

May 30, 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 4:55 p.m., Thursday, May 30, 2002, in the East Oval Room of the Rotunda; William H. Goodwin, Jr., Chair, presided. Charles L. Glazer, Mark J. Kington, Thomas A. Saunders, III, Warren M. Thompson, and John P. Ackerly, III, Rector, were present.

Also present were William G. Crutchfield, Jr., T. Keister Greer, 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, Ms. Patricia M. Lampkin, Robert E. Reynolds, M.D., R. Ariel Gomez, M.D., R. Edward Howell, Arthur Garson, Jr., M.D., Steven N. Kaplan, 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.

Mr. Sandridge explained that the main reason for the Committee meeting was to approve the University's 2002-2003 Budget. First, though, he asked for approval of a consent agenda resolution which states the University's intent to issue bonds. The bonds would be issued to cover certain costs of four building projects: The Arts & Sciences Building, the Aquatic & Fitness Center Addition, the Emmet Street Parking Structure, and the Cancer Center project. The Arts & Sciences Building has a total cost of \$41m; the maximum amount of this bond issue would be \$9m. The addition to the Aquatic & Fitness Center is put at \$10.4m; the bond issue would be \$5.5m. The Parking Garage bond issue actually is a request to raise the previously approved \$14m to \$17.5m. The Cancer Center project is a renovation of existing space and will cost \$5m, which is the amount of the proposed bond issue.

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

Mr. Sandridge and Ms. Sheehy, Vice President for Management and Budget, then led the discussion of the 2002-2003 Budget for the University.

The proposed budget is \$1,443.1m, an increase of 1.9% over last year. Broken down into its three general categories, this means \$835.8m, a 3% increase, for the Academic Division; \$587.6m (.3%) for the Medical Center; and \$19.7m (5.5%) for The University of Virginia's College at Wise. For all three divisions, total revenues are put at \$1,474.6m: patient revenue accounts for 40.4% of this, grants and contracts 15.8%, tuition and fees 14.1%, State appropriations 10.3%, and auxiliary enterprises 9%. Other sources of revenue, which amount to \$153.4m, or 10.4%, include "sales & other," \$19.9m, Medical Center, \$23.5m, and Endowment income and gifts, \$110m.

Academic Division revenues are broken down to 27.7% from grants and contracts, 24.4% from tuition and fees, 16.9% from State appropriations, and 15.4% from auxiliary enterprises. Some 15.6% comes from "Other," which includes Endowment income and gifts. Much of the 3.1% increase in Academic Division revenues over last year comes from a 10.7% increase in tuition. As for expenditures, 26.9% will go for instruction, 19.9% for grants and contracts, 15.4% for auxiliary enterprises and 26.7% for "Other." The

latter includes funds for student aid, the operation and maintenance of the physical plant, research and public service, institutional support, research and public service, and student service.

Revenues at Wise are projected at \$19.7m, of which 55.8% comes from State appropriations, 22.8% from auxiliary enterprises, 16.8% from tuition and fees, and 4.6% from sponsored programs and "Other." Educational and General will account for 69.5% of expenditures, auxiliary enterprises 22.8%, sponsored programs 4.1% and student aid 3.6%.

The Medical Center budget, which is to increase by .3% over last year, reflects projected increases of 4% for medical supplies and 15% for pharmaceuticals.

Mr. Sandridge and Ms. Sheehy also discussed the annual distribution of the Pratt Fund which is normally \$2.6m. Special distributions of \$2.33m in 2002-2003, an equal amount in 2003-2004 and \$2.34m in 2004-2005, has been requested by the Vice President for Research to match a \$7m award from the Ivy Foundation. The money will be used to develop an Institute for Morphogenesis and Regeneration Medicine, a principal recommendation of the Virginia 2020 Commission on Science and Technology.

After considerable discussion, the Committee adopted a resolution approving the budgets for the three divisions as well as the proposed distribution of monies from the Pratt Fund, and recommended the resolution to the full Board for approval. (See Minutes of the meeting of the full Board, June 1, 2002.)

On motion, the meeting was adjourned at 6:25 p.m. The Committee met again on June 1, to consider the rest of its Agenda - see the Minutes of the Finance Committee meeting of that date.

AGG:jb

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

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