HealthSystem Consortium ("UHC") and the Virginia Hospital Association.

D. Virginia Code Provisions Applicable to Procurements

The following Virginia Code sections continue to apply to Medical Center procurements:

1. § 11-49 (use of brand names in a solicitation does not restrict offerors to that brand unless specified in the bid solicitation);
2. § 11-51 (employment discrimination by contractors and subcontractors is prohibited, and certain requirements apply);
3. § 11-52 (public inspection of procurement records, cost estimates, etc. subject to confidentiality provisions);
4. § 11-54 (withdrawal of bids due to error is allowed under certain circumstances);
5. § 11-56 (five percent retainage permitted in contracts and subcontracts);
6. § 11-56.2 (contract provisions barring damages for unreasonable delay are void);
7. § 11-57 (bid bonds required for contracts over \$100,000);
8. § 11-58 (performance and payment bonds required on contracts over \$100,000);
9. § 11-59 (time limitations for actions on performance bonds);

10. § 11-60 (actions on payment bonds and time limitations);
11. § 11-61 (alternative forms of security); and
12. §§ 11-72 through 11-80 (Ethics in Public Procurement).

Where a procurement is undertaken for a brand name good, and substitution of an equal product is not authorized, the brand name designation shall be supported by a written determination that the named brand is necessary, or that sufficient intra-brand competition exists to make competition likely in the procurement.

Discrimination in procurements based upon race, religion, color, sex or national origin is prohibited. The Medical Center shall (a) ensure a non-discriminatory procurement process, and (b) prohibit employment discrimination by all vendors, firms, and contractors who provide goods and services to the Medical Center. These provisions shall be outlined in all formal procurement documents, including RFP's, IFB's, contracts and purchase orders. The Medical Center shall actively seek to involve minority business enterprises ("MBE") in its procurement processes. The Director, Materiel Support Services, shall coordinate these activities with the Director of Minority Procurement Programs for the University.

E. Contract Administration

Medical Center Purchasing shall administer Medical Center contracts, including:

1. Procuring of supplies, equipment, and services
2. Reviewing and processing of requisitions, purchase orders, contracts, bids, and payment requests
3. Coordinating vendor contracts and communications
4. Tabulating of bids
5. Processing vendor returns
6. Expediting past due orders
7. Coordinating activities involving UHC agreements
8. Reviewing vendor and product complaints

9. Reviewing new products
10. Identifying and coordinating supply expense reduction and standardization activities

Contracts must include provisions requiring contractors to pay promptly all subcontractors upon receipt of payments from the University. Contracts may include provisions for retainage, where appropriate, and where the retention provisions are described in the solicitation. Contracts also may be modified, extended or enlarged by agreement between Medical Center Purchasing and the contractor where such modification, extension or enlargement is in the best interest of the University and the Medical Center.

The Medical Center shall pay invoices and interest on past-due invoices in accordance with good business practice and the applicable provisions of the Code of Virginia as outlined below. The payment due date for all Medical Center invoices shall be the later of: (a) thirty (30) days from the date of receipt of goods and/or services (providing no defect or impropriety is detected in the invoice or goods and/or services received), (b) the invoice due date, or (c) the due date established by contract. Payment may be made earlier than the payment due date as deemed appropriate by the Medical Center. The Medical Center shall pay interest on properly-presented invoices outstanding more than fourteen (14) days beyond the payment due date at a rate no higher than the lowest prime rate charged by any commercial bank as published in The Wall Street Journal. Payment of Medical Center invoices shall be made in compliance with the set-off procedures of the Virginia Debt Collection Act, Section 2.1-726 et seq. of the Code of Virginia. The Medical Center shall submit an annual report to the Executive Vice President and Chief Operating Officer which summarizes the total interest paid in conjunction with past due invoices for each fiscal year.

F. Remedies

Formal processes for (a) submission of protests and appeals by vendors, firms, and contractors, and (b) debarment of vendors, firms and contractors by the University on behalf of the Medical Center in conjunction with Medical Center procurements are hereby established. The President of the University shall (1) designate an individual to whom protests shall be directed, and (2) appoint a Medical Center Procurement Appeals Board to whom appeals shall be directed for review and subsequent action. The Medical Center Procurement Appeals Board

(the "Board") shall be comprised of five individuals with procurement and purchasing experience, one of whom shall be appointed chairperson. The initial Board shall include two members appointed for a term of one year, and three members, including the chair, who shall be appointed for terms of two years. All subsequent appointments shall be for terms of two years. The Board shall sit in panels of three members as appointed by the chair to consider appeals. The Board shall adopt written procedures governing its process, which shall provide for a hearing if requested by the vendor, and which shall require a written decision of the Board including findings of fact for all appeals. The University shall provide such staff as is necessary for the Board to complete its work.

Protests may challenge determinations of vendor, firm, or contractor non-responsibility or ineligibility, or award of contracts, provided that such protests and appeals are filed in writing and received by the Director, Materiel Support Services, within ten (10) calendar days of such actions by the Medical Center. Where the protest is dependent upon the provision of information to the vendor by the University, the ten (10) day period shall be tolled upon the vendor's request for such information and shall resume upon the requested information being made available to the vendor. Any protest shall state with specificity the basis of the challenge. Remedies shall be limited to reversal of the action challenged on the basis that it is arbitrary, capricious, not in accordance with law, or not in accordance with the terms and conditions of the solicitation documents.

Any appeal of the denial of a protest must be filed in writing with the Medical Center Procurement Appeals Board, in care of the Chief Contracting Officer of the University, and received by the Board within ten (10) calendar days of the denial of the protest. Remedies shall be limited to reversal of the action challenged on the basis that it is arbitrary, capricious, not in accordance with law, or not in accordance with the terms and conditions of the solicitation documents.

The University, on behalf of the Medical Center, may debar for a specified period or take corrective measures with any vendor, firm, or contractor, for one or more reasons. The causes for debarment, scope and term of debarment, and application of debarment provisions to other parties such as manufacturers or suppliers shall be those set forth below:

Debarment is action taken by the institution to exclude individuals or vendors from contracting with the institution for

particular types of goods or nonprofessional services for specified periods of time. Debarment does not relieve the vendor of responsibility for existing obligations.

The purpose of debarment is to protect the institution from risks associated with awarding contracts to persons or vendors having exhibited an inability or unwillingness to fulfill contractual requirements, and to protect the institution's interests and the integrity of the procurement process by preventing individuals or vendors which have displayed improper conduct from participating in the institution's business for specific periods of time.

1. Causes for Debarment

The debarring official can debar an individual or vendor without judicial determination for any of these reasons:

a. Breach (including anticipatory breach) of contract with an institution.

b. Sale or attempted sale to an institution of items or services which are required to be purchased under another contract, when the vendor knew or had reason to know that the items or services are required to be purchased under that contract.

c. Statement of an unwillingness or inability to honor a binding bid. A mere request to withdraw a bid, which does not otherwise state an unwillingness or inability to perform, is not a cause for debarment.

d. Falsifying or misrepresentation of manufacturer's specifications in order to appear responsive to a solicitation.

e. Conferring or offering to confer any gift, gratuity, favor, or advantage, present or future, upon any employee of an institution who exercises any "official responsibility" for a "procurement transaction" as those terms are defined in the Code of Virginia, Section 11-73. It is not necessary that the employee accept the offer, or that the offer be made with intent to influence the employee in an official act. Offers of any discounts or privileges not available to all State employees is considered to be offering an advantage.

f. Failure to disclose a condition constituting a conflict of interest by any officer, director, owner, or partner of the vendor awarded the contract or purchase order.

g. Any cause indicating that the individual or vendor is not a responsible vendor.

h. A determination by the institution that a vendor has used abusive or obscene language or behaved in a threatening manner toward institutional personnel.

i. Sale, under non-emergency conditions, of building materials, supplies, or equipment for any building or structure constructed by or for the institution by an independent vendor employed to furnish architectural or engineering services, but not construction for such building or structure or from any partnership, association or corporation in which such architect or engineer has a personal interest (Code of Virginia, Section 2.1-639.2 and Section 11-79).

j. Sale of goods or services to the institution when such sale is prohibited by any debarment then in effect.

k. Conviction of any criminal offense involving public contracting. Examples include, but are not limited to, bribery (Code of Virginia, Section 18.2-447) and knowingly making a false statement in regard to collusion on a solicitation (Code of Virginia, Section 18.2-498.4). Conviction for any of the above of any officer, director, owner, partner, agent, or related business entity of a vendor constitutes grounds for the removal of the vendor.

l. Court judgment finding a violation of either Federal or State antitrust laws.

m. Conviction of any offenses indicating a lack of moral or business integrity.

n. Any other activity which is so serious as to justify debarment.

If the debarring official finds that the cause for debarment reflects on the vendor's traits or tendencies only with regard to certain goods or services, the debarment may apply only to such goods or services. Otherwise the debarment applies to all goods and services within the purview of the debarring institution.

2. Ineligibility or Disqualification of Manufacturer

Should any manufacturer commit any of the acts described under causes for debarment, bids offering material, equipment, or supplies manufactured by that vendor may be rejected even though the bid is submitted by a vendor in good standing.

3. Debarment Period

Debarment is for a period of one year, except that debarment for reasons k., l., m., and n. may be for up to three years. Debarment commences upon notification of debarment, or if later, upon expiration of any existing debarments.

The debarring official may lift or suspend at any time the debarment if it is in the best interest of the institution. A debarred individual or vendor can apply for reinstatement at any time in writing to the debarring official citing actions taken to remedy the reason for debarment or to prevent recurrence of the situation that caused the debarment action. Examples of actions the debarring official may take into consideration include, but are not limited to:

a. Repayment by a debarred vendor of additional costs resulting from a default action for which the vendor had previously failed to reimburse.

b. Disassociation with individuals or vendors that were responsible for the debarment.

Medical Center Purchasing shall document any instances which result in the above actions being taken, and any person debarred shall be notified in writing. Any contractor debarred may protest the action, and may appeal the denial of a debarment protest, under the same deadlines and procedures established for other protests and appeals.

G. Leases

Leases of real property shall be undertaken in conformity with procedures prescribed in the Higher Education Capital Outlay Manual, Appendix V.