

**UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS  
MEETING OF THE  
FINANCE COMMITTEE  
JANUARY 31, 2003**

FINANCE COMMITTEE

Friday, January 31, 2003  
9:45 - 11:15 a.m.  
Board Room, The Rotunda

Committee Members:

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

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BOARD OF VISITORS CONSENT AGENDA

A. DISPOSITION OF PROPERTY, 10½ STREET RIGHT-OF-WAY: Authorizes the Executive Vice President and Chief Operating Officer to execute documents pertaining to the disposition of the property located adjacent to the east property line of Stacey Hall.

At its February 10, 1996, meeting, the Buildings and Grounds Committee approved the closing of a section of the 10½ Street right-of-way, located adjacent to the east property line of Stacey Hall. The University's share of the right-of-way section is approximately 120 feet long by 15 feet wide. The action was requested by an adjacent property owner, who wanted to close the right-of-way and expand his parking lot onto the property. The Committee approved the closing because the right-of-way was of no benefit to the University since it is located at the base of a steep slope some 20 feet below the Stacey Hall parking lot.

DISCUSSION: The resolution approved by the Committee authorized the administration to determine the best use of the property once it was turned over to the University. The right-of-way closing was approved at the February 19, 2002, City Council meeting. We have since evaluated the property and determined that, because of its topography and location, the land has limited development potential for the University. The adjacent property owner would like to acquire the University's share so that he can improve its appearance and usefulness when he develops his property. His plans include grading, installing new walkways and landscaping, all of which would improve the appearance of a section of the area adjacent to Stacey Hall. The University will also receive an access easement to allow 1) University employees the right to use the walkways and other amenities and 2) University vehicles access to the remaining section of the 10½ Street right-of-way and the north end of the Stacey Hall property.

ACTION REQUIRED: Approval by the Finance Committee and by the Board of Visitors

APPROVAL OF THE DISPOSITION OF THE 10½ STREET RIGHT-OF-WAY PROPERTY FROM UNIVERSITY OF VIRGINIA TO TENTH AND MAIN LLC

WHEREAS, certain property and improvements ("10½ Street right-of-way") containing approximately 1,800 square feet, located adjacent to the east property line of the Stacey Hall

property on West Main Street in Charlottesville, Virginia, was received from the City of Charlottesville on February 19, 2002, when the City closed a 120-foot long section of the 10½ Street right-of-way; and

WHEREAS, the University has determined that because of its topography and location this property is of no benefit to the University; and

WHEREAS, the Tenth and Main LLC has requested the transfer of the University's share of the right-of-way in exchange for access easement that will allow 1) University employees the right to use the walkways and other site amenities and 2) University vehicles access to the remaining section of the 10½ Street right-of-way and the north end of the Stacey Hall property;

RESOLVED that the disposition of the aforesaid property located adjacent to the east property line of Stacey Hall, which is located on West Main Street in Charlottesville, Virginia, consisting of approximately 1,800 square feet, is approved; and

RESOLVED FURTHER that the Executive Vice President and Chief Operating Officer for the University of Virginia is authorized to execute any and all contracts and other documents pertaining to the disposal of the aforesaid property as he may deem necessary or appropriate.

BOARD OF VISITORS CONSENT AGENDA

B. DISPOSITION OF PROPERTY IN NORTON, VIRGINIA: Authorizes the Executive Vice President and Chief Operating Officer to convey the property via quitclaim deed and to execute documents pertaining to the disposition of the property on Park Avenue in Norton, Virginia.

The will of Ms. Virginia Irene Meador gave the College at Wise a 50 percent interest in two lots located on Park Avenue in the city of Norton, Virginia. The lots are unimproved and are adjacent to the Norton United Methodist Church. Each lot is 25 feet wide by 150 feet long. The total area of the two lots is 7,500 square feet.

The Methodist Church has approached the College with an offer to acquire the properties. The College is willing to sell the properties given their small size and distance from the campus. The church has proposed a purchase price of \$10,000, which is greater than the assessed value of \$5,200. The College will receive \$5,000 and the Trustee for the estate (Bank of America) will receive \$5,000. The College will use the proceeds to provide funding for student assistance needs either in the form of scholarships or loans.

ACTION REQUIRED: Approval by the Finance Committee and by the Board of Visitors

APPROVAL OF THE DISPOSITION OF THE NORTON PROPERTIES ACQUIRED FROM THE ESTATE OF MS. VIRGINIA IRENE MEADOR TO THE NORTON UNITED METHODIST CHURCH

WHEREAS, a 50 percent interest in certain property and improvements ("Norton Properties") containing approximately 7,500 square feet, located on Park Avenue in Norton, Virginia, and referred to as lots 21 and 22 in block 13 of Plat Four, Norton, Virginia, were designated for The University of Virginia's College at Wise in the will of Ms. Virginia Irene Meador; and

WHEREAS, Ms. Meador died on December 21, 1995; and

WHEREAS, the College has determined that because of their size and distance from the campus the lots are of nominal use; and

WHEREAS, the Norton United Methodist Church has offered to buy the lots for \$10,000, which is \$4,800 greater than their assessed value; and

WHEREAS, the College will receive \$5,000 as its share of the sale proceeds; and

WHEREAS, the College would like to use the proceeds for student assistance needs either in the form of scholarships or loans;

RESOLVED that the disposition of the aforesaid property on Park Avenue in Norton, Virginia, consisting of approximately 7,500 square feet, is approved; and

RESOLVED FURTHER that the Executive Vice President and Chief Operating Officer for the University of Virginia is authorized to convey the property via quitclaim deed and to execute any and all contracts and other documents pertaining to the disposal of the aforesaid property as he may deem necessary or appropriate.

UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: January 31, 2003

COMMITTEE: Finance

AGENDA ITEM: II.A. Student Housing Rates, 2003-2004

BACKGROUND: The Board considers student housing rates at this time each year. The University's student housing rates were increased by approximately 8.5 percent in 2002-2003 (4.0 percent base plus 4.5 percent for a \$100 fee for maintenance reserve), and by 5.8 percent in 2001-2002. The University of Virginia's College at Wise student housing rates were increased 2.8 percent in 2002-2003 and 2.8 percent in 2001-2002.

The average double room rate at Virginia public colleges and universities in 2002-2003 is \$3,050. The comparable average at the University is \$2,451. The College at Wise charges an average of \$2,815. The University's pricing policy requires that the University's and the College's charges for room and board not exceed the average of amounts charged at other Virginia public institutions. Both institutions meet this requirement.

DISCUSSION: The University proposes housing rates to increase by approximately 10.6 percent in 2003-2004, as compared to 8.5 percent in 2002-2003. This proposed increase would raise the University's average housing rate to \$2,711 for 2003-2004, below the statewide average of \$3,050 for the year before (2002-2003). Of the proposed 10.6 percent, 6.1 percent is proposed as a \$150 fee specifically to fund replacement and renovation reserves for anticipated major renovations. The proposed rate reflects the impact of taking Bice House off line for repairs.

The remaining approximately 4.5 percent of the 10.6 percent increase will, similar to last year's increase, cover rising University operating costs. This increase is calculated on the basis prescribed by the state in the current Appropriations Act.

The University of Virginia's College at Wise proposes a 3.0 percent room rate increase for each of its two housing rates. The 2003-2004 weighted average is \$2,951, an increase of 4.8 percent over the 2002-2003 weighted average of \$2,815.

The proposed resolution also addresses summer 2003 housing and dining rates for the Mountain Lake Biological Station.

**ACTION REQUIRED:** Approval by the Finance Committee and by the Board of Visitors

**APPROVAL OF STUDENT HOUSING RATES FOR 2003-2004**

RESOLVED that rental increases for student housing facilities be approved as shown below, effective beginning with the 2003-2004 session:

<u>Facility</u>	<u>Actual 2002-2003 Per Student Per Session</u>	<u>Amount of Increase</u>	<u>% Increase Before Improvement Fee</u>	<u>Student Housing Improvement Fund Fee</u>	<u>Total Percent Increase</u>	<u>Proposed 2003-2004 Per Student Per Session</u>
<u>Academic Division</u>						
DORMITORIES						
<u>Alderman/Observatory Houses</u>						
Double Room	\$2,420	\$100	4.13%	\$150	10.33%	\$2,670
<u>Brown College</u>						
Double Room	\$3,000	\$120	4.00%	\$150	9.00%	\$3,270
<u>McCormick Road</u>						
Double Room	\$2,320	\$90	3.88%	\$150	10.34%	\$2,560
Small Double Room	\$2,120	\$90	4.25%	\$150	11.32%	\$2,360
Single	\$2,430	\$100	4.12%	\$150	10.29%	\$2,680
<u>Lawn</u>						
Small Single	\$2,860	\$110	3.85%	\$150	9.09%	\$3,120
Regular Single	\$2,860	\$110	3.85%	\$150	9.09%	\$3,120
Small Single (no fireplace)	\$2,780	\$110	3.96%	\$150	9.35%	\$3,040
<u>Range</u>						
Regular Single	\$2,860	\$110	3.85%	\$150	9.09%	\$3,120
<u>Crackerbox</u>						
Single Room	\$2,860	\$110	3.85%	\$150	9.09%	\$3,120
<u>Mary Munford/ Roberta Gwathmey</u>						
Double Room	\$2,420	\$100	4.13%	\$150	10.33%	\$2,670
Single Room	\$2,860	\$110	3.85%	\$150	9.09%	\$3,120

<u>Facility</u>	Actual 2002-2003 Per Student Per Session	Amount of Increase	% Increase Before Improvement Fee	Student Housing Improvement Fund Fee	Total Percent Increase	Proposed 2003-2004 Per Student Per Session
<u>Sprigg (Lewis/Hoxton)</u>						
Small Double Room	\$2,580	\$100	3.88%	\$150	9.69%	\$2,830
Double Room	\$2,740	\$110	4.01%	\$150	9.49%	\$3,000
Single Room	\$3,040	\$120	3.95%	\$150	8.88%	\$3,310
Single Room (w/bath)	\$3,190	\$130	4.08%	\$150	8.78%	\$3,470
<u>Gooch/Dillard</u>						
Double Room	\$2,740	\$110	4.01%	\$150	9.49%	\$3,000
Single Room	\$3,040	\$120	3.95%	\$150	8.88%	\$3,310
Twelve Month Rate:						
Single Room	\$4,250	\$170	4.00%	\$150	7.53%	\$4,570
<u>Hereford College</u>						
Double Room	\$2,740	\$110	4.01%	\$150	9.49%	\$3,000
Single Room	\$3,000	\$120	4.00%	\$150	9.00%	\$3,270
<u>French House</u>						
Triple Room	\$2,600	\$100	3.85%	\$150	9.62%	\$2,850
Double Room	\$2,740	\$110	4.01%	\$150	9.49%	\$3,000
Single Room	\$3,100	\$120	3.87%	\$150	8.71%	\$3,370
<u>German House</u>						
Single Room	\$2,780	\$110	3.96%	\$150	9.35%	\$3,040
<u>Russia House</u>						
Double Room	\$2,650	\$150	5.66%	\$150	11.32%	\$2,950
Single Room	\$3,030	\$120	3.96%	\$150	8.91%	\$3,300
<u>Spanish House</u>						
Double Room	\$2,780	\$70	2.52%	\$150	7.91%	\$3,000
Single Room	\$3,100	\$120	3.87%	\$150	8.71%	\$3,370
<u>Monroe Lane House</u>						
Double Room	\$2,740	\$110	4.01%	\$150	9.49%	\$3,000
Single Room	\$3,100	\$120	3.87%	\$150	8.71%	\$3,370
APARTMENTS - SINGLE STUDENT						
<u>Copeley Hill III, IV, Lambeth Field</u>						
Two Bedroom (double occupancy)	\$2,770	\$110	3.97%	\$150	9.39%	\$3,030

<u>Facility</u>	<u>Actual 2002-2003 Per Student Per Session</u>	<u>Amount of Increase</u>	<u>% Increase Before Improvement Fee</u>	<u>Student Housing Improvement Fund Fee</u>	<u>Total Percent Increase</u>	<u>2003-2004 Per Student Per Session</u>
Three Bedroom (double occupancy)	\$2,670	\$110	4.12%	\$150	9.74%	\$2,930
<u>Bice House</u>						
Two Bedroom (double occupancy)	\$2,770	\$110	3.97%	\$150	9.39%	\$3,030
Three Bedroom (double occupancy)	\$2,670	\$110	4.12%	\$150	9.74%	\$2,930
<u>Faulkner (Hench, Mitchell, Younger)</u>						
Single	\$3,090	\$120	3.88%	\$150	8.74%	\$3,360
Large Single	\$3,740	\$150	4.01%	\$150	8.02%	\$4,040
Apartments - Family (per month)						
<u>Copeley Hill I &amp; II</u>						
One Bedroom (furnished)	\$573	\$23	4.01%	\$15	6.63%	\$611
One Bedroom (unfurnished)	\$542	\$22	4.06%	\$15	6.83%	\$579
Two Bedroom (furnished)	\$630	\$25	3.97%	\$15	6.35%	\$670
Two Bedroom (unfurnished)	\$600	\$24	4.00%	\$15	6.50%	\$639
Three Bedroom (furnished)	\$682	\$27	3.96%	\$15	6.16%	\$724
Three Bedroom (unfurnished)	\$652	\$26	3.99%	\$15	6.29%	\$693
<u>University Gardens</u>						
One Bedroom (furnished)	\$556	\$22	3.96%	\$15	6.83%	\$594
One Bedroom (unfurnished)	\$526	\$21	3.99%	\$15	7.03%	\$563
Two Bedroom (furnished)	\$600	\$24	4.00%	\$15	6.67%	\$640
Two Bedroom (unfurnished)	\$570	\$23	4.04%	\$15	6.84%	\$609
<u>College At Wise</u>						
McCraray Asbury, Thompson, Henson, Martha Randolph, Townhouses, Theme Housing	\$2,609	\$78	3.00%	\$0	3.00%	\$2,687
	\$3,014	\$90	3.00%	\$0	3.00%	\$3,104

Notes:

1. The rates for Copeley Hill I & II and University Gardens include utility charges and cable TV.
2. A new rate for furnished apartments will go into effect as the units turn over.
3. The University Gardens proposed monthly rate includes \$1.05 to recover the monthly cost of providing data ports.
4. The rate for a double room used as a single is 135 percent of the double rate.
5. The rate for a double room used as a triple is 85 percent of the double rate.

**MOUNTAIN LAKE BIOLOGICAL STATION PROPOSED RATES**

	<u>Actual 2002</u>	<u>Proposed 2003 Rate</u>	<u>Percent Increase</u>
<b>BOARD RATES PER TERM (4 weeks)</b>			
Persons 17 years & older	\$513.00	\$513.00	0.00%
Persons 10-16 years old	\$308.00	\$308.00	0.00%
Persons 9 yrs & younger	\$164.00	\$164.00	0.00%
<b>SUMMER HOUSING RATES PER TERM (4 weeks)</b>			
CABINS	\$172.00	\$176.00	2.33%
LAING APTS	\$131.00	\$134.00	2.29%
DORMS/SINGLES	\$93.00	\$95.00	2.15%
NEW DORM:			
Apts (2 rooms)	\$151.00	\$154.00	1.99%
2nd bedroom (family)	\$48.00	\$49.00	2.08%
Singles	\$107.00	\$109.00	1.87%
<b>PRESEASON RATES (2 week May session)</b>			
Entomology:			
Food	\$165.00	\$220.00	33.33%
Rent	\$105.00	\$176.00	67.62%
Insurance	\$15.00	\$8.00	(46.67%)
Communities:			
Food	\$245.00	\$255.00	4.08%
Rent	\$95.00	\$95.00	0.00%
Van	\$55.00	\$100.00	81.82%
<b>OFF SEASON RATES</b>			
Singles/Guests:			
Night	\$11.00	\$11.00	0.00%
Week	\$54.00	\$55.00	1.85%
Month	\$216.00	\$220.00	1.85%
Family:			
Night	\$14.50	\$15.00	3.45%
Week	\$72.00	\$74.00	2.78%
Month	\$288.00	\$294.00	2.08%
<b>GROUP USE FEES (OFF-SEASON)</b>			
Classroom/day	\$30.00	\$31.00	3.33%
Dining Hall/day	\$55.00	\$56.00	1.82%
New Dorm Kitchen/day	\$30.00	\$31.00	3.33%
Auditorium/day	\$30.00	\$31.00	3.33%
Pavilion only	No charge		
Computer Lab/day	\$50.00	\$51.00	2.00%

Cabins: Hariot, Leconte, Catesby, Banister, Gattinger, Holbrook, Mitchell, Maphis, Schoew, Rafinesque, Burns, Michaux, Clayton, Hentz-Mohr and Washington.

Laing Apartments: Laing South, North, Center, Northwest and West.

Dorms/Singles: Chapman, Elliott, DeSchweinitz, Audubon, Laing Singles, Laundry and other cottages when used as dorms.

UNIVERSITY OF VIRGINIA  
FISCAL IMPACT STATEMENT

PROJECT/PROPOSED BOARD OF VISITORS ACTION: Increase student housing rates by an average of 10.6 percent for the University of Virginia for the 2003-2004 academic year.

DESCRIPTION: The proposed housing rates for the University of Virginia consist of two parts: a 4.5 percent base increase from last year's average coupled with a \$150 per occupant surcharge to provide additional funds for capital reserve purposes. The total increase from 2002-2003 is \$260 or approximately 10.6 percent, resulting in an average charge of \$2,711.

FISCAL IMPACT: At the January 2002 Finance Committee meeting, the Board authorized a \$100 surcharge to fund capital improvements during fiscal year 2002-2003, primarily for replacement and renovation reserves for anticipated major renovations, such as the Alderman Road houses. The University's Housing Division has since prepared a financial plan that envisions increasing this surcharge by \$150 each of the next four fiscal years, including 2003-2004. Next year, this addition to the surcharge will provide an incremental \$950,000 toward the facilities reserves. Planning activities have commenced for the Alderman Road houses, anticipating major construction beginning in the 2006-2007 fiscal year. Next year, the Housing Division expects to expend \$4.1 million of its available renewal and replacement reserve balance to make necessary repairs and improvements.

The 4.5 percent increase in base revenues is to cover an increase in operational costs in fiscal year 2003-2004. Due to budget cutting measures, personnel and some other than personal services costs for the Division will actually decline from the current fiscal year, but that is offset by increases in other areas. The proposed rate reflects the impact of taking Bice House off line for repairs.

CONCLUSION: The University of Virginia should increase the average housing rate charge by 10.6 percent.

RECOMMEND APPROVAL OF BOARD ACTION:



Leonard W. Sandridge  
January 31, 2003

UNIVERSITY OF VIRGINIA  
FISCAL IMPACT STATEMENT

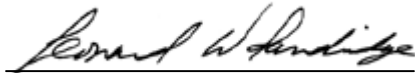
PROJECT/PROPOSED BOARD OF VISITORS ACTION: Increase student housing rates by 3.0 percent for the University of Virginia's College at Wise dormitory facilities for the 2003-2004 academic year.

DESCRIPTION: The University's College at Wise proposes increasing its residence hall charges by 3.0 percent for all dormitory units. Based on expected occupancy figures, this translates into a weighted average housing rate of \$2,780 per resident for the regular school year session.

FISCAL IMPACT: The proposed rates generate sufficient revenue to cover operating expenses (also projected to increase at 3.0 percent) and a significant portion of the total debt service on existing housing facilities. In 1998 the Board agreed to provide a cumulative subsidy not to exceed \$700,000 to fund the remaining portion of debt service for the most recently completed facility. Projections indicate that the University's College at Wise housing system is still on target to achieve its pro forma results. To date, the University's College at Wise has used less than \$450,000 of the approved subsidy. Operating surpluses should begin to accrue in fiscal year 2004-2005 in the absence of adding any new facilities.

CONCLUSION: The Board of Visitors should approve the proposed 3.0 percent student housing rate increase for the University's College at Wise.

RECOMMEND APPROVAL OF BOARD ACTION:



Leonard W. Sandridge  
January 31, 2003

UNIVERSITY OF VIRGINIA  
FISCAL IMPACT STATEMENT

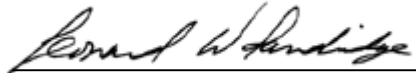
PROJECT/PROPOSED BOARD OF VISITORS ACTION: Approve the proposed rate increases for Mountain Lake Biological Station.

DESCRIPTION: The Mountain Lake Biological Station has recommended rate changes commensurate with expected inflation increases rounded to a logical dollar figure. In most instances these increases are approximately 2.0 percent.

FISCAL IMPACT: For most rate categories the proposed increases result in a modest per person charge of only a few dollars. These figures were derived using average attendance history for the past few summers coupled with anticipated costs; the rate increases are not expected to cause deterioration in attendance.

CONCLUSION: The Board of Visitors should approve the proposed rates for Mountain Lake Biological Station.

RECOMMEND APPROVAL OF BOARD ACTION:



Leonard W. Sandridge  
January 31, 2003

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UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: January 31, 2003

COMMITTEE: Finance

AGENDA ITEM: II.B. General Revenue Pledge Bond  
Issuance

BACKGROUND: The University intends to issue bonds for seven projects in the spring of 2003 and to refund a certain portion of its outstanding debt. The seven projects are:

- A. Addition to the Aquatic & Fitness Center
- B. Renovation of the Cancer Center
- C. Construction of the Emmet Street Parking Garage
- D. Construction of the Hospital Expansion project
- E. Acquisition of the School of Medicine Research Building
- F. Construction of the new Arena
- G. Construction of the replacement facility for Observatory Hill Dining.

In addition, the proposed bond issuance will refund certain outstanding debt obligations that have relatively high interest rates compared to rates obtainable under current market conditions.

The total issuance amount is expected to be \$200,000,000.

DISCUSSION: Five of the seven projects received approval from the Board of Visitors in June 2002 to proceed with debt financing. The remaining two -- the new Arena and the Observatory Hill Dining replacement facility -- have been presented to the Board of Visitors only for approval of intent-to-issue resolutions and require Board of Visitors consent for bond issuance. The Board of Visitors is also asked to authorize the refunding of a portion of the University's existing debt.

Arena: The planned 15,000-seat arena will provide a new venue for the Athletics Department, principally men's and women's basketball, Olympic sports and other large-scale events. The current facility, University Hall, is almost forty years old and its physical state presents a significant maintenance and repair expense. Moreover, the current facility has revenue constraints since it has the smallest seating capacity in the Atlantic Coast Conference.

An independent consulting firm has verified that sufficient demand exists in the population of Charlottesville/Albemarle and nearby cities and metropolitan areas to support the new arena for basketball and other events. This project will be constructed at the intersection of Massie Road and Emmet Street, across from the current facility. This structure in many ways will represent the new "front door" of the University for guests and visitors traveling south on Route 29/Emmet Street. Because of its aesthetic and operational role in the University's master plan, careful attention will be paid to making this a "signature" building. The total project cost is estimated to be \$129.8 million. Bond financing will provide \$75.0 million of the needed resources. Additional funding will come from philanthropy, exclusive seating sales, preferred seating sales, suite leases, building operations (including ticket sales) and student fees. The Board approved an intent-to-issue resolution for \$75.0 million at its October 2001 meeting.

Observatory Hill Dining Replacement Facility: Business Operations and Dining Services face significant current and future space needs if they are to provide expected benefits to students. A study was conducted to weigh the relative merits of renovating/expanding the existing Observatory Hill facility or constructing an entirely new facility with the required square footage. The results of the study indicated that either approach required approximately the same level of financial investment, but that constructing a new facility would enable Business Operations and Dining Services to utilize the space more efficiently and effectively. The Board of Visitors approved an intent-to-issue bonds resolution for the replacement facility at the October 2001 meeting.

The Observatory Hill Dining Replacement Facility will be a 62,000 gross square foot building. This \$22.0 million project will require \$10.0 million in bonds. The balance, \$12.0 million, will come from internally generated auxiliary funds. This same source will also pay for annual debt service and operating expenses.

Refunding of Existing Bond Obligations: Due to a favorable rate environment it is financially advantageous to make new funding arrangements for certain segments of the University's existing debt obligations. The University intends to refinance all or a portion of the outstanding principal amount on the General Revenue Pledge Bonds, Series 1993A and General Revenue Pledge Bonds, Series 1993B, the University's Series 1973 HUD financing, the University's portion of the Commonwealth's

Taxable Series 1990A Bonds and the University's portion of the Commonwealth's Taxable Series 1992B Bonds. The total amount to be refunded is estimated to be \$85,000,000.

ACTION REQUIRED: Approval by the Finance Committee and the Board of Visitors

RESOLUTION OF THE RECTOR AND VISITORS OF THE UNIVERSITY OF VIRGINIA, AUTHORIZATION OF ISSUANCE OF UP TO \$200,000,000 OF GENERAL REVENUE PLEDGE BONDS:

RECITALS

WHEREAS, Chapter 9, Title 23 of the Code of Virginia of 1950, as amended (the "Virginia Code"), establishes a public corporation under the name and style of The Rector and Visitors of the University of Virginia (the "University") which is governed by a Board of Visitors (the "Board"); and

WHEREAS, Chapter 3, Title 23 of the Virginia Code (the "Act") classifies the University as an educational institution, declares it to be a public body and constitutes it a governmental instrumentality for the dissemination of education; and

WHEREAS, the Act empowers the University, with the consent and approval of the General Assembly of the Commonwealth of Virginia (the "Commonwealth") and the Governor of the Commonwealth to build, construct, reconstruct, erect, extend, better, equip and improve any building, facility, addition, extension or improvement of a capital nature required by or convenient for the purposes of the University and to borrow money and make, issue and sell bonds of the University for any such purposes, including the refinancing of any such facilities, such bonds to be issued and sold through the Treasury Board of the Commonwealth (the "Treasury Board"); and

WHEREAS, the Act further authorizes the University to pledge to the payment of the principal of and the interest on such bonds any monies available for the use of the University including, but not limited to, and subject to guidelines promulgated by the Secretary of Finance of the Commonwealth (the "Secretary of Finance"), monies appropriated to the University from the general funds of the Commonwealth or from non-general funds, without regard to the source of such monies, and which are not required by law or by previous binding contract to be devoted to some other purpose; and

WHEREAS, on June 1, 2002 the Board authorized the issuance of bonds to finance the projects described in items A through E below:

The construction of an addition to the Aquatic & Fitness Center consisting of a gymnasium complex, fitness and weightlifting areas and the Engineering/Science Chiller Plant (authorized project cost - \$10,400,000; authorized bond issuance amount - \$5,500,000);

The renovation of the Cancer Center located on the 4th and 5th floors of the Multistory Building and in the Davis Wing to expand its facilities and patient capacity (authorized project cost and bond issuance amount - \$5,000,000);

The construction of the Emmet Street Parking Structure, an approximately 1,200 space parking garage located at the intersection of Emmett Street and Ivy Road (authorized project cost and bond issuance amount - \$17,500,000);

The Hospital Expansion Project which consists of an approximately 75,000 square foot addition to the Hospital and the renovation of approximately 152,000 square feet of the existing Hospital (authorized project cost - \$58,000,000; authorized bond issuance amount - \$54,000,000);

The acquisition of the School of Medicine research building (authorized project cost and bond issuance amount - \$17,000,000); and

WHEREAS, in addition to the foregoing projects, the Board has now determined to authorize the issuance of bonds to finance the projects described in items F through H below:

The construction of the University's new approximately 15,000 seat Arena (authorized project cost - \$121,000,000; additional project cost of \$8.8 million pending General Assembly approval; authorized bond issuance amount - \$75,000,000);

The construction of a new Observatory Hill Dining Replacement Facility, including new dining facilities and office space for Business Operations and Dining Services (authorized project cost - \$22,000,000; authorized bond issuance amount - \$10,000,000);

The refunding of all or a portion of the outstanding principal amount of (1) the University's General Revenue Pledge Bonds, Series 1993A, (2) the University's General Revenue Pledge

Bonds, Series 1993B, (3) the University's Series 1973 HUD financing, (4) the University's portion of the Commonwealth's Taxable Series 1990A Bonds and (5) the University's portion of the Commonwealth's Taxable Series 1992B Bonds; and

WHEREAS, the maximum cost and authorized bond issuance amount of each Project is indicated above, in each case exclusive of costs of issuance, capitalized interest, original issue discount and other expenses relating thereto; and

WHEREAS, the Commonwealth has authorized the Projects and the issuance of bonds for them in the following legislation:

Aquatic and Fitness Center (207-16383): Initial authorization 2000-2002, Chapter 1073, Item C-54; Supplemental authorization 2002, Chapter 814, Item C-54;

Cancer Center (209-16751): Authorization 2002-2004, Chapter 899, Item C-53.10;

Emmet Street Parking Garage (207-16645): Authorization 2002, Chapter 814, Item C-60.20;

Hospital Expansion (209-16392): Initial planning authorization 2000-2002, Chapter 1073, Item C-65; Supplemental planning authorization 2001, Chapter 1073, Item 4-4.01m; Construction authorization 2002-2004, Chapter 899, Item C-48;

School of Medicine Research Building (207-16562): Authorization 2002-2004, Chapter 899, Item C-41;

Arena (207-16281): Planning authorization 1999, Chapter 935, Item C-36.76; Construction authorization 2002-2004, Chapter 899, Item C-36;

Observatory Hill Dining Replacement Facility (207-16094): Initial authorization 1999, Chapter 935, Item C-36.78; Supplemental authorization 2002-2004, Chapter 899, Item C-34; and

WHEREAS, the Board anticipates that the bonds will be secured by a general revenue pledge of the University and not be in any way a debt of the Commonwealth and shall not create or constitute any indebtedness or obligation of the Commonwealth, either legal, moral or otherwise; and

WHEREAS, the Board desires to authorize its Executive Committee (the "Executive Committee") to approve the final forms and details of the bonds, as set forth below;

RESOLVED that the Executive Committee is authorized to implement the plan of finance described in the Recitals by adopting a resolution or resolutions authorizing the issuance of one or more series of bonds for the purpose of financing or refinancing any or all of the Projects and providing for the terms thereof, as required by Section 23-19 of the Virginia Code; and

RESOLVED FURTHER that the Executive Committee is authorized to approve the final terms of each series of bonds, including, without limitation, their original principal amounts, the specific Projects to be financed or refinanced, maturity dates and amounts, redemption provisions and prices and interest rates (which may be either fixed or variable), provided that (i) the maximum aggregate principal amount of all bonds shall not exceed \$200,000,000; (ii) the maximum true interest cost of any series bearing interest at a fixed rate shall not exceed six percent (6%) per annum; (iii) the maximum initial true interest cost of any series bearing interest at a variable rate shall not exceed five percent (5%) per annum; (iv) the final maturity of all bonds shall not extend beyond June 1, 2038; (v) call protection on the bonds shall not exceed eleven (11) years; and (vi) no optional redemption premium shall exceed two percent; and

RESOLVED FURTHER that the Executive Committee is authorized to approve the discount payable to the underwriters selected by the Executive Committee (the "Underwriters") on account of the sale of the bonds and to approve the terms of a contract for the sale of the bonds to the Underwriters, provided that the discount payable to the Underwriters shall not exceed 0.5 percent of the original aggregate principal amount of the bonds; and

RESOLVED FURTHER that the Executive Committee or all officers of the University are authorized and directed to take all such further actions, including without limitation the designation of Underwriters, paying agents, remarketing agents, trustees and liquidity providers for the bonds, and to execute all such instruments, agreements, documents and certificates as they shall deem necessary or desirable to carry out the terms of the financing plans presented to this meeting, including without limitation any liquidity facilities, swap or other interest rate management agreements associated with the bonds; and

RESOLVED FURTHER, pursuant to the Section 147(f) of the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder, the University designates Yoke San Reynolds, Vice President for Finance of the University, as the public hearing officer to hold any public hearings required in order to ensure the tax-exempt status of interest on the bonds; and

RESOLVED that all acts of all officers of the University which are in conformity with the purposes and intent of this Resolution and in carrying out the financing plans presented to this meeting are ratified, approved and affirmed.

UNIVERSITY OF VIRGINIA  
FISCAL IMPACT STATEMENT

PROJECT/PROPOSED BOARD OF VISITORS ACTION: Approve the issuance of up to \$200,000,000 in bonds for seven capital projects and the refunding of certain existing debt obligations.

DESCRIPTION: The projects listed below anticipate securing debt financing for the amounts shown in the spring of 2003:

Projects Approved June 2002

Aquatic and Fitness Center Addition:	\$ 5,500,000
Cancer Center Renovation:	\$ 5,000,000
Emmet Street Parking Garage:	\$ 15,250,000
Hospital Expansion Project (Phase I issuance):	\$ 32,000,000
School of Medicine Research Bldg. Acquisition:	\$ 14,860,000

Projects Presented for Approval January 2003

Arena (Phase I issuance):	\$ 32,390,000
Observatory Hill Dining:	\$ 10,000,000

Refunding of Existing Bonds: \$ 85,000,000

Maximum Amount to Be Issued: \$200,000,000

The attached resolution also enables the University to make adjustments to the above figures to account for possible changes in the final project draw schedules; however, the total issuance in the spring of 2003 will not exceed the \$200.0 million cap, nor will the individual projects exceed their authorized issuance limits.

FISCAL IMPACT: Each of the seven projects and the proposed refunding has presented a comprehensive business case indicating their financial effect. The following observations are made concerning the two projects that have not yet received Board approval for bond issuance:

Arena: The Board has been briefed on the business case model with respect to expected annual income, operating expenses, project costs, financing sources, funding arrangements and related financial matters. The Board is aware that the financial feasibility of the project is highly dependent on raising significant philanthropy dollars and other revenues not generated by building operations. It appears probable that sufficient funding from these sources can be obtained.


The attached resolution grants the University permission to issue up to \$75.0 million for this project. It is likely that the debt financing will proceed in two phases: \$32.4 million issued in the spring of 2003 and a subsequent issuance to provide another \$42.6 million. Assuming an interest rate of 5.5 percent payable over twenty years (state guidelines), the annual debt service on the total amount of \$75.0 million will equal approximately \$6.3 million. The most recent pro forma reviewed by the Board used an interest rate of 4.5 percent, reflecting the then-current rate environment. At that interest rate the annual debt service falls to \$5.8 million on the total \$75.0 million package. Annual differences in cash flow of this magnitude are very consequential in determining the financial success of the project.

Observatory Hill Dining Facility: Expected annual debt service on the \$10.0 million bond amount equals approximately \$837,000 per year, assuming an interest rate of 5.5 percent for twenty years. Dining Services anticipates a modest annual 2.0 percent increase in gross revenues from board and retail sales each of the next ten years coupled with normal inflationary increases in expenses of approximately 3.0 percent per year. At these rates the project is sustainable. The project remains sustainable if revenues increased at only 1.5 percent per year and expenses grew as predicted. Below a 1.5 percent growth rate in board and retail sales revenues, Dining Services would show a net loss after transfers.

Refunding of Existing Bonds: The current favorable rate environment suggests sufficient financial savings on a net present value basis by refunding certain outstanding bond obligations. Existing issues with potential savings of at least 5.0 percent (current refunding) will be refunded.

CONCLUSION: The Board of Visitors should approve the issuance of bonds for these projects.

RECOMMEND APPROVAL OF BOARD ACTION:



Leonard W. Sandridge  
January 31, 2003

UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: January 31, 2003

COMMITTEE: Finance

AGENDA ITEM: II.C. Commercial Paper Issuance

BACKGROUND: The University seeks to establish a program to provide short-term financing for capital projects utilizing commercial paper as the funding vehicle. The total pool of available funds will equal \$100,000,000.

DISCUSSION: At present, securing an internal loan from the University represents the only realistic short-term funding mechanism available for projects. The Board of Visitors has enacted resolutions establishing two pools of money for this purpose: 1) a "permanent" \$10.0 million fund; and 2) a secondary \$35.0 million pool set to expire June 30, 2003. Instead of using internal funds for bridge financing, the University wishes to create a mechanism to allow for greater flexibility. Also, given the level of construction activity anticipated over the next several years, an internal loan pool is insufficient to meet the need and is financially disadvantageous.

The University currently has eleven capital projects that are incurring costs. Several of these require interim financing arrangements until permanent funding is obtained. The proposed resolution requests the flexibility to use commercial paper financing for the projects for which the Board of Visitors has approved bond issuance. The University anticipates using the same mechanism for future capital projects.

ACTION REQUIRED: Approval by the Finance Committee and the Board of Visitors

RESOLUTION OF THE RECTOR AND VISITORS OF THE UNIVERSITY OF VIRGINIA AUTHORIZATION OF ISSUANCE OF UP TO \$100,000,000 OF COMMERCIAL PAPER:

RECITALS

WHEREAS, Chapter 9, Title 23 of the Code of Virginia of 1950, as amended (the "Virginia Code"), establishes a public

corporation under the name and style of The Rector and Visitors of the University of Virginia (the "University") which is governed by a Board of Visitors (the "Board"); and

WHEREAS, Chapter 3, Title 23 of the Virginia Code (the "Act") classifies the University as an educational institution, declares it to be a public body and constitutes it a governmental instrumentality for the dissemination of education; and

WHEREAS, the Act empowers the University, with the consent and approval of the General Assembly of the Commonwealth of Virginia (the "Commonwealth") and the Governor of the Commonwealth to build, construct, reconstruct, erect, extend, better, equip and improve any building, facility, addition, extension or improvement of a capital nature required by or convenient for the purposes of the University and to borrow money and make, issue and sell bonds of the University for any such purposes, including the refinancing of any such facilities, such bonds to be issued and sold through the Treasury Board of the Commonwealth (the "Treasury Board"); and

WHEREAS, the Act further authorizes the University to pledge to the payment of the principal of and the interest on such bonds any monies available for the use of the University including, but not limited to, and subject to guidelines promulgated by the Secretary of Finance of the Commonwealth (the "Secretary of Finance"), monies appropriated to the University from the general funds of the Commonwealth or from non-general funds, without regard to the source of such monies, and which are not required by law or by previous binding contract to be devoted to some other purpose; and

WHEREAS, the Board has determined to facilitate the financing or refinancing from time to time of capital projects of the University on a short-term basis through the issuance of short-term commercial paper in an aggregate outstanding principal amount at any time not to exceed \$100,000,000 (the "Program"); and

WHEREAS, the Board anticipates that the Program will be secured by a general revenue pledge of the University and shall not be in any way a debt of the Commonwealth and shall not create or constitute any indebtedness or obligation of the Commonwealth, either legal, moral or otherwise; and

WHEREAS, the Board desires to authorize its Executive Committee (the "Executive Committee") to approve the final forms and details of the Program, as set forth below;

RESOLVED that the Executive Committee is authorized to implement the plan of finance described in the Recitals by adopting a resolution or resolutions authorizing the Program and to approve the final terms of the Program, including, without limitation, the original principal amount thereof, redemption provisions and prices and interest rates, provided that the maximum aggregate principal amount outstanding under the Program at any one time shall not exceed \$100,000,000; and

RESOLVED FURTHER that costs associated with any capital project of the University may be financed under the Program provided that (i) such project has been authorized by appropriate legislation enacted by the Commonwealth and (ii) the incurrence of indebtedness for such project has been authorized by the Board or the Executive Committee; and

RESOLVED FURTHER that the Executive Committee or all officers of the University are authorized and directed to take all such further actions, including without limitation the designation of underwriters, paying agents, remarketing agents, trustees and liquidity providers for the Program, and to execute all such instruments, agreements, documents and certificates as they shall deem necessary or desirable to carry out the terms of the financing plans presented to this meeting, including without limitation any liquidity facilities, swap or other interest rate management agreements associated with the Program; and

RESOLVED FURTHER, pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder, the University designates Yoke San Reynolds, Vice President for Finance of the University, as the public hearing officer to hold any public hearings required in order to ensure the tax-exempt status of interest on any obligations issued under the Program; and

RESOLVED that all acts of all officers of the University which are in conformity with the purposes and intent of this Resolution and in carrying out the financing plans presented to this meeting are ratified, approved and affirmed.

UNIVERSITY OF VIRGINIA  
FISCAL IMPACT STATEMENT

PROJECT/PROPOSED BOARD OF VISITORS ACTION: Approve the issuance of up to \$100,000,000 in commercial paper to provide interim financing for capital projects.

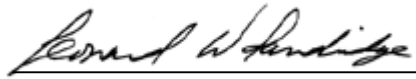
DESCRIPTION: The University seeks to increase its financial management capabilities of current and future capital projects. To that end, the establishment of a commercial paper program is proposed that will provide short-term funding until permanent financing sources become available.

FISCAL IMPACT: By establishing this pool of funds the University will accomplish three key financial objectives. First, it provides a larger source from which projects can obtain interim financing. Currently, even with the expanded temporary \$35.0 million loan pool granted by the Board of Visitors, the roster of eleven projects will readily exhaust the available resources. Even with proper coordination of the cash flow needs, in the future the lack of sizable short-term resources may constrain, delay or alter the planning, scope or commencement of certain capital projects.

Second, by establishing a short-term program using commercial paper, the University will employ a less expensive funding source. At present, loans to units are from University funds that could be invested externally at a rate equal to the Federal Funds rate plus sixty basis points. Over the past thirteen years (the extent of available data) this translates to an average rate of 5.66 percent. Conversely, commercial paper has enjoyed average rates of approximately 218 basis points less over the same period, or 3.48 percent (using the BMA Index as a reasonable proxy). These rates are highly volatile and the spreads have correspondingly fluctuated greatly. Third, by not having a commercial paper program, we would be forced to seek external financing at potentially inopportune times, i.e. when rates are not a favorable as the current market environment.

CONCLUSION: The Board of Visitors should approve the establishment of the commercial paper program for interim financing.

RECOMMEND APPROVAL OF BOARD ACTION:

A handwritten signature in cursive script, reading "Leonard W. Sandridge", written in black ink. The signature is positioned above a horizontal line.

Leonard W. Sandridge  
January 31, 2003

UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: January 31, 2003

COMMITTEE: Finance

AGENDA ITEM: III.A. Vice President's Remarks

ACTION REQUIRED: None

Governor's Budget

BACKGROUND: On December 20, 2002, Governor Warner presented to the legislature his amendments to the 2002-2004 biennial budget. The General Assembly will consider the Governor's amendments during its session, which began January 8, 2003.

DISCUSSION: Governor Warner's budget for higher education reflected the actions taken in October 2002, when the Governor announced state-wide budget reductions. These October actions resulted in additional budget reductions of \$14.0 million in 2002-03 and \$17.8 million in 2003-2004 for the Academic Division. Also in October, the College at Wise received additional budget reductions of \$676,000 in 2002-2003 and \$967,000 in 2003-2004. The Governor's budget includes \$1.3 million in general funds in 2003-2004 for the University to partially fund employer increases in health insurance premiums. The Governor's budget also approved the nongeneral fund increases requested by the Academic Division and the College at Wise. For the Academic Division and the College at Wise, the Governor's budget included approval of the nongeneral fund capital projects submitted, but included no new general fund capital project funds. A list of specific requests can be found in the Appendix.

The Governor's budget did not include the requested language change concerning the elimination of constraints on the mandatory non-educational and general fee. This amendment will be re-submitted to the General Assembly for consideration during the 2003 session.

For the Medical Center, the Governor's budget funded 85 percent of the indigent care reimbursement estimated for 2002-2003 and 53 percent for 2003-2004.

## 2003 Legislative Amendments

BACKGROUND: Operating and capital budget requests were submitted to the Legislature by January 10, 2003. The Board of Visitors authorized the Executive Vice President and Chief Operating Officer to submit amendments to the General Assembly for items not funded by the Governor, as long they did not materially differ from those items approved by the Board in October 2002.

DISCUSSION: The operating and capital budget requests submitted to the Legislature will be distributed in summary form at the January 31, 2003, Finance Committee meeting. In addition to requests that impact the budget bill, the University submitted two legislative proposals to the Governor. One item proposes that the Medical Center be considered a licensed hospital for purposes of certain benefits that accrue to such entities while the other deals with clarification of the definition of hazing. While the Governor chose not to include these proposals in his legislative package he advised us to proceed to secure legislative patrons and introduce them to the General Assembly. Senator Saslaw and Delegate Albo have agreed to sponsor the hazing legislation. Delegate Bell will sponsor the Medical Center legislation.

The Executive Committee has also requested that a legislative proposal be submitted to the General Assembly that would amend the Board's current telephonic communication authority. Senator Stolle has agreed to sponsor the legislation.

## Preliminary 2003-2004 Budget Assumptions

BACKGROUND: Each year at this time, we develop preliminary budget assumptions that will be used to formulate the target budget for the subsequent fiscal year.

DISCUSSION: The following budget assumptions will be used in the development of the 2003-2004 budget, which will be presented to the Board of Visitors for action in May 2003:

1. The 2003-04 state appropriation will reflect any budget increases or reductions as approved by the Governor and the 2003 General Assembly. The impact of these actions on the Academic Division's state appropriation will be reflected in the budget presented to the Board of Visitors in May.

2. Anticipated tuition increases will reflect the following as discussed at the October 2002 and January 2003 Board meetings:
  - In-state undergraduate tuition and mandatory E&G fees will be based upon an appropriate pricing structure that recognizes the University's quality education, the resources necessary to sustain that quality and the relationship of tuition to peer institutions, both public and private, within the provisions included in the 2002-2004 Appropriations Act.
  - Actions by the Governor and General Assembly will impact the extent to which the University will need to increase undergraduate tuition.
  - Graduate tuition will be set based on state budget actions and the results of evaluating the in-state versus out-of-state tuition differential.
  - The Darden School anticipates normal tuition increases for out-of-state students, depending upon the impact of state budget actions. In-state tuition will continue to be \$5,000 less than out-of-state tuition.
  - The Law School's in-state tuition plan will include a surcharge on incoming in-state students in order to move to a level of in-state tuition \$5,000 less than out-of-state tuition by 2005-2006. Out-of-state tuition will increase at a rate to reflect movement to approach the level of peers.
  - The School of Medicine plans to continue its multi-year plan to raise its tuition rates for in-state and out-of-state students.
  - The current tuition surcharges used for financial aid will continue in 2003-2004.
3. Available resources will be used to meet unavoidable cost increases and to protect academic programs.
4. Vice Presidents may reallocate existing funding and positions among units within their areas of responsibility.

5. Implementation of a financial self-sufficiency model, as finalized in 2001-2002, for the Darden School and the School of Law will continue in 2003-2004.
6. The 2003-2004 state educational and general budget will reflect the following:
  - Overall departmental budgets will be increased or decreased based upon the actions of the Governor and General Assembly.
  - State and local targets will be adjusted to reflect any changes in the fringe benefit rates for 2003-2004.
  - Reserves will be budgeted to fund any classified and faculty salary increases for the 2003-2004 fiscal year that may be granted through amendments to the 2002-2004 Appropriation in the 2003 General Assembly session.
  - Other than Personal Services base budgets will not be increased for inflation.
  - Recoveries and transfer budgets will be adjusted by varying amounts, depending on the budget assumptions applied to the items being recovered or transferred.
7. Revenue from endowment income is budgeted based upon the 2003-2004 distribution rates as calculated per the Endowment Income Distribution and Spending Policy approved by the Board of Visitors. Related expenditures are based upon historical spending patterns and will emphasize institutional and school priorities.
8. Revenue and related expenditures from private gifts and other sales and services are budgeted based upon historical spending patterns and emphasize institutional and school priorities.
9. Revenue and related expenditures from sponsored programs are budgeted based upon prior year sponsored program awards.
10. Revenue and related expenditures from auxiliaries are budgeted based on fees approved by the Board in January (housing) and April (dining and mandatory student fees) and anticipated activity.

UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: January 31, 2003

COMMITTEE: Finance

AGENDA ITEM: III.B. Tuition Planning

ACTION REQUIRED: None

BACKGROUND: The Board of Visitors normally approves tuition and required fees at its April meeting. Members of the Board of Visitors have emphasized that it is important to review pricing policy and outlook prior to the meeting at which action is taken.

The Governor's budget and General Assembly actions set the criteria and framework for the establishment of tuition and fees. Board of Visitors policy and response to institutional requirements determine the specific tuition structure within the state-proscribed framework.

In October 2002, we presented a discussion of undergraduate, graduate and professional school charges and the outlook for 2003-2004. For this meeting, the Board of Visitors requested an analysis of undergraduate tuition at peer institutions and a presentation of options for altering the University's tuition pricing policy, particularly for in-state undergraduate students.

DISCUSSION: The cap on in-state undergraduate tuition was lifted effective July 1, 2002. The Board of Visitors may once again decide the appropriate pricing for its in-state undergraduate students. Today's in-state undergraduates are paying less than their counterparts paid in 1995-1996. In-state tuition and required fees at the University is \$426 less than the average charge among institutions in the SCHEV faculty peer group. It is time to consider an appropriate pricing structure that recognizes the University's quality education, the resources necessary to sustain that quality and the relationship of tuition to peer institutions, both public and private. The policy must consider the impact of tuition increases on continuing students versus those who are making the decision to attend the University for the first time. Any proposed rate increase must take into consideration additional financial aid resources that will be required in order to continue to meet the

high level of demonstrated need the University currently enjoys. Out-of-state undergraduate tuition will be priced according to market.

We will seek comments from the Board of Visitors on the various strategies and alternatives. The outcome of the discussions will determine the direction taken in the development of the tuition structure for 2003-2004. No action will be taken at this meeting.

UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: January 31, 2003

COMMITTEE: Finance

AGENDA ITEM: III.C. Debt Structure and Policy

ACTION REQUIRED: None

BACKGROUND: At the October 4, 2002, meeting, a status report was provided on the plans for issuing debt to finance construction. The University has now completed the Request for Proposal process and contracted for services with a financial advisor, underwriting team and bond counsel.

DISCUSSION: The University will issue bonds in March 2003, to finance seven construction projects and refinance existing bonds as well as implement an interim financing vehicle. The proposed debt structure will be presented to the Board of Visitors, as well as internal debt management policies.

UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: January 31, 2003

COMMITTEE: Finance

AGENDA ITEM: III.D. Endowment Report

ACTION REQUIRED: None

Market Value and Performance as of December 31, 2002

BACKGROUND: The Rector and Visitors of the University, particularly the University of Virginia Investment Management Company (UVIMCO), oversees the major component of the endowment that benefits the University. A report on the endowment is made at each Board of Visitors meeting.

DISCUSSION: During the quarter ending December 31, 2002, the Pooled Endowment Fund returned 2.5 percent. The equity markets reversed their trend following a large negative quarter ending September 30, 2002, of -17.3 percent. Although down again for the month of December, the S&P was up 8.4 percent for the entire quarter. With such a quick rebound in the traditional equity markets, the endowment, largely invested in alternative asset classes, lagged the public market by a wide margin. Over the entire calendar year, the Pooled Endowment Fund returned 0.3 percent, handily surpassing the equity markets of -21.5 percent. The stock markets are in a trading range of 7,500 to 9,500 on the Dow, while the bond markets perform poorly with interest rates at such a low level. Given this environment of low growth and little protection from fixed income, hedge funds still look attractive. We are continuing to look for exceptional managers and are slowly reducing the size of our large cash balances. Although we have done a fair job of protecting assets over the past two years, we are anxious to advance them this year.

INSERT REPORT

Report on Actions of the Board of the Investment Management Company

BACKGROUND: The University of Virginia Investment Management Company (UVIMCO) Board meets regularly and reports all of its activities at the following meeting of the Finance Committee.

DISCUSSION: Since the last Board meeting, the UVIMCO Board approved the following investments: \$25 million with Glenhill Capital Management, \$50 million with Sun Capital Partners, Inc., \$5 million each with Rx Capital Management, L.P., Abrams/Bison Investments, LLC and SuttonBrook Capital Management; an additional investment of \$20 million each with Arisaig Partners and GMO Emerging Markets; and sale of Claiborne Capital Management (\$50 million). Approval was also give to the purchase of secondary interest in select private equity funds, revisions to the General Faculty and Medical Center Retirement Plan, inclusion of absolute return in hedge fund farm teams and reinvestment of capital from Lone Pine into Lone Kauri.

MISCELLANEOUS FINANCIAL REPORTS  
Finance Committee  
University of Virginia

January 31, 2003

UNIVERSITY OF VIRGINIA ACADEMIC DIVISION

FINANCIAL REPORT

ACCOUNTS AND LOANS RECEIVABLE AS OF SEPTEMBER 30, 2002

Summary of Accounts Receivable:

The University's Academic Division's total accounts receivable as of September 30, 2002, were \$20,709,000 as compared to \$15,354,000 at June 30, 2002. The major sources of receivables at September 30, 2002, were sponsored programs of \$9,285,000 and student accounts of \$4,898,000.

The past due receivables over 120 days old at September 30, 2002 were \$1,071,000 or 5.17 percent of total receivables, well below the Commonwealth's management standard of ten percent.

	<u>Student Accounts</u>	<u>Sponsored Programs</u>	<u>Other Receivables</u>	<u>Total</u>
Gross Accounts Receivable	\$4,898,000	\$9,285,000	\$6,526,000	\$20,709,000
Less: Allowance for Doubtful Accounts	<u>147,000</u>	<u>96,000</u>	<u>384,000</u>	<u>627,000</u>
Net Accounts Receivable	<u>\$4,751,000</u>	<u>\$9,189,000</u>	<u>\$6,078,000</u>	<u>\$20,082,000</u>
Accounts Receivable Greater than 120 Days Past Due	<u>\$23,000</u>	<u>\$777,000</u>	<u>\$271,000</u>	<u>\$1,071,000</u>

SOURCE: Student Financial Services  
DATE: December 17, 2002

UNIVERSITY OF VIRGINIA ACADEMIC DIVISION

FINANCIAL REPORT

ACCOUNTS AND LOANS RECEIVABLE AS OF SEPTEMBER 30, 2002

Summary of Loans Receivable:

The default rate for the Perkins Student Loan Program decreased by 3.90 percent to 1.68 percent. This is based on the cohort default rate calculation and is well below the 15 percent threshold set by federal regulations. The Health Professions Loan Program default rate remained the same at zero percent. The Nursing Undergraduate Student Loan Program default rate increased by .33 percent to 2.52 percent. All medical loan programs are well below the five percent federal threshold. The University Loan Program default rate increased by 0.23 percent to 4.06 percent.

	<u>Gross Loans Receivable</u>	<u>Current Default Rate</u>	<u>Inc./ (Dec) From Last Quarter</u>
Perkins Student Loans	\$16,732,000	1.68%	(3.90)%
Health Professions Loans	687,000	0.00%	0.00%
Undergraduate Nursing Loans	576,000	2.52%	0.33%
University Loans	10,548,000	4.06%	0.23%
Total Student Loan Outstanding	<u>\$28,543,000</u>		

SOURCE: Student Financial Services  
DATE: December 17, 2002

UNIVERSITY OF VIRGINIA  
INTEGRATED SYSTEMS PROJECT IMPLEMENTATION STATUS

(Per October 1999 Board of Visitors resolution requesting that the Executive Vice President and Chief Operating Officer provide reports to the Finance Committee not less frequently than semi-annually describing progress on the project and compliance with the business plan.)

BACKGROUND: The Board approved the initiation of the Integrated Systems Project at the October 1999 meeting. The Board requested that progress reports be provided at each subsequent meeting.

DISCUSSION: The Oracle Human Resources and Payroll applications were implemented on October 3, 2002. There have been some significant issues for management regarding performance of the payroll process (e.g., run times), employee leave processing, and unanticipated consequences of certain transactions. All issues have been or are being addressed through the cooperative efforts of the ISP and University Human Resources teams.

A recent patchset upgrade to the Labor Distribution module, some performance tuning of code, and archiving efforts have solved some long-standing performance issues. An Oracle patch also allowed the deployment of Self Service Web Applications to all members of the University community, including Medical Center employees. This primarily allows people to register for courses sponsored by the Division of Training in the Department of Human Resources. During the first quarter of 2003, limited self-service human resources capabilities, such as ability to change one's address or phone number on line, will be deployed.

There are ongoing discussions regarding the proper timing to initiate an upgrade to the new 11i technology, to include the database, the applications, and the development tools.

SOURCE: Integrated System Project  
DATE: December 13, 2002

UNIVERSITY OF VIRGINIA  
INTERNAL LOANS TO UNIVERSITY DEPARTMENTS AND ACTIVITIES  
As of November 30, 2002

(Per January 1990 Board of Visitors resolution changing Current Funds Guidelines to include investments in internal loans and the June 1994 Board of Visitors resolution authorizing internal loans to be made in the discretionary collateral account lending program [security lending program], both subject to approval by the Executive Vice President and Chief Operating Officer)

PROJECT	PURPOSE (INT PROJECT)	DATE OF LOAN	INTEREST RATE	ORIGINAL LOAN AMOUNT	PRINCIPAL PAYMENTS MADE TO DATE	OUTSTANDING PRINCIPAL	APPROXIMATE FINAL PAYMENT
	Baseball Stadium	06/14/02	Fed. Funds+60 pts.	1,525,000.00	-	1,525,000.00	Jun 2003
	ITC-Disk Hardware	02/01/02	Fed. Funds+60 pts.	130,000.00	43,333.00	86,667.00	Jul 2004
	ITC-Cincom	02/01/02	Fed. Funds+60 pts.	950,000.00	237,500.00	712,500.00	Jul 2005
	Keck Center	06/26/02	Fed. Funds+60 pts.	50,000.00	-	50,000.00	Jun 2005
	Gilmer Hall	06/26/02	Fed. Funds+60 pts.	45,147.96	-	45,147.96	Jun 2005
103947	WTJU	06/01/00	Fed. Funds+60 pts.	120,000.00	48,000.00	72,000.00	May 2005
	UVA Medical Center	07/10/02	Fed. Funds+60 pts.	3,908,454.69	-	3,908,454.69	June 2006
103807	CVC Football Facility	12/22/98	Fed. Funds+60 pts.	3,000,000.00	1,285,772.18	1,714,227.82	Jun 2009
<b>Total Internal Loans Subject to \$10M Limit Established by BOV</b>				<b>\$9,728,602.65</b>	<b>\$1,614,605.18</b>	<b>\$8,113,997.47</b>	
<b>Other Internal Loans:</b>							
	Scott Stadium Internal Construction Loan <sup>1</sup>	04/26/01	Fed. Funds+60 pts.	10,259,807.85	-	10,259,807.85	Apr 2006
	Integrated Systems Project <sup>2</sup>	06/25/02	Fed. Funds+60 pts.	6,900,000.00	-	6,900,000.00	Jun 2010

- NOTES: 1. Per April 2001 Board of Visitors resolution approving short-term construction loans of up to \$13 million.  
2. Per June 2001 Board of Visitors resolution approving short-term loans of up to \$20 million.  
3. In addition to the above internal loans, in October 2002 the Board of Visitors approved an additional temporary pool up to \$35 million from existing assets to support capital projects. The University will repay the principal of this pool by June 30, 2003.

SOURCE: Investment and Tax Services  
DATE: December 10, 2002

UNIVERSITY OF VIRGINIA MEDICAL CENTER  
REPORT ON WRITE-OFF OF BAD DEBTS  
AND INDIGENT CARE

(Per February 6, 1993, Board of Visitors resolution granting the Executive Vice President and Chief Operating Officer authorization to approve the write-off of bad debts and free service for the Medical Center)

INDIGENT CARE:

Indigent care charges totaling \$16.7 million for the period July 1, 2002, through September 30, 2002, have been written off. Recoveries during this period amounted to \$1.6 million.

The estimated cost of indigent care in fiscal year 2001-2002 amounted to \$47.3 million of which 86 percent was funded through the Medicaid special disproportionate share payments. The cost of indigent care for fiscal year 2002-2003 is estimated to be \$52.9 million of which 77 percent will be funded through the Medicaid special disproportionate share payments.

BAD DEBT:

Bad debt charges totaling \$6.7 million (including \$129,071 because of noncompliance with insurance information requirements) for the first quarter of fiscal year 2002-2003 have been written off. During this same period, \$3.0 million was recovered through suits, collection agencies and Virginia refund set-off.

SOURCE: Medical Center Finance  
DATE: December 14, 2002

UNIVERSITY OF VIRGINIA MEDICAL CENTER  
 ACCOUNTS COMMITTEE REPORT  
 (Dollars in Thousands)

<u>INDIGENT CARE (IC)</u>	Year to Date 7/1/02-9/30/02	Annual Activity	
		Estimated 2002-2003	Actual 2000-2001
Charge Write-Offs	\$16,664		
Recoveries	(\$1,556)		
Net Charge Write-Off	\$15,108	\$64,915	\$62,498
% of Net Write-Offs to Revenue	6.38%	8.17%	8.23%
Net IC Charges Factored to Cost <sup>1</sup>	\$13,649	\$58,238	\$56,274
Medicaid Unreimbursed Cost	(\$1,326)	(\$5,305)	(\$9,017)
Total Indigent Care (TIC) Cost	\$12,322	52,934	\$47,257
State Appropriation	\$0	\$0	\$0
Medicaid Special DSA* Payment <sup>1&amp;2</sup>	\$10,154	\$40,615	\$40,615
TIC Funding	\$10,154	\$40,615	\$40,615
TIC Funding as % of TIC Cost	82%	77%	86%
Unfunded Indigent Cost (UIC)	\$2,169	12,319	\$6,642

<u>BAD DEBT</u>	Year to Date 7/1/02-9/30/02	Annual Activity	
		Estimated 2002-2003	Actual 2000-2001
Charge Write-Offs	\$6,657		
Recoveries	(\$2,957)		
Net Charge Write-Offs	\$3,699	\$17,967	\$20,233
% of Net Write-Offs to Revenue	1.56%	1.90%	1.84%

NOTE: Future reports on the write-off of bad debts and indigent care will be presented through the Medical Center Operating Board.

SOURCE: Medical Center  
 DATE: December 18, 2002

<sup>1</sup> Both years include the additional \$1.3 million payment which was transferred to the School of Medicine and the additional \$4.15 million which was transferred to the School of Medicine. These amounts have been exactly offset in the Total Indigent Care Cost line.

<sup>2</sup> DSA - Disproportionate Share Adjustment.

UNIVERSITY OF VIRGINIA  
QUARTERLY BUDGET REPORT

As of September 30, 2002

This report compares, on a quarterly basis, the approved annual budget with year-to-date actual revenues and expenditures for the Academic Division. Enclosed are the reports as of the first quarter ended September 30, 2002.

At the end of the first quarter of fiscal year 2002-2003, revenues collected totaled 43.6 percent of budgeted revenues; actual expenditures totaled 29.9 percent of budgeted expenditures. It is important to note that revenue collections and expenditures are not evenly distributed throughout the year.

A definition of terms is included to explain the sources of revenues and the purposes of expenditures.

SOURCE: Budget Office  
DATE: January 3, 2003

University of Virginia Academic Division  
 2002-2003 Revenue Budget Summary  
 As of September 30, 2002

	2002-2003 Original Budget	09/30/02 Actual Revenues	Uncollected Budget Balance	9/30/02 Percentage Collected
<b>Revenue Projections</b>				
<b>Educational &amp; General</b>				
Tuition & Fees	\$179,705,357	\$57,120,802	\$122,584,555	31.8%
State Appropriations	136,015,517	139,613,381	(3,597,864)	102.6%
Endowment Income	56,119,146	6,474,868	49,644,278	11.5%
Gifts	27,707,599	14,042,089	13,665,510	50.7%
Spons. Pgms & Ind. Cost Recoveries	217,123,124	74,213,823	142,909,301	34.2%
Sales, Services & Other	19,292,935	6,691,255	12,601,680	34.7%
<b>Total Educational and General</b>	<b>635,963,678</b>	<b>298,156,218</b>	<b>337,807,460</b>	<b>46.9%</b>
<b>Student Financial Assistance</b>				
State Appropriations	5,550,128	144,397	5,405,731	2.6%
Transfer from Tuition	24,503,252	439,345	24,063,907	1.8%
Spons. Pgms & Ind. Cost Recoveries	14,475,400	2,727,458	11,747,942	18.8%
Endowment Income	12,261,910	1,403,291	10,858,619	11.4%
Gifts	13,950,347	1,378,938	12,571,409	9.9%
Other Income	451,940	23,378	428,562	5.2%
<b>Total Student Financial Assistance</b>	<b>71,192,977</b>	<b>6,116,807</b>	<b>65,076,170</b>	<b>8.6%</b>
<b>Auxiliary Enterprises</b>				
Athletics & Related Activities	24,879,288	6,375,975	18,503,313	25.6%
University Bookstores	28,225,300	11,609,120	16,616,180	41.1%
Housing	22,564,000	10,979,985	11,584,015	48.7%
Parking & Transportation	11,217,000	3,384,227	7,832,773	30.2%
Voice Communications	10,606,711	9,184,259	1,422,452	86.6%
Student Health	6,318,428	2,986,051	3,332,377	47.3%
Intramural/Recreational Sports	4,685,500	2,007,286	2,678,214	42.8%
Printing Services	4,616,600	1,258,500	3,358,100	27.3%
Newcomb Hall & Related Activities	4,140,573	2,101,434	2,039,139	50.8%
Dining Services	3,087,600	7,497,209	(4,409,609)	242.8%
Other Auxiliary Activities	8,385,070	2,747,301	5,637,769	32.8%
<b>Total Auxiliary Enterprises</b>	<b>128,726,070</b>	<b>60,131,347</b>	<b>68,594,723</b>	<b>46.7%</b>
<b>Total Revenues</b>	<b>\$835,882,725</b>	<b>\$364,404,372</b>	<b>\$471,478,353</b>	<b>43.6%</b>

University of Virginia Academic Division  
 2002-2003 Expenditure Budget Summary  
 As of September 30, 2002

	2002-2003 Original Budget	09/30/02 Actual Expenditures	Unexpended Budget Balance	9/30/02 Percentage Expended
<b>Expenditure Projections</b>				
<b>Educational &amp; General</b>				
Instruction	\$224,643,538	\$52,631,442	\$172,012,096	23.4%
Research	27,341,626	10,748,330	16,593,296	39.3%
Public Service	11,285,592	4,638,839	6,646,753	41.1%
Academic Support	92,724,591	32,204,134	60,520,457	34.7%
Student Services	15,968,923	6,676,246	9,292,677	41.8%
Institutional Support	45,999,867	20,505,530	25,494,337	44.6%
Operational & Mtn of Physical Plant	50,692,541	17,868,392	32,824,149	35.2%
Spons. Pgms & Ind. Cost Recoveries	167,307,000	57,186,492	110,120,508	34.2%
<b>Total Educational and General</b>	<b>635,963,678</b>	<b>202,459,405</b>	<b>433,504,273</b>	<b>31.8%</b>
<b>Student Financial Assistance</b>	<b>71,192,977</b>	<b>6,629,140</b>	<b>64,563,837</b>	<b>9.3%</b>
<b>Auxiliary Enterprises</b>				
Athletics	24,825,573	7,523,340	17,302,233	30.3%
University Bookstores	28,123,000	13,472,934	14,650,066	47.9%
Housing	22,422,440	6,535,247	15,887,193	29.1%
Parking & Transportation	11,182,000	2,391,767	8,790,233	21.4%
Voice Communications	10,606,711	3,380,718	7,225,993	31.9%
Student Health	6,318,428	1,885,238	4,433,190	29.8%
Intramural/Recreation Sports	4,685,500	1,368,642	3,316,858	29.2%
Printing Services	4,616,600	1,119,793	3,496,807	24.3%
Newcomb Hall & Related Activities	4,349,099	1,413,879	2,935,220	32.5%
Dining Services	3,073,900	1,404,310	1,669,590	45.7%
Other Auxiliary Activities	8,461,726	503,057	7,958,669	5.9%
<b>Total Auxiliary Enterprises</b>	<b>128,664,977</b>	<b>40,998,925</b>	<b>87,666,052</b>	<b>31.9%</b>
<b>Total Expenditures</b>	<b>\$835,821,632</b>	<b>\$250,087,470</b>	<b>\$585,734,162</b>	<b>29.9%</b>

## DEFINITION OF TERMS

*Educational and General* - those activities which embrace the three programs directly related to the higher education mission: (1) instruction, (2) research, and (3) public service. These activities also encompass the support programs: academic support, institutional support, and maintenance and operation of physical plant; and sponsored programs associated with instruction, research, and public service.

*Student Financial Assistance* - those activities which promote student accessibility to the University through scholarships and fellowships. Student loans, student wages and aid from third parties are not included.

*Auxiliary Enterprises* - those activities which are supported entirely through fees charged to users, such as housing, athletics, dining services, the telephone system and the bookstore.

*Sponsored Programs and Indirect Cost Recoveries* -- primarily research projects, but also includes activities restricted to institutional and service programs.

*Instruction* -- expenditures for the primary mission of the University, which includes teaching faculty, support staff, instructional equipment, and related routine operating costs.

*Research* -- includes expenditures for activities such as support for research faculty, but does not include sponsored research. Activities include the Center for Public Service, the State Climatologist, and the Center for Liberal Arts.

*Public Service* -- includes activities such as the Miller Center of Public Affairs, the Virginia Foundation for the Humanities and Public Policy, and that portion of the medical school's clinical physicians salaries and fringe benefits related to patient care.

*Academic Support* -- the program which encompasses the libraries, the activities of the deans of the schools, and other related expenditures.

*Student Services* -- activities whose primary purpose is to contribute to the students' emotional and physical well-being and to their intellectual, cultural, and social development outside the classroom.

*Institutional Support* -- primarily includes the financial, administrative, logistical, and development activities of the University.

*Operation and Maintenance of Plant* -- includes expenditures for activities related to the operation and maintenance of the physical plant, net of amounts charged to auxiliary enterprises and the Medical Center.

UNIVERSITY OF VIRGINIA  
 QUASI-ENDOWMENT ACTIONS  
 July 1, 2002 to November 30, 2002

(Per October 1990 and June 1996 Board of Visitors resolutions granting the Executive Vice President and Chief Operating Officer authority to approve selected quasi-endowment transactions, including establishments and disinvestments, less than \$2,000,000.)

Per the delegated authority from the Executive Vice President and Chief Operating Officer, the Vice President for Management and Budget has approved the additions, divestments and capitalizations of the quasi-endowments listed below.

<u>Additions</u>	<u>Amount</u>
Brown, W.L. Lyons Professorship Quasi-Endowment	\$ 53,500.00
Cooke, Edward Scholarship Fund <sup>1</sup>	1,300,000.00
Dean's Discretionary Research Fund for Infectious Disease	31,744.40
General Scholarship Quasi-Endowment	1,000.00
Grier, J.B. Quasi-Endowment <sup>1</sup>	62,095.28
Jefferson Scholars Quasi-Endowment <sup>1</sup>	150,000.00
Mellon CVRC Quasi-Endowment for Schwartz <sup>1</sup>	900,000.00
University Quasi-Endowment Fund <sup>2</sup>	234,726.98
 Total Additions to Quasi-Endowments	 \$2,733,066.66
 <u>Divestments</u>	
Academic Advancement Fund Restricted Quasi-Endowment	500,000.00
Family Medicine Academic Support Quasi-Endowment	209,670.85
Hunter, Della M. Quasi-Endowment in Diabetes Research	216,926.37
Neurology Academic Advancement Quasi-Endowment	95,584.25
Neurosurgery Academic Support Quasi-Endowment	77,103.39
Pratt Bequest - Arts and Sciences	1,395,097.00
Pratt Bequest - School of Medicine	1,161,819.00
Thaler, Myles H. Quasi-Endowment for HIV Research	9,258.00
 Total Divestments from Quasi-Endowments	 \$3,665,458.86
 <u>Endowment Income Capitalizations</u>	
Barnes, Helen B. and Donald C. Medical Center Quasi-Endowment	5,403.90
Barnes, Helen B. and Donald C. Provost Quasi-Endowment	10,807.81
Dean's Adenosine Patent Quasi-Unrestricted Income	211,318.00
 Total Endowment Income Capitalizations	 \$227,529.71

NOTES:

1. Quasi-endowment newly established or originally funded since June 30, 2002.
2. Includes current unrestricted gifts to the University that, under a standing Board of Visitors resolution, are required to be added to the University's Unrestricted Endowment Fund.

SOURCE: Financial Administration

DATE: December 16, 2002

UNIVERSITY OF VIRGINIA  
SUMMARY OF SPONSORED PROGRAMS RESTRICTED GRANTS & CONTRACTS

July 1, 2002 - December 31, 2002

During the first six months of fiscal year 2003, the University received sponsored program awards totaling \$145.89 million dollars. This was an approximate increase of two percent over the fiscal year 2002 number of \$142.48 million dollars. This year's numbers include \$31.44 million for indirect costs.

The Department of Health and Human Services (DHHS) continues to be the University's largest sponsor of awards, accounting for 54 percent of the total. The School of Medicine was awarded 57 percent of the award dollars, followed by the College of Arts and Sciences, with 17 percent and the School of Engineering with 15 percent of the funds. The remaining 11 percent was distributed among various areas within the University.

SOURCE: Office of Sponsored Programs  
DATE: January 10, 2003

**RESTRICTED GRANTS & CONTRACTS FOR THE PERIOD**  
**7/1/02-12/31/02**  
**In Millions**

<u>SCHOOL</u>	<u>DHHS</u>	<u>DOD</u>	<u>Non-Federal</u>	<u>DE</u>	<u>DOE</u>	<u>NASA</u>	<u>NSF</u>	<u>Other Federal</u>	<u>State</u>	<u>Mid-Year Total FY 2003</u>	<u>Mid-Year Total FY 2002</u>	<u>% Increase/Decrease</u>
Architecture			0.19					0.19	0.11	0.49	0.46	7%
Arts & Scs.	9.07	0.34	4.59	1.54	0.78	0.66	5.15	1.33	0.19	23.65	25.04	-6%
Education	0.25		0.57	1.94		0.20		0.01	1.48	4.45	5.11	-13%
Engineering	1.43	2.13	7.65	0.17	0.32	0.74	7.06	1.23	1.67	22.40	19.50	15%
Law			0.80							0.80	0.83	-4%
Medicine	65.82	0.39	14.71		0.27	0.14		0.58	1.48	83.39	85.01	-2%
Nursing	1.35		0.08							1.43	1.16	23%
Other*	0.15		0.71	4.03	0.04	0.01		0.63	3.73	9.30	5.37	73%
<b>Mid-Year Total FY03</b>	<b>78.07</b>	<b>2.86</b>	<b>29.30</b>	<b>7.68</b>	<b>1.41</b>	<b>1.75</b>	<b>12.21</b>	<b>3.97</b>	<b>8.66</b>	<b>145.91</b>	<b>142.48</b>	<b>2%</b>
<b>Mid-Year Total FY02</b>	<b>73.61</b>	<b>5.40</b>	<b>30.56</b>	<b>4.87</b>	<b>2.47</b>	<b>2.16</b>	<b>9.42</b>	<b>8.08</b>	<b>5.92</b>			
<b>% Increase/Decrease</b>	<b>6%</b>	<b>-89%</b>	<b>-4%</b>	<b>37%</b>	<b>-75%</b>	<b>-23%</b>	<b>23%</b>	<b>-104%</b>	<b>32%</b>			

Note: Totals may be off slightly due to rounding.

\*Includes Alderman Library, Vice President for Research and Public Service, Continuing Education, Cooper Center for Public Service, Financial Administration, Health Sciences Library, Miller Center, Student Health, UVa College at Wise, Virginia Foundation for the Humanities, Vice President and Provost, and Vice President for Student Affairs.

**SOURCE:** Office of Sponsored Programs  
**DATE:** January 10, 2003

**ENDOWMENT/INVESTMENTS FOR UVA AND RELATED FOUNDATIONS\***  
**June 30, 2002**  
**(In Thousands)**

	R & V Funds Invested by UVIMCO	Related Foundation Funds Invested by UVIMCO	Related Foundation Funds Invested by Direction of Foundation Board	Funds Invested by Alumni Assoc	Total
The University of Virginia Medical School and related foundations	\$380,722	\$6,060	\$16,369	\$4,287	\$407,438
Darden School and related foundation	71,505	20,000	148,336	0	239,841
The College of Arts and Sciences and related foundations	196,218	7,715	611	3,367	207,911
The University of Virginia Law School and related foundation	27,909	15,788	99,782	0	143,479
School of Engineering and related foundation	47,562	0	0	2,219	49,781
The McIntire School of Commerce and related foundation	24,037	0	0	17,497	41,534
Graduate School of Arts and Sciences	26,717	0	0	0	26,717
School of Nursing	19,922	0	0	1,398	21,320
University of Virginia's College at Wise and related foundation	15,976	386	110	1,697	18,169
Curry School of Education and related foundation	7,050	4,741	956	37	12,784
School of Architecture	8,974	0	0	346	9,320
School of Continuing and Professional Studies	47	0	0	0	47
Alumni Association**	0	0	0	196,564	196,564
Athletics and related foundation	23,189	16,746	17,277	282	57,494
Miller Center and related foundation	34,585	2,424	0	0	37,009
Alumni Board of Trustees	0	0	31,436	0	31,436
University of Virginia Foundation and UVA Real Estate Foundation	0	17,914	0	0	17,914
<b>All Other</b>	<b>838,776</b>	<b>13,711</b>	<b>0</b>	<b>0</b>	<b>852,487</b>
	<b>\$1,723,189</b>	<b>\$105,485</b>	<b>\$314,877</b>	<b>\$227,694</b>	<b>\$2,371,245</b>

Notes: \* Excludes security lending.

\*\* Includes funds on deposit for other areas/schools not individually listed.

**SOURCE: Financial Administration**

**DATE: August 30, 2002**

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## APPENDIX

**APPENDIX**

**Summary of Budget Requests and Governor's Budget Bill**

	2002-03		2003-04	
	Request	Governor's Budget	Request	Governor's Budget
<b>Academic Division: Operating</b>				
Fund UVa Health Plan (GF)	\$2,431,000	\$0	\$ 4,862,100	\$1,329,206
NGF Appropriation Tuition	-	-	15,400,000	15,400,000
NGF Appropriation Indirect Cost Recoveries	1,500,000	1,500,000	3,200,000	3,200,000
NGF Appropriation Enrollment	2,200,000	2,200,000	4,400,000	4,400,000
NGF Appropriation for Financial Aid	-	-	1,000,000	1,000,000
NGF Appropriation for Work Study	150,000	150,000	150,000	150,000
<b>TOTAL Academic Division Operating</b>	<b>\$6,281,000</b>	<b>\$3,850,000</b>	<b>\$29,012,100</b>	<b>\$25,479,206</b>

	2002-04	
	Request	Governor's Budget
<b>Academic Division: Capital</b>		
Maintenance Reserve (GF)	\$ 3,500,000	\$-
Jordan Hall Vivarium Renovation (\$1.5M GF and \$2.1M NGF requested; all NGF included)	3,600,000	3,600,000
Heating Plant Modifications (\$1.2M GF and \$800,000 NGF; all NGF included)	2,000,000	2,000,000
Bice House Renovation (\$7M NGF)	7,000,000	7,000,000
Arena (\$8.8M NGF)	8,800,000	8,800,000
<b>TOTAL Academic Division Capital</b>	<b>\$24,900,000</b>	<b>\$21,400,000</b>

**Summary of Budget Requests and Governor's Budget Bill**

	2002-03		2003-04	
	Request	Governor's Budget	Request	Governor's Budget
<b>Medical Center: Operating</b>				
Indigent Care for Physicians (included \$5.69M GF/\$5.87M NGF in 02-03; \$5.69M GF/\$2.22 NGF in 03- 04))	\$13,646,000	\$11,560,000	\$14,800,000	\$7,911,744
<b>TOTAL Medical Center Operating</b>	\$13,646,000	\$11,560,000	\$14,800,000	\$7,911,744

**Medical Center: Capital - None.**