

**DOCKET**

**BOARD OF VISITORS**

**University of Virginia**

**Regular Meeting**

**June 1, 2002**

DOCKET  
BOARD OF VISITORS  
JUNE 1, 2002

CONSENT ITEMS

1. APPROVAL OF ARCHITECTURAL DESIGN GUIDELINES  
FOR THE SOUTH LAWN PROJECT

RESOLVED that the architectural design guidelines, dated June 1, 2002, prepared by the Architect for the University, for the South Lawn project, are approved; and

RESOLVED FURTHER that the project will be presented for further review at the schematic design level of development.

2. APPROVAL OF ARCHITECTURAL DESIGN GUIDELINES  
FOR THE NEW ARENA

RESOLVED that the architectural design guidelines, dated May 9, 2002, prepared by the Architect for the University, for the New Arena project, are approved; and

RESOLVED FURTHER that the project will be presented for further review at the schematic design level of development.

3. APPROVAL OF ARCHITECTURAL DESIGN GUIDELINES  
FOR THE CAMPBELL HALL ADDITION PROJECT

RESOLVED that the architectural design guidelines, dated May 9, 2002, prepared by the Architect for the University, for the Campbell Hall Addition project, are approved; and

RESOLVED FURTHER that the project will be presented for further review at the schematic design level of development.

4. APPROVAL TO REMOVE FOUR BUILDINGS AT THE DAVIS  
FARM - VIVARIUM COMPLEX ON ROUTE 20 SOUTH

WHEREAS, the University owns four buildings (FAACS Building Numbers: 207-1678, 207-1681, 207-1682, and 207-1683) at the Davis Farm - Vivarium Complex on Route 20 South in Albemarle County; and

WHEREAS, these structures are no longer used, and the site is needed for the construction of a new vivarium facility; and

WHEREAS, the Governor of Virginia delegated to the Board of Visitors, pursuant to Executive Order Number Thirty-Four (98), dated November 10, 1998, the authority of the Governor to approve the removal of buildings on state property, with the advice and counsel of the Art and Architectural Review Board, and the review of the Department of Historic Resources; and

WHEREAS, the Art and Architectural Review Board and the Department of Historic Resources have approved the removal of these structures;

RESOLVED that the removal of these buildings (FAACS Building Numbers: 207-1678, 207-1681, 207-1682, and 207-1683) at the Davis Farm - Vivarium Complex on Route 20 South, in Albemarle County, is approved by the Board of Visitors; and

RESOLVED FURTHER that the Executive Vice President and Chief Operating Officer is authorized to execute any and all documents pertaining to the removal of the aforementioned buildings, and that the said officer ensure that the required reports regarding the building removals are sent to the Department of General Services.

5. APPROVAL OF INTENT TO ISSUE BONDS FOR THE ARTS & SCIENCES BUILDING, THE AQUATIC & FITNESS CENTER, THE EMMET STREET PARKING STRUCTURE AND THE CANCER CENTER RENOVATION PROJECT

WHEREAS, The Rector and Visitors of the University of Virginia (the "Institution") has undertaken or will undertake the acquisition of the School of Medicine research building, the construction of the Arts & Sciences building, an addition to the Aquatic & Fitness Center, the expansion of the Institution's hospital, the construction of the Emmet Street parking structure and the renovation of the Institution's Cancer Center facilities (collectively, the "Project"); and

WHEREAS, on November 9, 2000, the Board of Visitors of the Institution adopted a resolution declaring its official intent under Treasury Regulations Section 1.150-2 in connection with the acquisition of the School of Medicine research building, a portion of the Project, to issue indebtedness in the amount of \$17,000,000 from which it expressed its expectation to reimburse itself for expenditures with the proceeds thereof; and

WHEREAS, on October 19, 2001, the Board of Visitors of the Institution adopted a resolution declaring its official intent under Treasury Regulations Section 1.150-2 in connection with the expansion of the Institution's hospital and the construction of the Emmet Street parking structure, each a portion of the Project, to issue indebtedness in the amounts of \$54,000,000 and \$14,000,000, respectively, from which it expressed its expectation to reimburse itself for expenditures with the proceeds thereof. With respect to the portion of the Project consisting of the construction of the Emmet Street parking structure, the Board of Visitors of the Institution now expects to issue an additional \$3,500,000 in indebtedness; and

WHEREAS, the Institution has made or will make expenditures (the "Expenditures") in connection with the Project; and

WHEREAS, the Institution may determine that the funds advanced and to be advanced to pay Expenditures will be reimbursed to the Institution from the proceeds of one or more obligations to be issued by the Institution (the "Indebtedness"); and

RESOLVED that:

1. With respect to the portion of the Project consisting of the construction of the Emmet Street parking structure, the Board of Visitors of the Institution now expects to issue an additional \$3,500,000 in Indebtedness from which the Institution expects to reimburse itself for Expenditures as provided herein and in the October 19, 2001, resolution and to such extent hereby so modifies the October 19, 2001, resolution. Other than as modified hereby, the October 19, 2001, resolution remains in full force and effect.

2. With respect to the portions of the Project not consisting of the acquisition of the School of Medicine research building, the construction of the Emmet Street parking structure and the expansion of the Institution's hospital, the Board of Visitors of the Institution hereby adopts this declaration of official intent under Treasury Regulations Section 1.150-2 and declares that the Institution intends to reimburse itself with the proceeds of Indebtedness for Expenditures made on, after or within 60 days prior to the date of the adoption of this Resolution with respect to the Project, except that Expenditures made more than 60 days prior to the date hereof may be reimbursed as to certain *de minimis* or preliminary expenditures described in Treasury Regulations Section 1.150-2(f) and as to other expenditures permitted under applicable Treasury Regulations.

3. The maximum principal amount of Indebtedness expected to be issued for (i) the portion of the Project consisting of the Emmet Street parking structure is \$17,500,000 and (ii) those portions of the Project excluding the acquisition of the School of Medicine research building, the construction of the Emmet Street parking structure and the expansion of the Institution's hospital is \$19,500,000.

4. This Resolution shall take effect immediately upon its adoption.

6. CONFLICT OF INTEREST EXEMPTION (ADENOSINE THERAPEUTICS, LLC)

WHEREAS, the University of Virginia wishes to enter into sponsored research contracts with Adenosine Therapeutics, LLC, a Virginia Corporation, for developing therapeutic agents; and

WHEREAS, George A. Beller, M.D., Irving L. Kron, M.D., Joel M. Linden, Ph.D., Timothy L. MacDonald, Ph.D., and Gail W. Sullivan, Ph.D., have disclosed in advance their equity interests of four percent, six percent, 25 percent, eight percent and four percent, respectively, in Adenosine Therapeutics, LLC, and the University's entry into a research agreement with Adenosine Therapeutics, LLC, would thereby expose them to violation of the Conflict of Interests Act unless approved by the Board as permitted by §2.1-639.6(C)(7) of the *Code of Virginia*;

RESOLVED that waiver of conflict of interest of Dr. Beller, Dr. Kron, Mr. Linden, Mr. MacDonald, and Ms. Sullivan is approved by the Board of Visitors in order to permit the University to negotiate and enter into proposed contracts for developing therapeutic agents. This approval is granted provided, as required by the law, the faculty file the required annual disclosure statement of personal interests in Adenosine Therapeutics, LLC, the University files the required annual report concerning the contract with the Secretary of the Commonwealth, and the appropriate department chairs and deans vigilantly oversee application of University resources in the best interests of the University and in accordance with policy.

7. APPROVAL OF MILLER CENTER COUNCIL MEMBERS

RESOLVED that Mr. Michael R. Beschloss, Mr. Mortimer M. Caplin, Mr. John William Galbraith, and Ms. Glynn D. Key be elected to the Council of the White Burkett Miller Center of Public Affairs, each for a term of three years.

ACTION ITEMS

8. APPROVAL OF SCHEMATIC DESIGN FOR THE NEW ARENA

RESOLVED that the schematic design, dated May 9, 2002, and prepared by VMDO Architects of Charlottesville, for the New Arena, is approved; and

RESOLVED FURTHER that the project will be presented for further review at the preliminary design level of development.

9. APPROVAL OF PRELIMINARY DESIGN FOR THE MATERIALS SCIENCE ENGINEERING and NANOTECHNOLOGY BUILDING

RESOLVED that the preliminary design, dated May 9, 2002, and prepared by VMDO Architects of Charlottesville, for the Materials Science Engineering and Nanotechnology Building, is approved for further development and construction.

10. APPROVAL OF THE SCHEMATIC AND PRELIMINARY DESIGN, HOSPITAL EXPANSION PROJECT

RESOLVED that the schematic and preliminary design, dated May 9, 2002, and prepared by RTKL Associates of Baltimore, for the Hospital Expansion Project, is approved for further development and construction.

11. APPROVAL OF THE 2002-2003 OPERATING BUDGET FOR THE ACADEMIC DIVISION

RESOLVED that the 2002-2003 Operating Budget for the Academic Division is approved, as recommended by the President and the Chief Financial Officer.

12. APPROVAL OF THE 2002-2003 OPERATING BUDGET FOR THE UNIVERSITY OF VIRGINIA'S COLLEGE AT WISE

RESOLVED that the 2002-2003 Operating Budget for The University of Virginia's College at Wise is approved, as recommended by the President and the Chief Financial Officer.

13. APPROVAL OF THE 2002-2003 OPERATING AND CAPITAL BUDGET FOR THE UNIVERSITY OF VIRGINIA MEDICAL CENTER

RESOLVED that the 2002-2003 Operating and Capital Budget for the University of Virginia Medical Center, which includes hospital room and ancillary service rate increases of 5.0 percent and bonuses equal to a minimum of 2.5 percent of base pay for eligible employees, is approved, as recommended by the President and the Chief Financial Officer.

14. APPROVAL OF PRATT FUND DISTRIBUTION FOR 2002-2003

RESOLVED that the budget for the expenditure of funds from the Estate of John Lee Pratt be approved to supplement appropriations made by the Commonwealth of Virginia for the School of Medicine and Departments of Biology, Chemistry, Mathematics and Physics in the College of Arts & Sciences. The normal allocations, not to exceed \$2.6 million for 2002-2003, are suggested by the department chairs and recommended by the dean of each school. The special distributions are

not to exceed \$3,533,000 for 2002-2003. To the extent the annual income from the endowment is not adequate to meet the recommended distribution, the principal of the endowment will be disinvested to provide funds for the approved budgets.

#### 15. APPROVAL OF BOND ISSUANCE

WHEREAS, pursuant to Chapter 3.2, Title 23 of the *Code of Virginia* of 1950, as amended (the "Act"), the General Assembly of Virginia has authorized the Virginia College Building Authority (the "Authority") to develop a pooled bond program (the "Program") to purchase bonds and other debt instruments issued by public institutions of higher education in the Commonwealth of Virginia (the "Institutions") to finance or refinance the construction of projects of capital improvement specifically included in a bill passed by a majority of those elected to each house of the General Assembly of Virginia (the "Projects"); and

WHEREAS, the Authority intends to issue from time to time under the Program its Educational Facilities Revenue Bonds (Public Higher Education Financing Program) (the "Bonds") to finance the purchase of bonds and other debt instruments issued by the Institutions to finance or refinance the Projects, all in the furtherance of the purposes of the Act and the Program; and

WHEREAS, the Board of Visitors of The Rector and Visitors of the University of Virginia (the "Board") may from time to time wish to finance or refinance Projects of the University of Virginia (the "Institution") through the Program; and

WHEREAS, if the Institution wishes to finance or refinance a Project through the Program, it will be necessary for the Institution to enter into a Loan Agreement (a "Loan Agreement") between the Authority and the Institution and to evidence the loan to be made by the Authority to the Institution pursuant to the Loan Agreement by issuing the Institution's promissory note (the "Note") pursuant to Section 23-19 of the *Code of Virginia* of 1950, as amended, and pursuant to the Loan Agreement, the Authority will agree to issue its Bonds and to use certain proceeds of the Bonds to purchase the Note issued by the Institution and the Institution will agree to use the proceeds received from the Authority to finance or refinance the construction of the Project and to make payments under the Loan Agreement and the

Note in sums sufficient to pay, together with certain administrative and arbitrage rebate payments, the principal of premium, if any, and interest due on that portion of the Bonds issued to purchase the Note; and

WHEREAS, the Institution now proposes to sell to the Authority its Note (the "2002A Note") to be issued under a Loan Agreement (the "2002A Loan Agreement") to finance or refinance from the proceeds of Bonds issued by the Authority in 2002 (the "2002A Bonds") all or a portion of the costs of the acquisition of the School of Medicine research building, the construction of the Arts and Sciences building, an addition to the Aquatic and Fitness Center, the expansion of the Institution's hospital, the construction of the Emmet Street parking structure and the renovation of the Institution's cancer center, all located on the Institution's Charlottesville campus (collectively, the "2002A Project"); and

WHEREAS, it is the desire of the Board to delegate to such Authorized Officers (as hereinafter defined) of the Institution the authority to approve the form of the 2002A Loan Agreement and the form of the 2002A Note on behalf of the Board and, similarly, to authorize such Authorized Officers of the Institution to execute, deliver and issue in the name of and on behalf of the Institution, the 2002A Loan Agreement, the 2002A Note and any and all documents necessary to effectuate the financing or refinancing of all or a portion of the costs of the 2002A Project through the Program with the Authority and to facilitate the purchase of the 2002A Note by the Authority; and

WHEREAS, it is the desire of the Board to approve the further participation by the Institution in the Program in order to finance and refinance the 2002A Project and to authorize the execution, delivery and issuance of such other Loan Agreements and Notes on terms and conditions substantially similar to the 2002A Loan Agreement and 2002A Note, as to be approved by the Authorized Officers or either of them, and to similarly authorize such authorized Officers of the Institution to execute, deliver and issue in the name of and on behalf of the Institution, all Loan Agreements, all Notes and any and all future documents necessary to effectuate the Program by financing or refinancing the 2002A Project with the Authority and to facilitate the purchase of the Notes by the Authority.

RESOLVED:

Section 1. The 2002A Project is hereby designated a Project to be undertaken and financed or refinanced by the Authority and, accordingly, the President of the Institution and the Executive Vice President and Chief Operating Officer of the Institution (the "Authorized Officers"), or either of them, are hereby delegated and invested with full power and authority to approve the form of the 2002A Loan Agreement and the 2002A Note, and any pledge to the payment of the 2002A Note of the Institution's total gross university sponsored overhead, unrestricted endowment income, tuition and fees, indirect cost recoveries, auxiliary enterprise revenues, general and nongeneral fund appropriations and other revenues not required by law or restricted by a gift instrument to be used for another purpose, any of which are not required by law or by binding contract entered into on or prior to the date of issuance of the 2002A Bonds to be devoted to some other purpose on a basis that is senior in priority to the 2002A Bonds, as may be provided in the 2002A Loan Agreement, and such approval is hereby authorized, subject to the provisions of Section 4 hereof.

Section 2. Subject to the provisions of Section 4 hereof, the Authorized Officers, or either of them, are each hereby delegated and invested with full power and authority to execute, deliver and issue on behalf of the Board, (a) the 2002A Loan Agreement and the 2002A Note whose approval of such documents in accordance with Section 1 shall be evidenced conclusively by the execution and issuance of the 2002A Note and (b) any and all other documents, instruments or certificates as may be deemed necessary to consummate the financing or refinancing of all or a portion of the costs of the 2002A Project through the Program, the construction of the 2002A Project and the Institution's participation in the Program, and to further carry out the purposes and intent of this Resolution. The Authorized Officers are directed to take such steps and deliver such certificates prior to the delivery of the 2002A Note as may be required under existing obligations of the Institution.

Section 3. The Authorized Officers, or either of them, are each hereby delegated and invested with full power and authority to execute and deliver, on behalf of the Board, (a) such future Loan Agreements in substantially the form of the 2002A Loan Agreement, as to be approved by the Authorized

Officers or either of them, with such changes, insertions or omissions as may be approved by the Authorized Officers, whose approval shall be evidenced exclusively by the execution and delivery of the future Loan Agreement, (b) such future Notes in substantially the form of the 2002A Note, as to be approved by the Authorized Officers or either of them, with such changes, insertions or omissions as may be approved by the Authorized Officers, whose approval shall be evidenced exclusively by the execution and delivery of the future Note, and (c) any and all other documents, instruments or certificates as may be deemed necessary in the future to consummate the Program, the construction, financing or refinancing of the 2002A Project and the Institution's participation in the Program, and to further carry out the purposes and intent of this Resolution in the future, it being the intent of the Board that no further action on behalf of the Board shall be necessary to empower the Authorized Officers, or either of them, to execute, deliver and issue such future Loan Agreements, future Notes and other documents as may be deemed necessary in order for the Institution to participate in the Program in the future.

Section 4. The authorizations given above as to the approval, execution, delivery and issuance of the 2002A Loan Agreement and the 2002A Note are subject to the following parameters: (a) that the principal amount to be paid under the 2002A Note shall not be greater than the aggregate amount authorized for the 2002A Project by the General Assembly of Virginia, including any adjustments required or permitted by law, (b) that the interest rate payable under the 2002A Note shall not exceed a "true" or "Canadian" interest cost more than 50 basis points higher than the interest rate for "AA" rated securities with comparable maturities, as reported by Delphis-Hanover, or another comparable service or index, on the date that the interest rates on the 2002A Note are determined, taking into account original issue discount or premium, if any, (c) that the weighted average maturity of the principal payments due under the 2002A Note shall not be in excess of 20 years, (d) that the last principal payment date under the 2002A Note shall not extend beyond the period of the reasonably expected economic life of the 2002A Project, (e) that the financing of the 2002A Project and the terms and provisions of the 2002A Loan Agreement and the 2002A Note will comply with the Alternative Construction and Financing Guidelines issued by the Commonwealth's Secretary

of Finance, and (f) that the actual interest rates, maturities, and date of the 2002A Note shall be approved by an Authorized Officer, which approval will be evidenced by the execution of the 2002A Note.

Section 5. The authorizations given above as to the execution, delivery and issuance of any future Loan Agreements and future Notes are subject to the following parameters: (a) that the principal amount to be paid under such Notes shall not be greater than the amount authorized for the Projects being financed by the General Assembly of Virginia, including any adjustments required or permitted by law, (b) that the interest rate payable under such Notes shall not exceed a "true" or "Canadian" interest cost more than 50 basis points higher than the interest rate for "AA" rated securities with comparable maturities, as reported by Delphis-Hanover, or another comparable service or index on the dates that the interest rates on the Notes are determined, taking into account original issue discount or premium, if any, (c) that the weighted average maturity of the principal payments due under such Notes shall not be in excess of 20 years, (d) that the last principal payment date under such Notes shall not extend beyond the period of the reasonably expected economic life of the Projects being financed, and (e) that the financing of such Projects and the terms and provisions of such Loan Agreements and Notes will comply with the then current Alternative Construction and Financing Guidelines issued by the Commonwealth's Secretary of Finance.

Section 6. The Board acknowledges, on behalf of the Institution, that if the Institution fails to make any payments of debt service due under any Loan Agreement or Note, including the 2002A Loan Agreement and the 2002A Note, the Program authorizes the State Comptroller to charge against the appropriations available to the Institution all future payments of debt service on that Loan Agreement and Note when due and payable and to make such payments to the Authority or its designee, so as to ensure that no future default will occur on such Loan Agreement or Note.

Section 7. The Board agrees that if the Authority determines that the Institution is an "obligated person" under Rule 15c2-12 of the Securities and Exchange Commission with respect to any issue of Bonds, the Institution will enter into a continuing disclosure undertaking in form and

substance satisfactory to the Authority and the Institution and will comply with the provisions and disclosure obligations contained therein.

Section 8. This resolution shall take effect immediately upon its adoption.

16. APPROVAL OF RE-APPOINTMENT TO THE BOARD OF THE UNIVERSITY OF VIRGINIA INVESTMENT MANAGEMENT COMPANY

WHEREAS, the policies of the Board of Visitors authorize appointment of up to four public members to the Board of the University of Virginia Investment Management Company, who shall be alumni of the University, to serve as non-voting members in staggered initial terms not to exceed four years, and the aforesaid policies further provide that no member shall be eligible to serve more than two successive four-year terms.

RESOLVED that A. Macdonald Caputo of New York is re-appointed to serve as a public member of the University of Virginia Investment Management Company Board, for a term of four years beginning July 1, 2002.

17. RECOMMENDATION REGARDING FISCAL YEAR 2003 MEDICAL CENTER OPERATING BUDGET AND APPROVAL OF MEDICAL CENTER EMPLOYEE BONUS PLAN

WHEREAS, the Medical Center Operating Board has reviewed the Fiscal Year 2003 Medical Center operating budget; and

WHEREAS, the Medical Center Operating Board recommends to the Finance Committee and the Board of Visitors approval of the Fiscal Year 2003 Medical Center operating budget; and

WHEREAS, Section 2.2-2905 of the *Code of Virginia* authorizes the Board of Visitors to establish compensation plans for employees of the Medical Center; and

WHEREAS, the Medical Center proposes to pay an employee bonus equal to a minimum of 2.5% of base salary for eligible employees;

RESOLVED that the Fiscal Year 2003 Medical Center operating budget as recommended by the Medical Center Operating Board, is approved;

RESOLVED FURTHER that the payment in August, 2002, of a one-time bonus equal to a minimum of 2.5% of base salary for eligible Medical Center employees is approved; the exact payment is to be determined by the Vice President and Chief Executive Officer of the Medical Center, with the concurrence of the Chair of the Medical Center Operating Board and the Executive Vice President and Chief Operating Officer of the University.

**18. APPROVAL OF CHANGES TO MEDICAL CENTER RETIREMENT BENEFITS**

WHEREAS, the Medical Center desires to amend the Medical Center's retirement plan benefits on a prospective basis; and

WHEREAS, the Medical Center Operating Board after careful review believes it is in the best interest of the Medical Center to amend the retirement plan benefits;

RESOLVED that the Medical Center is authorized to amend the retirement plan benefits to provide for (i) a 4% employer contribution, (ii) an employer matching contribution of 50% on 403(b) contributions of up to 4% of pay and (iii) a vesting period of two years for the employer contributions; and

RESOLVED FURTHER that such amendment shall become effective no earlier than October 1, 2002, and shall apply to Medical Center employees hired on or after such effective date; and

RESOLVED FURTHER that the Vice President and Chief Executive Officer of the Medical Center, with the concurrence of the Chair of the Medical Center Operating Board and the Executive Vice President and Chief Operating Officer of the University, and in consultation with the General Counsel, is authorized to execute appropriate amendments and other legal documents to effectuate these changes to the Medical Center retirement plan.

19. APPROVAL OF AUDIT SCHEDULE

RESOLVED that the Audit Schedule for Fiscal Year 2002-2003, is approved as recommended by the Audit Committee.

20. APPROVAL OF THE 2003 BOARD MEETING DATES

RESOLVED that the Board meeting dates for 2003 are as follows:

Friday and Saturday  
January 31 and February 1

Friday and Saturday  
April 4 and 5

Friday and Saturday  
May 30 and 31

Friday and Saturday  
July 11 and 12 (RETREAT)

Friday and Saturday  
October 3 and 4

21. MEMORIAL RESOLUTION FOR MR. A. VINCENT SHEA

WHEREAS, A. Vincent Shea, a native of Richmond, took a B.A. from the University in 1934 and an M.A. in 1935, and pursued further graduate studies at the University of Chicago and at Stanford University; and

WHEREAS, Mr. Shea returned to the University in 1936 to join the faculty; and

WHEREAS, after service in the United States Navy during World War II, Mr. Shea continued at the University until his retirement in 1982; and

WHEREAS, Mr. Shea served, sometimes simultaneously, as Bursar, Assistant to President Darden, Secretary to the Board of Visitors, Comptroller, Vice President for Business and Finance, Chairman of the Department of Government and Foreign Affairs, and Secretary of the Alumni Board of Trustees; and

WHEREAS, Mr. Shea, during his years of distinguished service to the University, was the trusted advisor of three Presidents and a succession of Rectors; and

WHEREAS, Mr. Shea received both the Raven Award and the Thomas Jefferson Award in recognition of his service to the University, and was a member of the Seven Society; and

WHEREAS, Mr. Shea died on May 18, 2002;

RESOLVED that the Board of Visitors remembers with admiration and gratitude the devotion and service of A. Vincent Shea to the University of Virginia, and notes his passing with profound regret.

**ACTIONS PREVIOUSLY APPROVED BY THE BOARD DURING THE  
MAY-JUNE BOARD MEETING**

1. Approval of the April 5-6 Board Minutes
2. Election of the Executive Committee
3. Acceptance of Gifts and Grants