

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS
EXECUTIVE COMMITTEE
MEETING
JULY 13, 2001**

EXECUTIVE COMMITTEE

Friday, July 13, 2001

1:00 - 1:15 p.m.

Troutman Sanders Mays and Valentine

23rd Floor Conference Room

1111 East Main Street, Richmond

Committee Members:

John P. Ackerly, III, Chair

Charles M. Caravati, Jr., M.D.

William H. Goodwin, Jr.

Terence P. Ross

Elizabeth A. Twohy

AGENDA

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BOARD OF VISITORS CONSENT AGENDA

A. UNIVERSITY OF VIRGINIA LEGISLATIVE PROPOSALS: Approval of legislative proposals for the 2002 Session, which are due to the State in the beginning of September, prior to the next full Board meeting.

Expanded Investment Options for Gifts Accounts
and Endowment Income Proposal

The University has private funds (primarily endowment income and gift accounts) that exceed the liquidity needs of the University. Many of these funds will not be used for many years and the continual flow of funds into these accounts keeps the outstanding balance stable, currently in excess of \$200 million. A higher rate of return consistent with the longer investment time frame could be earned on these funds if equity-type securities could be utilized. The proposed legislation would remove the Investment of Public Funds Act as the governing law and would include gift and endowment income monies under the Code of Virginia Section 23-76.1 (the Code section currently governing the investment of the University's endowment). The investment of these funds would be subject to guidelines adopted by the Board of Visitors.

Hospital Interest Proposal

The hospital interest proposal would require the Medical Center to be credited with the imputed interest on its non-general operating cash balances (primarily patient care revenues) on deposit with the State Treasurer. The receipt of the resulting interest earnings relates directly to the Medical Center's goal of achieving a realistic operating margin. The mission of the Medical Center is to provide the best level of patient care possible and support the Medical School's mission of educating students and conducting medical research. To carry out this mission, the Medical Center needs a stable and dependable stream of revenue in order to offer competitive compensation plans to employees and purchase state-of-the art medical equipment.

The University of Virginia Medical Center is unique among state agencies in that it operates in a highly competitive, private sector market. All medical centers are limited in their ability to pass on cost increases in the form of rate adjustments, because medical insurance companies and government agencies (responsible for Medicare and Medicaid) will not pay

for expenses that are outside the "normal cost" of operating a medical center.

The proposed legislation would allow the Medical Center to retain its interest on cash balances similar to the Medical College of Virginia Hospitals' Authority and other private hospitals. Retaining interest on cash balances is critical in the increasingly challenging environment of managed health care. The proposed change would modify Section 23-77.4 of the Code of Virginia.

ACTION REQUIRED: Approval by the Executive Committee, to be reported to the Full Board on July 14, 2001.

APPROVAL OF UNIVERSITY OF VIRGINIA LEGISLATIVE PROPOSALS:

WHEREAS, the Executive Committee of the Board of Visitors has reviewed proposed legislative action related to expanded investment options for gift accounts and endowment income, and for interest earnings on Medical Center operating cash balances; and

WHEREAS, the Executive Committee concludes that the proposed changes are prudent and in the best interest of the University;

RESOLVED that the Executive Vice President and Chief Operating Officer is authorized to seek legislation accomplishing the above-described purposes.

B. HEREFORD COLLEGE/INTERNATIONAL RESIDENTIAL COLLEGE MEAL PLAN: Approval of an additional residential college meal plan for residents of Hereford College and the International Residential College.

At its April meeting, the Board of Visitors approved contract dining rates. Since then, the need for an additional plan has been identified. The new plan requires Board approval before the 2001-2002 academic year begins. The proposed dining rate for Hereford and the International Residential College is consistent with the University's meal plan pricing policy which calls for room and board rates to be lower than the average of the rates charged by all public colleges and universities in Virginia.

Residents of the Lawn, residential colleges and language houses with dining facilities are required to purchase some form a meal plan; several options are available. The proposed plan would offer 50 meals and 350 Plus Dollars per semester and would add another meal plan option for the residents of Hereford College and the International Residential College. The pricing of the new plan is based on the 50 meals per semester plan and the residential college banquet fee, both approved by the Board of Visitors in April. The proposed total annual cost of the plan is \$1,150.

ACTION REQUIRED: Approval by the Executive Committee, to be reported to the Full Board on July 14, 2001.

<u>APPROVAL OF PROPOSED HEREFORD COLLEGE/INTERNATIONAL RESIDENTIAL COLLEGE 2001-2002 CONTRACT DINING RATE</u>	
RESOLVED that the additional student contract rate for dining services be approved as shown below, effective beginning with the 2001-2002 session:	
<u>ACADEMIC DIVISION</u>	
	<u>Proposed 2001-2002</u>
<u>Hereford College/International Residential College</u>	
50 Meals per semester w/ \$350 Plus Dollars	\$1,150

C. BASEBALL FIELD RENOVATION PROJECT: Approval of the architect selection, schematic design and preliminary design for the Baseball Field Renovation Project.

Several donors have proposed this \$5 million project, which arose from a concern about the viability of the University's baseball program. The donors view this project as a first step toward improving the competitiveness of the baseball team. The current field can best be described as equivalent to a high school facility - open metal bleachers, cinderblock dugouts, a wood-frame concessions building and press box and no permanent restrooms. The field, however, is in good condition. The ultimate project scope includes a grandstand, press box, restrooms, concession building, dugouts, sky boxes, locker/dressing rooms, electronic scoreboard, field lighting and public address system.

The project will be completed in phases, as funding is available. The University is making every effort to complete the first phase (grandstand, press box, restrooms, concessions, dugouts, canopy and lighting) in time for the Spring 2002 baseball season.

The architect selection and project design will be presented for consideration by the Executive Committee. The University requests the selection of VMDO Architects of Charlottesville as the project architects. To meet the tight project schedule, the University will also request schematic and preliminary design approval by the Executive Committee.

ACTION REQUIRED: Approval by the Executive Committee, to be reported to the Full Board on July 14, 2001.

APPROVAL OF ARCHITECT SELECTION, SCHEMATIC DESIGN AND PRELIMINARY DESIGN FOR THE BASEBALL FIELD RENOVATION PROJECT

RESOLVED that VMDO Architects of Charlottesville is approved for the performance of architectural and engineering services for the Baseball Field Renovation project; and

RESOLVED FURTHER that the schematic and preliminary design, dated July 13, 2001, and prepared by VMDO Architects of Charlottesville, for the Baseball Field Renovation project, is approved for further development and construction.

D. ARCHITECT SELECTION FOR THE ARENA PROJECT: Approval of the architect selection for the Arena project.

The architect for the new Arena will be presented for consideration by the Executive Committee. The new Arena will seat 15,000 for men's and women's basketball games; it will also provide a new on-grounds venue for other major events. The University currently has a \$10 million planning authorization for this project, and has included an \$111 million construction authorization request in its capital outlay plan for the 2002-2004 biennium. The University requests the selection of VMDO Architects of Charlottesville in association with Ellerbe Becket of Minneapolis.

ACTION REQUIRED: Approval by the Executive Committee, to be reported to the Full Board on July 14, 2001.

APPROVAL OF ARCHITECT SELECTION FOR THE ARENA PROJECT

RESOLVED that VMDO Architects of Charlottesville in association with Ellerbee Beckett of Minneapolis is approved for the performance of architectural and engineering services for the new Arena project.