

June 1, 2002

MEMORANDUM

TO: The Finance Committee:

William H. Goodwin, Jr., Chair
Thomas F. Farrell, II
Charles L. Glazer
Mark J. Kington
Thomas A. Saunders, III
Warren M. Thompson
John P. Ackerly, III, Ex Officio

and

Thomas J. Bliley, Jr.	Gordon F. Rainey, Jr.
William G. Crutchfield, Jr.	Terence P. Ross
T. Keister Greer	Elizabeth A. Twohy
Elsie Goodwyn Holland	E. Darracott Vaughan, Jr., M.D.
Don R. Pippin	H. Timothy Lovelace, Jr.

FROM: Alexander G. Gilliam, Jr.

SUBJECT: Minutes of the Meeting of the Finance Committee

The Finance Committee of the Board of Visitors of the University of Virginia met, in Open Session, at 8:30 a.m., Saturday, June 1, 2002 (The Committee met two days earlier, on May 30th, in the context of the same Board of Visitors meeting to consider the first part of its Agenda. See the Minutes of the Committee's meeting of that date.) in the East Oval Room of the Rotunda; William H. Goodwin, Jr., Chair, presided. Thomas F. Farrell, II, Charles L. Glazer, Mark J. Kington, Warren M. Thompson, and John P. Ackerly, III, Rector, were present.

Also present were William G. Crutchfield, Jr., T. Keister Greer, Mrs. Elsie Goodwyn Holland, Don R. Pippin, Gordon F. Rainey, Jr., Terence P. Ross, Ms. Elizabeth A. Twohy, E. Darracott Vaughan, Jr., M.D., and H. Timothy Lovelace, Jr.

Present as well were John T. Casteen, III, Leonard W. Sandridge, Alexander G. Gilliam, Jr., Paul J. Forch, Ms. Colette Sheehy, Gene D. Block, R. Edward Howell, Arthur Garson, Jr., M.D., Robert D. Sweeney, Ms. Patricia M. Lampkin, Robert E. Reynolds, M.D., Ms. Yoke San L. Reynolds, R. Ariel Gomez, M.D., and Ms. Jeanne Flippo Bailes.

BECAUSE OF MALFUNCTIONING RECORDING EQUIPMENT, THESE MINUTES ARE A RECONSTRUCTION.

The Chair asked Mr. Sandridge, Executive Vice President and Chief Operating Officer, to present the Agenda.

The first item on the Agenda was a report on the University's debt capacity, led by Ms. Yoke San L. Reynolds, Vice President for Finance. Ms. Reynolds pointed out that the latest bond ratings for the University are AAA by Fitch, Aaa by Moody's, and AA+ by Standard & Poor's. These ratings are among the best for public universities in the country.

Ms. Reynolds concluded her comprehensive discussion by saying that the University's debt affordability ratio generally is consistent with the University guideline of 4% and the State guideline of 5% for projects approved for debt financing by the Board and by the General Assembly.

On the other hand, if six-year plan projects requiring debt were all to be approved for debt financing, the guidelines would be exceeded in some years.

It is important, she said, to (a) make tough choices, (b) manage debt as a portfolio, and (c) research and implement the best practices in higher education debt management.

The next item on the Agenda was a resolution approving a bond issue under the Pooled Bond Program. The Program was established by the General Assembly in 1996 and is administered by the Virginia College Building Authority. The proposed bond issue would not exceed \$108m and it would cover six projects: the School of Medicine Research Building, the Arts & Sciences Building, the Aquatic & Fitness Center Addition, the Emmet Street Parking Structure, the Hospital Expansion project, and the Cancer Center Renovation project.

On motion, the Committee approved the necessary resolution and recommended it to the full Board for approval (see Minutes of the meeting of the Board of Visitors, June 1, 2002).

The Committee next, on motion, approved the reappointment of Mr. A. Macdonald Caputo of New York to the Board of the University of Virginia Investment Management Company (UVIMCO). The term would begin on July 1, 2002, and would run for four years. The Committee recommended its resolution to the full Board for approval (see Minutes of the meeting of the Board of Visitors, June 1, 2002).

Ms. Handy, University Treasurer, gave the customary report on the Endowment. She observed that the markets have been difficult for yet another year. As of April 30th, the total Endowment assets stood at \$1,755.8m.

Finally, the Chair reported on actions taken by the UVIMCO Board at its last meeting, May 22nd, and at several meetings of its committees. UVIMCO voted to

- Invest \$20m with Audax Mezzanine Fund, L.P.
- Invest \$25m with the Boston Company
- Invest \$35m with H.I.G. Capital Partners, III
- Invest \$50m with Viking Global Equities, III
- Invest \$35m with Lone Kauri
- Approve the Farm Team Program.

(None of the above actions require the approval of the Finance Committee or of the Board of Visitors.)

On motion, the meeting was adjourned at 9:35 a.m.

AGG:jb

These minutes have been posted to the University of Virginia's Board of Visitors website.

<http://www.virginia.edu/bov/financeminutes.html>