

DOCKET

BOARD OF VISITORS

University of Virginia

Regular Meeting

OCTOBER 5, 2002

REVISED
October 2, 2002

DOCKET
BOARD OF VISITORS
OCTOBER 5, 2002

CONSENT ITEMS

1. APPROVAL OF CURRENT FUNDS GUIDELINES

WHEREAS, the University of Virginia Investment Management Company Board has approved the Current Funds guidelines to include the investment of gift and endowment income funds.

RESOLVED that the guidelines, shown as Attachment A, for Current Funds which permit gifts and endowment fund income to be invested in a portfolio of equity securities or investment vehicles that can be expected to produce equity-like returns and risks, be approved.

2. APPROVAL OF ADDITIONAL APPOINTMENTS TO THE EMERGENCY COMMUNICATIONS CENTER MANAGEMENT BOARD

RESOLVED that the Addendum #1, to the Agreement dated January 20, 1984, By and Among the City of Charlottesville, Virginia, the County of Albemarle, Virginia, and the Rector and Visitors of the University of Virginia, which Agreement is the operating agreement for the City, County and University Joint Dispatch Center and 911 Service, is approved;

RESOLVED FURTHER that the Executive Vice President and Chief Operating Officer is authorized to execute the Addendum #1 to the Agreement dated January 20, 1984. (See Attachment B)

3. APPROVAL OF WTJU'S 2001-02 ANNUAL REPORT

RESOLVED that WTJU's 2001-02 Annual Report be approved, as recommended by the President and the Interim Vice President for Student Affairs.

4. APPROVAL OF THE BOARD OF VISITORS REPRESENTATIVES TO THE GOVERNING BOARDS OF UNIVERSITY-RELATED FOUNDATIONS

RESOLVED that the following persons be ratified or confirmed as representatives of the Board of Visitors to the governing boards of the following University-Related Foundations:

| <u>Foundation</u> | <u>Board of Visitors Representative</u> | <u>Term Ending</u> |
|--|---|--------------------|
| Alumni Association of the University of Virginia | Gordon F. Rainey, Jr. | 12/31/04 |
| Alumni Board of Trustees of the University of Virginia Endowment Fund | Robert V. Hatcher, Jr. | 12/31/04 |
| The College Foundation of the University of Virginia | Timothy B. Robertson | 12/31/04 |
| University of Virginia's College at Wise Foundation | Joseph E. Wolfe | 12/31/04 |
| Curry School of Education Foundation | Thomas A. Saunders, III | 06/30/06* |
| Darden School Foundation | Lemuel E. Lewis | 12/31/04 |
| Friends of the University Of Virginia's Blandy Experimental Farm | Rebecca D. Kneedler | 12/31/04 |
| Healthcare Partners, Inc. | E. Darracott Vaughan, Jr. M.D. | 06/30/06 |
| University of Virginia Health Services Foundation | Harry J.G. van Beek | 12/31/04 |
| Historic Renovation Corporation | David W. Carr | 12/31/04 |
| Law School Alumni Association and Foundation, University of Virginia | Gordon F. Rainey, Jr. | 12/31/04 |
| McIntire School of Commerce Foundation | Elizabeth A. Twohy | 12/31/04 |
| Medical School Alumni Association and Foundation, University of Virginia | Charles M. Caravati, Jr., M.D. | 12/31/04 |
| Miller Center Foundation | John P. Ackerly, III | 12/31/04 |
| Patent Foundation, University of Virginia | Mark J. Kington | 06/30/06* |
| University of Virginia Foundation and University Real Estate Foundation | John P. Ackerly, III | 12/31/04 |

| | | |
|--|-------------------------|----------|
| University of Virginia Host Properties, Inc. (subsidiary of the UVA Foundation) | Robert G. Butcher, Jr. | 12/31/04 |
| Virginia Ambulatory Surgery, Inc. | R. Scott Jones, M.D. | 12/31/04 |
| Virginia Engineering Foundation | James E. Ryan, Jr. | 12/31/04 |
| Virginia Urologic Foundation | William D. Steers, M.D. | 12/31/04 |
| Virginia Student Aid Foundation | Craig K. Littlepage | 12/31/05 |
| Virginia Tax Foundation, Inc. | Joseph E. Gibson | 12/31/04 |

* Denotes ratification required by the Board of Visitors

5. APPROVAL OF ARCHITECT SELECTION FOR COCKE HALL RENOVATION

RESOLVED that Schwartz/Silver Architects of Boston, Massachusetts, is approved for the performance of architectural and engineering services for the Cocke Hall renovation project.

6. APPROVAL OF ARCHITECT SELECTION FOR ROUSS HALL RENOVATION AND COMMERCE SCHOOL

RESOLVED that Hartman-Cox Architects of Washington, D.C., is approved for the performance of architectural and engineering services for the Rouss Hall renovation and Commerce School project.

7. APPROVAL OF ARCHITECTURAL DESIGN GUIDELINES FOR CROCKETT HALL RENOVATION AT THE UNIVERSITY OF VIRGINIA'S COLLEGE AT WISE

RESOLVED that the architectural design guidelines, dated September 17, 2002, and prepared by the Architect for the University, for the renovation of Crockett Hall at The University of Virginia's College at Wise, are approved; and

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

8. APPROVAL OF ARCHITECTURAL DESIGN GUIDELINES
FOR HEALTH SCIENCES CENTER PARKING STRUCTURE

RESOLVED that the architectural design guidelines, dated September 17, 2002, and prepared by the Architect for the University, for the Health Sciences Center Parking Structure, are approved; and

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

9. APPROVAL OF A PERMANENT EASEMENT FOR CLARKE COUNTY
ACROSS UNIVERSITY OF VIRGINIA PROPERTY LOCATED AT
BLANDY FARM

RESOLVED that the granting of a permanent easement, dated September 17, 2002, to Clarke County for a water line and sewer line located on Country Club Lane across Route 50 from Blandy Farm in Clarke County on property owned by The Rector and Visitors of the University of Virginia, is approved; and

RESOLVED FURTHER that appropriate officers of the University are authorized to execute said dedication and easement.

10. APPROVAL OF CONVEYANCE OF AIR RIGHTS TO THE
UNIVERSITY OF VIRGINIA FROM THE CITY OF
CHARLOTTESVILLE FOR THE EMMET STREET BRIDGE

RESOLVED that the request for conveyance of air rights, dated September 17, 2002, from the City of Charlottesville for the Emmet Street Bridge is approved; and

RESOLVED FURTHER that appropriate officers of the University are authorized to execute such documents as are required to accomplish said conveyance.

11. APPROVAL TO OFFER A NEW GRADUATE DEGREE PROGRAM
(MASTER OF ENGINEERING, MASTER OF SCIENCE, AND
PH.D.) IN COMPUTER ENGINEERING IN THE SCHOOL OF
ENGINEERING AND APPLIED SCIENCE

RESOLVED that, subject to approval by the State Council of Higher Education for Virginia, the Master of Engineering, Master

of Science, and Ph.D. degrees in Computer Engineering be established in the School of Engineering and Applied Science.

12. CONFLICT OF INTEREST EXEMPTION (CELLULAR MATERIALS INTERNATIONAL, INC.)

WHEREAS, the University of Virginia wishes to enter into research contracts with CMI, Inc., for research and development related to specialized engineered materials; and

WHEREAS, Mr. Haydn N.G. Wadley has disclosed in advance that his equity interests in CMI, Inc., exceed 3 percent; and

WHEREAS, the University of Virginia's entry into a research agreement with CMI, Inc., would thereby expose Mr. Wadley to violation of the Virginia 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 the conflict of interest of Mr. Haydn N.G. Wadley is approved by the Board of Visitors in order to permit the University to enter into research agreements with CMI, Inc., for research funding to investigate engineered materials; provided, as required by the law, Mr. Wadley files the required annual disclosure statement of personal interests in CMI, Inc., the University files the required annual report concerning the contracts with the Secretary of the Commonwealth, and the dean and department chair vigilantly oversee application of University resources in the best interests of the University and in accordance with policy.

13. CONFLICT OF INTEREST EXEMPTION (DIRECTED VAPOR TECHNOLOGIES INTERNATIONAL, INC.)

WHEREAS, the University of Virginia wishes to enter into a research contract with Directed Vapor Technologies International, Incorporated (DVTI, Inc.), to further research efforts in direct vapor deposition; and

WHEREAS, Messrs. James F. Groves, Douglas T. Queheillalt, Derek D. Hass, Haydn N.G. Wadley and David Wortman have disclosed in advance their financial interests in DVTI, Inc.; and

WHEREAS, the University of Virginia's entry into an agreement with DVTI, Inc., would thereby expose Messrs. Groves, Queheillalt, Hass, Wadley and Wortman to violation of the Virginia Conflict of Interests Act unless approved by the Board as permitted by §2.2-3106(c) (7) of the Code of Virginia;

RESOLVED that the waiver of the conflict of interest of Messrs. Groves, Queheillalt, Hass, Wadley and Wortman is approved by the Board of Visitors in order to permit the University to enter into a research agreement with DVTI, Inc., to pursue research in vapor deposition; provided, as required by the law, Messrs. Groves, Queheillalt, Hass, Wadley and Wortman file the required annual disclosure statement of personal interests in DVTI, Inc., the University files the required annual report concerning the contracts with the Secretary of the Commonwealth, and the dean and department chair, in consultation with the committee established to oversee this relationship, vigilantly oversee application of University resources in the best interests of the University and in accordance with policy.

ACTION ITEMS

14. APPROVAL OF THE APPOINTMENT OF THE UNIVERSITY OF VIRGINIA'S COLLEGE AT WISE BOARD

RESOLVED that Mrs. Elizabeth G. Cauthen be appointed to The University of Virginia's College at Wise Board to fill the unexpired term of Joe Tom Howard who resigned because of his move to another state. Mrs. Cauthen's term will run to June 30, 2005.

15. APPROVAL OF 2003 AMENDMENTS TO THE 2002-2004 BIENNIAL BUDGET FOR THE ACADEMIC DIVISION, AND THE UNIVERSITY OF VIRGINIA'S COLLEGE AT WISE

WHEREAS, the financial condition of the Commonwealth is such that a normal process of amending the 2002-2004 budget is not in place; and

WHEREAS, the University has the need to submit several emergency requests for general fund support for consideration by the Governor; and

WHEREAS, the University has technical amendments to increase its nongeneral fund appropriation to reflect anticipated volumes of activity;

RESOLVED that the Board of Visitors of the University of Virginia endorses and supports the 2003 amendments to the 2002-2004 biennial budget; 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 2002-2004 biennial budget, the Academic Division and the University of Virginia's 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 to the General Assembly any request not funded by the Governor as long as there are no material differences from the items already endorsed by the Board of Visitors.

16. APPROVAL OF TUITION SURCHARGE FOR 2002-2003

WHEREAS, the 2002-2003 budget approved by the Board of Visitors reflects reductions in the general fund appropriation of 15.8 percent; and

WHEREAS, the Governor has informed the University that it will be expected to make further reductions in the current fiscal year; and

WHEREAS, the Governor and the University are committed to protecting core academic programs; and

WHEREAS, it may be necessary and appropriate to increase tuition in the current fiscal year to protect core academic programs;

RESOLVED that the Executive Vice President and Chief Operating Officer is authorized, with the concurrence of the Rector and the Chair of the Finance Committee and consistent with state policy to apply a mandatory surcharge on tuition for the second semester of the 2002-2003 academic year; and

RESOLVED FURTHER that the surcharge may or may not be applied in like amount to all categories of students; and

RESOLVED FURTHER that the Executive Vice President and Chief Operating Officer is authorized to amend the 2002-2003 budget to provide additional financial aid as appropriate for students demonstrating increased need as a direct result of implementing the tuition surcharge.

17. APPROVAL OF EXPANSION OF THE FUNDS AVAILABLE FOR SHORT-TERM INTERNAL LOANS

RESOLVED that the Executive Vice President and Chief Operating Officer is authorized to administer an additional temporary pool of up to \$35.0 million in internal loanable funds from existing assets to support capital projects that have been approved by the Board and to execute such documents as may be necessary to effect the transactions; and

RESOLVED FURTHER that the funds will be repaid on or before June 30, 2003, at an interest rate equal to the prevailing rates.

18. APPROVAL OF THE CREATION OF THE UNIVERSITY OF VIRGINIA HEALTH FOUNDATION

WHEREAS, The University Policy on University-Related Foundations requires that all new University-Related Foundations receive approval of the Board of Visitors; and

WHEREAS, the Senior Vice President for Development and Public Affairs recommends that the Board of Visitors approve the creation of a University-Related Foundation for the Health System; and

WHEREAS, this new foundation will adhere to the University's Policy on University-Related Foundations;

RESOLVED that the Board of Visitors approves the creation of a University-Related Foundation for the Health System, to be called the University of Virginia Health Foundation.

19. APPROVAL OF PRELIMINARY DESIGN FOR THE NEW ARENA

RESOLVED that the preliminary design, dated September 17, 2002, and prepared by VMDO Architects of Charlottesville, for the new Arena, which is to include 18,000 square feet for an athletic dining facility and office space, is approved for further development and construction. It is the intent of the Board that the Administration of the University decide on methods to manage the size of the house when the Arena is used for events.

20. APPROVAL OF PROPOSAL: CARNEGIE CORPORATION'S TEACHERS FOR A NEW ERA INITIATIVE

RESOLVED that, subject to final approval by the Board of Visitors, the University will endorse participation in Carnegie Corporation's Teachers for a New Era Initiative, as an institutional priority.

21. AMENDMENT TO APPROVAL OF CHANGES TO MEDICAL CENTER RETIREMENT BENEFITS

WHEREAS, on May 31, 2002, the Board of Visitors, adopted a resolution entitled Approval of Changes to Medical Center Retirement Benefits, amending the Medical Center's retirement plan benefits on a prospective basis, effective no earlier than October 1, 2002; and

WHEREAS, the resolution will result, inter alia, in the establishment of a new Matching Contribution Retirement Plan for Salaried Employees of the University of Virginia Medical Center; and

WHEREAS, the Plan's trustee is legally prohibited from accepting Plan funds prior to the effective date of the Plan; and

WHEREAS, the transfer of funds must be accomplished prior to October 1, in order to permit proper and timely reporting of the transfer to Plan participants, and to prevent disruption of the reporting cycle for all other University retirement plan participants;

RESOLVED that the Approval of Changes to Medical Center Benefits resolution adopted May 31, 2002, is amended to reflect the effective date of September 30, 2002; and

RESOLVED FURTHER that all other provisions of the resolution entitled Approval of Changes to Medical Center Retirement Benefits are ratified.

22. APPROVAL OF SUPPLEMENTAL ORGANIZATIONAL RESOLUTION

WHEREAS, the Medical Center Operating Board is the governing body of the Medical Center, and as such, has responsibility for organizational management and planning; and

WHEREAS, the Medical Center Operating Board recognizes the importance of strategic planning to the Medical Center and desires to acknowledge its oversight role in that planning process.

RESOLVED that the responsibilities of the Medical Center Operating Board include oversight of any strategic planning process undertaken by the University of Virginia Medical Center.

23. ACTIONS PREVIOUSLY APPROVED BY THE BOARD DURING THE OCTOBER BOARD MEETING

1. Approval of the May 31-June 1, and July 12-13, Board Minutes
2. Acceptance of Gifts and Grants

THE UNIVERSITY OF VIRGINIA INVESTMENT MANAGEMENT COMPANY

INTERNALLY-MANAGED FUNDS

FUND OUTLINE

CURRENT FUNDS

Return Objectives:

- 1) Fixed Income Pool - To provide the maximum current income consistent with the need for safety and liquidity.
- 2) *Equity Pool - to provide long term returns higher than those available to investors in high grade fixed income securities.*

Benchmarks:

- 1) Fixed Income Pool - 60% 91-Day T-Bills/40% Merrill Lynch Governments, U.S. Treasury Short-Term Index (1.2.99 years).
- 2) *Equity Pool - Fixed Income Pool Benchmark + 3% per annum.*

Investment Philosophy:

- 1) Fixed Income Pool - Active portfolio management and trading will be employed to achieve the return objectives. Strict quality standards have been established to minimize credit risk. In order to protect against or capitalize on sharp fluctuations in interest rates, trading may be substantial at times. Emphasis will be placed on short-term, highly marketable securities to insure adequate liquidity.
- 2) *Equity Pool - Invest in a portfolio of equity securities or investment vehicles that can be expected to produce equity-like returns and risk.*

Investment Vehicles:

The fund may invest in the following instruments:

- 1) Fixed Income Pool - Any and all instruments specified in the Investment of Public Funds Act. The Act governs the investment of operating funds by entities of the Commonwealth of Virginia. *In addition, any endowment income or gift funds not invested within the Equity Pool may be invested consistent with either the Pooled Endowment Fund guidelines or the Investment of Public Funds Act.*

Subject to the approval of the Executive Vice President and Chief Financial Officer internal loans to University Departments and Activities to be repaid from operating and capital funds budgeted for this purpose. No more than a total of \$10 million shall be invested in internal loans at any one time.

- 2) *Equity Pool - Any investment strategy or investment manager approved by the UVIMCO Board.*

ADDENDUM #1 TO AGREEMENT
DATED JANUARY 20, 1984 BY AND AMONG
THE CITY OF CHARLOTTESVILLE, VIRGINIA,
THE COUNTY OF ALBEMARLE, VIRGINIA
AND THE RECTOR AND VISITORS OF THE UNIVERSITY OF VIRGINIA

This Addendum #1 to the Agreement dated January 20, 1984 by and among the City of Charlottesville, Virginia, the County of Albemarle, Virginia and the Rector and Visitors of the University of Virginia (collectively referred to as the "Participants").

The Participants agree to the following modifications to the Agreement:

1. Section II (b) ("Joint Dispatch Center") is deleted and replaced with the following paragraph:

The Joint Dispatch Center shall be controlled by a Management Board consisting of ten (10) members, consisting of the Albemarle County Executive, the Charlottesville City Manager, the University of Virginia Executive Vice-President/Chief Operating Officer, the Chief of Police of Albemarle County, the Chief of Police of Charlottesville, the Director of University Police, the Chief of the Charlottesville Fire Department, the Chief of the Albemarle County Fire-Rescue Department, one (1) University representative with expertise in 911 center operations to be designated by the Executive Vice-President/Chief Operating Officer and one (1) representative from the Jefferson Country Fire and Rescue Association, any of whom may designate a subordinate to attend meetings of the Management Board and vote on his/her behalf. Members of the Management Board or their designees shall serve ex officio as representatives of their respective jurisdictions or agencies, and shall inure no individual or personal liability for actions taken by them in good faith as members of the Management Board.

2. Except as amended hereby, the Agreement remains in full force and effect and the Participants hereby ratify and confirm the provisions, terms and conditions set forth in the Agreement and any amendments or addenda thereto.

WITNESS the following signatures.

Dated: _____

COUNTY OF ALBEMARLE

By: _____

COUNTY EXECUTIVE

Dated: _____

CITY OF CHARLOTTESVILLE

By: _____

CITY MANAGER

Dated: _____

THE RECTOR AND VISITORS OF THE
UNIVERSITY OF VIRGINIA

By: _____

EXECUTIVE VICE PRESIDENT/
CHIEF OPERATING OFFICER

APPROVED AS TO FORM:

Albemarle County Attorney

City Attorney

University Counsel