

TENTATIVE MINUTES  
SUBJECT TO THE APPROVAL  
OF THE BOARD OF VISITORS

OCTOBER 2, 2000

The Board of Visitors of the University of Virginia conducted a meeting by telephone on Monday, October 2, 2000; John P. Ackerly, III, Rector, presided. The meeting, which began at 9:05 a.m., was in Open Session and members of the public were invited to listen to the proceedings by speakerphone, which was set up in the Board office at the Rotunda.

The Rector, Mr. Crutchfield and Mr. Phelan were present in Madison Hall for the meeting; Mr. Goodwin and Mr. Wheat were in Mr. Goodwin's office in Richmond.

Mr. Bliley, Dr. Caravati, Mr. Glazer, Mr. Greer, Mrs. Holland, Mr. Robertson, Mr. Ross, Ms. Twohy, Mr. Walker and Mr. Wolfe participated on their own telephones.

Mr. Casteen, Mr. Sandridge, Mr. Gilliam, Ms. Sheehy, Mr. Forch and Ms. Bailes also were participants.

The Rector asked Mr. Sandridge to present the Agenda.

Mr. Sandridge explained that the University's proposed amendments to the state budget are due in Richmond on October 4<sup>th</sup>, the day before the beginning of the scheduled meeting of the Board of Visitors on October 5<sup>th</sup> and 6<sup>th</sup>. As the Board had expressed its desire to approve the amendments - and the University did not receive guidelines from the state on amendments until August 16<sup>th</sup> - before they are sent to Richmond, the telephonic meeting was called.

Referring to material which had been sent to the Board before the meeting, Mr. Sandridge gave a quick overview of the proposed amendments. (The amendments are appended to these Minutes as an attachment.)

Mr. Bliley moved that the amendments be approved; Mr. Crutchfield seconded the motion. The Secretary established by roll call vote that all participating Members approved the resolution.

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APPROVAL OF 2001 OPERATING AND CAPITAL BUDGET AMENDMENTS FOR THE  
ACADEMIC DIVISION, MEDICAL CENTER, AND COLLEGE AT WISE

WHEREAS, the 2001 operating and capital budget amendments have been carefully reviewed; and

WHEREAS, the amendments represent the highest priority initiatives for the University and the College at Wise; and

WHEREAS, the request is aligned with the mission of the institutions and with their respective strategic plans;

RESOLVED that the Board of Visitors of the University of Virginia endorses and supports the budget amendment requests; and

RESOLVED FURTHER that the Board of Visitors understands that to the extent these initiatives are not included in the Governor's amendments to the 2000-02 biennial budget that the University and the College at Wise may want to pursue similar requests to the legislature; and

RESOLVED FURTHER that the Executive Vice President and Chief Operating Officer is authorized to transmit the amendment requests to the Governor and later to the General Assembly as long as there are no material differences from the items already endorsed by the Board of Visitors.

On motion, the meeting was adjourned at 9:15 a.m.

Respectfully submitted,

Alexander G. Gilliam, Jr.  
Secretary

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Attachment

AGENCY 207 - Academic Division

## Operating Budget Amendments

- 1) *Replace Obsolete Information Systems with an Enterprise Resource Planning System (\$4,000,000 [GF])* - Replace financial, human resource, and student information systems with an integrated software solution from Oracle.
- 2) *Establish a Scientific Research Investment Fund (\$4,000,000 [GF])* - To provide funding for start-up laboratory support to recruit new world-class faculty in science and engineering.
- 3) *Provide Funding for Indigent Care and Undergraduate Medical Education (\$2,000,000 [GF] and \$2,150,239 [NGF])* - Support undergraduate medical education by providing full reimbursement of physician indigent care costs. This request represents continued funding of the amount appropriated in 2000-01 only.
- 4) *Maintain New Facilities (\$897,497 [GF], 12.5 FTEs)* - Provide support for operations and maintenance costs of new E&G facilities.
- 5) *General Liability Insurance Premiums (\$300,000 [GF] in each year)* - The State Division of Risk Management changed the way it allocates general liability insurance premiums to an experienced-based methodology. This resulted in a significant unbudgeted increase in the University's annual premium.
- 6) *Nursing Faculty (\$250,000 [GF], 4.0 FTEs)* - New faculty to support enrollment growth and to reduce the student/faculty ratio in the clinical setting.
- 7) *Reduce Deferred Maintenance Backlog (\$1,100,000 [GF], 10.0 FTEs)* - Provide funding for major and routine maintenance in order to deal sufficiently with deterioration at the rate at which it occurs and to help reduce deferred maintenance backlog.
- 8) *Improve Access to Technology in the Classroom (\$500,000 [GF], 2.0 FTEs)* - Resources to renovate and equip classrooms with technology and provide ongoing technical support for those rooms.

- 9) *Target Disadvantaged and Under-represented Students (\$210,000 [GF])* - Provide a non-graded, one-week summer experience to 50 rising 8<sup>th</sup> grade and 50 rising 9<sup>th</sup> grade students with the goal of increasing the numbers of disadvantaged and under-represented students who are sufficiently academically competitive to enroll in the University or elsewhere.
- 10) *Eminent Scholars Program: (\$200,000 [NGF] in each year)*  
Request additional NGF appropriation for increases in endowment expenditures directly related to the Eminent Scholar Program.

#### Capital Budget Amendments

- 11) *New Construction: Medical Research Building (MR-6) (\$25,000,000 [GF] and \$21,000,000 [NGF])* - This project will provide authority to construct a 153,000 gross square foot research facility in the Health Sciences Center precinct. The facility is expected to house School of Medicine laboratory research programs in the areas of Infectious Diseases, Pediatrics, Epidemiology, Virology, Neuroscience, Allergy and Immunology, as well as vivarium space. Presently, the demand for modern research space is supplied by renovating older laboratories and space not originally intended for research. Current research areas are already overcrowded as faculty members are being forced to share available offices and laboratories. If this project is deferred, the School of Medicine will not be able to meet the space requirements for additional grant funded research and will be unable to capitalize on the expected increase in available NIH funding over the next five years.
- 12) *New Construction: Materials Research and Science Engineering Center (\$7,000,000 [GF]; reduce by \$4,000,000 the current \$11,000,000 [NGF] authorization)* - This project will be a 50,000 gross square feet addition joining the Materials Science and Chemical Engineering buildings. The School of Engineering has received a National Science Foundation grant to establish the Center for Nanoscopic Materials Design under the MRSEC program. The grant anticipates such a facility will be constructed as soon as possible following the award. This project received an \$11 million NGF authorization in the 1999 Legislative Session. The University wishes to increase the total authorization to \$14 million, and request \$7 million of that as General Funds.

- 13) *Improvements: Campbell Hall Chiller Replacement (\$2,300,000 [GF])* - This project will install two new 500-ton chillers in the Studio Art Building, replacing the existing 400-ton chiller. New cooling towers and condenser and chilled water piping, distribution pumps, electrical equipment and controls will also be installed. A \$125,000 general fund authorization for planning was approved by the 1999 legislative session. Unless this plant is upgraded in parallel with design and construction of the Studio Art Building, there will be no chilled water for cooling Arts Precinct facilities.
- 14) *Improvements: Fayerweather Renovation (\$4,600,000 [GF])* - Fayerweather Hall houses the University's Art Department. The renovation of this building is the University's highest priority unfunded renovation project. The project includes the complete renovation of Fayerweather Hall (18,300 gross square feet), the demolition of the Fayerweather Annex (3,200 gross square feet), and the construction of a small in-fill addition (700 gross square feet) on the west side of Fayerweather Hall. This addition will match the existing addition on the east side of the building and will maximize the useable space within the building's footprint.
- 15) *Improvements: Storm Water Management, McCormick Road and West (\$1,400,000 [GF])* - This project will provide storm water management structures to comply with Virginia Stormwater Management Regulations for existing and planned facilities north and west of McCormick Road including the Arts Precinct and future Arena. Virginia Storm Water Management Regulations (4VAC3-20) require that storm water best management practices (BMPs) be implemented for new construction projects to prevent adverse water quality impacts. Regional BMPs are generally more effective and less expensive. This project will permit the University to implement storm water management in the most functional and cost-effective manner while maintaining sensitivity to aesthetic issues. This project must be accomplished in parallel with the development of the Arts Precinct facilities.
- 16) *Improvements: Cocke Hall Renovation (\$5,000,000 [GF])* - This project provides for the renovation and restoration of this 18,496 gross square feet building which houses the University's Department of Religious Studies. Renovation will include correction of serious fire protection and safety deficiencies, structural repairs, existing roof repairs,

upgrade of interior finishes, replacement of obsolete electrical, heating, ventilation and air conditioning systems and restoration work to the building exterior. Some interior spaces will also be restored. This project will bring the facility into conformance with accessibility standards.

- 17) *New Construction: Engineering Information Technology Building (\$12,500,000 [GF] and \$12,500,000 [NGF])*- This project will provide a 95,000 gross square feet facility which will house a new interdisciplinary academic program. Collaboration between the faculties and staff of the departments of Computer Sciences, Systems Engineering and Electrical Engineering will be facilitated by this new facility.
- 18) *Improvements: Garrett Hall Renovation (\$1,500,000 [NGF])* - This project will renovate one of the central grounds historic structures with the greatest number of deficiencies. The renovation will restore historic character while modernizing functional use, and correcting building leaks and electrical and HVAC deficiencies. It will also bring the building into conformance with accessibility standards.
- 19) *Improvements: Lambeth Housing (\$9,000,000 [NGF])* - This project will replace and improve the HVAC infrastructure, including adding new central air conditioning, and renovate portions of the existing building. The project will also address accessibility, upgrade and improve restroom facilities, abate hazardous materials and provide state-of-the-art data communications. To accomplish this project, it may be necessary to construct new utility chases outside the existing building envelope. This is an increase to an earlier \$6 million authorization.
- 20) *Improvements: Neurosurgery Department Offices (\$1,300,000 [NGF])* - This project will provide authority to renovate approximately 7,600 gross square feet in the Clinical Department Offices Building for faculty offices, administrative space and support functions. The existing space is inadequate to meet the current and projected needs of the Department for a variety of reasons including insufficient administrative support for outpatient services, inefficient use of space for academic and administrative functions and an inadequate building infrastructure. If this project is deferred, the Health System could experience problems with retention and recruitment of new faculty and staff.

- 21) *Improvements: Addition to the Architecture School (\$1,000,000 [NGF])* - This request adds \$1 million to the existing \$5 million authority to construct an addition to the Architecture School. It will allow an expanded scope of work to include some renovation work in the existing building, landscaping and to cover escalation costs due to an unanticipated length of time in project development.
- 22) *New Construction: Monroe Hall Addition, Phase I (\$15,000,000 [NGF])* - This project will provide 40,000 gross square feet which would include two floors and the basement of the Academic Building. Planning for two additional phases of development estimated to cost \$20 million is also included in Phase I.
- 23) *New Construction: Farm Vivarium Facility (\$4,000,000 [NGF])* - This project will provide authority to construct approximately 12,200 gross square feet of vivarium space at the University Research Farm. Continued growth in the research program has far exceeded expectations, and the School of Medicine has a critical shortage of space for animal facilities. If this project is deferred, the University's ability to recruit faculty and attract research grant funding will decline due to their heavy dependence on the availability and adequacy of appropriate facilities.
- 24) *New Construction: HSC Parking Structure for 600 (\$10,800,000 [NGF])* - This project will provide authority to construct a new parking structure for 600 vehicles for the Health System. This garage will allow staff to continue parking in close proximity to all of the major academic, research and clinical facilities in the Health Sciences Center Precinct. This additional parking will help the retention or recruitment of faculty and staff in the Health System and will ensure the safety and security of persons required to work unusual shift hours. If the project is deferred, the existing deficiency in parking spaces will be increased with the construction of future planned facilities.
- 25) *New Construction: Aquatic and Fitness Center Addition (\$3,000,000 [NGF])* - This request provides a \$3 million supplement to the existing \$5 million authority to allow the University to make an approximately 50,000 gross square feet addition to the Aquatic & Fitness Center to house intramural basketball courts and an indoor running track. The project does not require an increase in student fees.

## AGENCY 209 - Medical Center

### Operating Budget Amendments

- 1) *Retain interest on operating balances (\$4,400,000 [NGF])* - This amendment accompanies a legislative proposal that will modify the Code of Virginia to require the Medical Center to be credited with the imputed interest on its nongeneral fund operating cash balances (primarily patient care revenues), on deposit with the State Treasurer. This change will help the Medical Center achieve a realistic operating margin, specifically helping to offset losses resulting from the Balanced Budget Act of 1997.
- 2) *Provider-based clinics (\$27,000,000 [NGF], 250.0 FTEs in each year of the biennium)* - On April 7, 2000, the Health Care Financing Administration ("HCFA") published its long-anticipated final rules concerning a new prospective payment system ("PPS") for most hospital services. In addition to establishing the outpatient PPS, the rules also established complex requirements for obtaining provider-based status for clinic facilities that are operated by a hospital. The new PPS rules clearly defined a provider-based clinic and established specific criteria that must be met to obtain this designation. The organization of the clinics at the University did not comply with the new rules. To do so, we are required to move the control and management of most of the clinics to the hospital. This includes adding revenue and expense to the hospital that had historically been included in the physician practice plan and in the clinical departments of the School of Medicine.
- 3) *Expansion of renal services (\$1,800,000 [NGF], 20.0 FTEs in each year of the biennium)* - The Medical Center recently acquired outpatient renal dialysis services in Augusta County and must account for this new volume of activity in its operating appropriation.

### Capital Budget Amendments

- 4) *Improvements: Surgery Clinic (\$2,525,000 [NGF])* - This project will provide additional authority to renovate several adjacent clinical Departments including Plastic Surgery, Transplant and Neurology. By renovating this space the Health System will eliminate the current overcrowding of patients and improve departmental efficiency. If this

project is deferred and these essential improvements are not made, the Health System stands to lose part of its current market share.

- 5) *Improvements: Breast Health Center (\$3,337,000 [NGF])* - This project will provide authority to reorganize the Departments of Radiation Oncology and Mammography and to create a new Breast Health Center in the West Complex. The consolidation of these departments improves the cost and delivery of health care. If this project is deferred, the Health System will be unable to adequately meet current patient needs, resulting in potential loss of market share and associate revenue.
- 6) *Improvements: Transitional Nursery (\$2,200,000 [NGF])* - This project will provide authority for the current Pediatric and Newborn Intensive Care Units to take full advantage of all the space available to them. By renovating and reorganizing these Departments, the Medical Center can create a transitional nursery area within University Hospital designed to train parents in the specialized care of their newborns. If this project is deferred, the high number of parent calls and return visits will remain, increasing the overall cost of patient care.
- 7) *Improvements: Intensive Care Units (\$3,500,000 [NGF])* - This project will provide authority to renovate the Intensive Care Units on the Third, Fourth and Fifth Levels of the University Hospital, updating finishes and generating room for additional beds. The population growth of the City of Charlottesville and the surrounding area has increased the demand for bed space beyond the Health System's current capacity. If this project is deferred, the Health System will be unable to accommodate the increasing needs for these critical care beds, resulting in the potential loss of market share and the associated revenue.
- 8) *Improvements: Cosmetic Surgery Center (\$2,700,000 [NGF])* - This project provides authority for a 6,400 gross square foot addition to the Northridge Clinical Facility and an additional structured parking facility for 32 vehicles, in order to relocate the Cosmetic Surgery Clinic. This clinic is needed to provide the staff and patients with a centrally located clinic facility. It will have an efficient plan layout, a pleasant environment and be able to accommodate the anticipated growth in patient loads over the next five years. If this project is deferred, the Medical Center could lose part of its market share in the growing clinical area.

- 9) *Planning: University Hospital Expansion (\$1,757,000 [NGF])*- This project will provide additional planning authority for an expanded project scope including bustle addition and renovation to University Hospital, expansion and renovation of adjacent clinical facilities and pedestrian bridge connections to surrounding buildings. The Heart Center, the Interventional Radiology Procedure Suites, the Surgical Operating Suites and the Clinical Laboratories will be reconfigured and/or expanded as a result of this work. These changes will allow the University to respond to current market forces, provide for more efficient utilization of space within University Hospital and enable the Medical Center to meet current and future standards of patient care delivery. If this project is deferred, the Medical Center will continue to experience costs associated with operational inefficiencies, a loss of existing and future market share to competitors and more difficulty in recruiting and retaining highly sought after clinical faculty and staff.
- 10) *Acquisition: Medical Office Buildings (\$3,000,000 [NGF])* - This project will provide authority to acquire clinical facilities. The Medical Center needs to acquire these properties in order to maximize the potential revenue under the current Medicare reimbursement structure. If this project is deferred, there will be a loss of potential revenue to the Health System.
- 11) *Acquisition: West Radiation Therapy Center (\$2,000,000 [NGF])* - This project will provide authority to acquire a Radiation Therapy Center west of Charlottesville in Augusta County. The Medical Center needs to acquire this property in order to maximize the potential revenue under the current Medicare reimbursement structure. If this project is deferred, there will be a loss of potential revenue to the Health System.
- 12) *Blanket: Medical Center Planning, Renovation, Utilities and Acquisitions (\$2,000,000 [NGF])* - This project will provide additional blanket authority to plan, renovate, perform utility work or acquire properties for the Medical Center not originally envisioned as part of the current six year plan. Many of the clinical renovations in the Medical Center require the use of this authority to meet unanticipated changes in technology and health care practice. Based on the current projected volume of projects, it is anticipated that additional authority will be required during the biennium.

If this project is deferred, the ability of the Medical Center to execute projects of this nature may be curtailed.

AGENCY 246 - University's College at Wise

Operating Budget Amendments

- 1) *Center for Teaching Excellence (\$300,000 [GF], 3.0 FTEs)*- Provide three additional faculty members to aid in developing future teachers and expanding the knowledge base of current teachers. These funds will be matched by \$300,000 from the region's school districts, the Southwest Virginia Public Education Consortium and the College.
- 2) *Technology Initiative (\$2,045,000 [GF], 11.0 FTEs)* - Provide 11 faculty and staff positions to begin implementation of a SCHEV recommended 3/2 computer technology and engineering program with the University of Virginia and Virginia Tech. The program will address MIS needs for the region to aid in job preparedness and assist economic development efforts.
- 3) *Wireless Technology (\$500,000 [GF], 2.0 FTEs)* - Develop a wireless based network infrastructure on the campus.

Capital Budget Amendments

- 4) *Improvements: Crockett Hall Renovation (\$4,325,000 [NGF])* - This project will convert this 13,600 gross square feet facility to serve the consolidated student services functions of Admissions, Student Financial Aid and Registrar, along with a Welcoming Center for the College. Crockett Hall is a building of historic and architectural significance, which is sited at an ideal, highly visible central location.
- 5) *New Construction: Drama Building Addition and Renovation (\$6,490,000 [GF])* - This project will provide a 19,000 gross square feet addition for the music and dance programs. The project will also renovate and improve the existing auditorium and backstage spaces currently used by drama. The project will also renovate 7,500 gross square feet in the existing facility.
- 6) *Improvements: Access Road and Stormwater Management (\$2,000,000 [NGF])* - This project provides the development of a new access road and pedestrian paths and lighted walkways. The access road will establish a clear path of entrance onto the campus, and will allow major parking areas to be

developed at this entrance, thus reinforcing the pedestrian paths set forth in the master plan. The pedestrian paths will lead from the parking areas at the entrance into the academic and administrative areas of the campus giving the students, faculty, staff and visitors clear and safe routes.