

February 6, 2004

MEMORANDUM

TO: The Finance Committee:

William H. Goodwin, Jr., Chair  
Thomas F. Farrell, II  
Charles L. Glazer  
Mark J. Kington  
Thomas A. Saunders, III  
Warren M. Thompson  
Georgia M. Willis  
John O. Wynne  
Gordon F. Rainey, Jr., Ex Officio

and

The Remaining Members of the Board:

|                             |                                 |
|-----------------------------|---------------------------------|
| William G. Crutchfield, Jr. | Don R. Pippin                   |
| Susan Y. Dorsey             | Terence P. Ross                 |
| Thomas F. Farrell, Jr.      | E. Darracott Vaughan, Jr., M.D. |
| The Hon. Lewis F. Payne     | John R.M. Rodney                |

FROM: Alexander G. Gilliam, Jr.

SUBJECT: Minutes of the Finance Committee Meeting on February 6,  
2004

The Finance Committee of the Board of Visitors of the University of Virginia met, in Open Session, at 8:50 a.m., Friday, February 6, 2004, in the Board Room at the Rotunda; William H. Goodwin, Jr., Chair, presided.

Thomas F. Farrell, II, Charles L. Glazer, Mark J. Kington, Thomas A. Saunders, III, Warren M. Thompson, Ms. Georgia M. Willis, John O. Wynne, and Gordon F. Rainey, Jr., Rector, were present.

Present as well were The Honorable Thomas J. Bliley, Jr., The Honorable Lewis F. Payne, E. Darracott Vaughan, Jr., M.D., and John R.M. Rodney.

Also present were John T. Casteen, III, Leonard W. Sandridge, Alexander G. Gilliam, Jr., Paul J. Forch, Gene D. Block, R. Edward Howell, Ms. Colette Sheehy, Robert E. Reynolds, M.D., Ms. Yoke San L. Reynolds, William W. Harmon, Arthur Garson, Jr., M.D., Ms. Yvonne Hubbard, Steven Kimata, John A. Blackburn, and Ms. Jeanne Flippo Bailes.

THESE MINUTES ARE A RECONSTRUCTION

The Chair opened the meeting and asked for a resolution to permit the consideration of a walk-on addition to the Agenda.

The Committee adopted the necessary resolution.

CONSENT AGENDA

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

The first two items constituted the Consent Agenda.

Consent Agenda: Acquisition and Issuance of Debt Financing of the Fontaine Clinics Building

Mr. Sandridge explained that the first proposed resolution ratifies the acquisition of a clinical operations building and approves the debt financing for this transaction. The building in question, known as Medical Office Building II, belongs to the University of Virginia Foundation and is at the Fontaine Research Park.

On motion, the Committee adopted the resolution and recommended it to the full Board for approval.

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 acquire, 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; 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 nongeneral 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 University, on behalf of the Medical Center, intends to acquire a building for clinical operations, known as Medical Office Building II ("the Project") at the Fontaine Research Park from the University Foundation; and

WHEREAS, the University intends to fund the acquisition with proceeds from debt issuance; and

WHEREAS, the Commonwealth has authorized the Project and the issuance of bonds for it at an amount not to exceed \$17,325,000, exclusive of costs of issuance, capitalized interest, original issue discount and other expenses relating thereto; 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, pursuant to Board guidelines adopted January 31, 2003, Finance Committee meeting, Item II.C., the University may provide short-term financing via its commercial paper program ("Commercial Paper") for the Project prior to issuing long-term debt; and

WHEREAS, the Medical Center will service any and all debt payments with income from operations;

RESOLVED that the Board of Visitors authorizes the acquisition of the clinics building at the Fontaine Research Park known as Medical Office Building II from the University Foundation at a cost not to exceed the state-authorized amount; and

RESOLVED FURTHER that Board of Visitors authorizes the issuance of Commercial Paper and/or long-term debt (such long-term debt is referred to hereinafter as the "Bonds") for the purpose of financing the Project and providing for the terms thereof, as required by Section 23-19 of the Virginia Code; and

RESOLVED FURTHER that pursuant to the Regulations and prior Board actions, the University of Virginia may utilize its existing authorities and capabilities to provide funding to the Project under the following conditions:

1. The Board recognizes that this resolution constitutes "official action" by the Board and evidences the Board's "official intent" to reimburse itself from the proceeds of bonds for any expenditures paid by the University with respect to the Project before the issuance of any such bonds, all within the meaning of Internal Revenue Service regulations issued pursuant to Sections 103 and 141 through 150 and related sections of the Internal Revenue Code;
2. The Commonwealth of Virginia has authorized this project in the following legislation:

|                 |                              |
|-----------------|------------------------------|
| Submittal:      | Legislative Budget Amendment |
| Project Number: | 209-16756                    |
| Chapter Date:   | 2002-04                      |
| Chapter Number: | 899                          |
| Item Number:    | C-53.60                      |

3. The Medical Center has submitted a comprehensive and detailed financial plan acceptable to the Executive Vice President and Chief Operating Officer, the Vice President of Finance, and the Vice President of Management and Budget;
4. The Medical Center remains responsible for any debt obligation incurred regardless of the status of the capital project;
5. Irrespective of the external funding arrangements made by the University on its behalf, the Medical Center agrees to make its obligatory debt service payments through the University's internal funding mechanisms in accordance with debt management policies and practices as outlined by the Vice President for Finance (Report to the Finance Committee, January 31, 2003, Item III.C. Debt Structure and Policy);

RESOLVED FURTHER that the Executive Committee is authorized to approve the final terms of each series of the Bonds, including, without limitation, their original principal amounts, 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 of the Bonds funding the Project shall not exceed \$17,325,000; (ii) the maximum true interest cost of any series of the Bonds bearing interest at a fixed rate shall not exceed six percent (6%) per annum; (iii) the maximum initial true interest cost of any series of the Bonds bearing interest at a variable rate shall not exceed five percent (5%) per annum; (iv) the final maturity of all of the Bonds shall not extend beyond June 30, 2040; (v) call protection on the Bonds shall not exceed eleven (11) years; and (vi) no optional redemption premium for the Bonds 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 FURTHER 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.

Consent Agenda: Ratification of Legislative Amendments

Mr. Sandridge next reviewed for the Committee the University's proposed amendments to the Governor's Budget Bill.

On motion, the Committee adopted the following resolution approving the legislative amendments and recommended it to the full Board for approval:

WHEREAS, the additional 2004-2006 legislative proposal and budget amendments have been carefully reviewed; and

WHEREAS, the legislative proposal and budget amendments represent additional high priority initiatives and are aligned with the mission of the institution;

WHEREAS, the Board of Visitors authorized the Executive Vice President and Chief Operating Officer 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.

RESOLVED that the Board of Visitors of the University of Virginia endorses and supports the additional 2004-2006 legislative proposal and budget amendments; and

RESOLVED FURTHER that the Executive Vice President and Chief Operating Officer is authorized to transmit the final proposed legislative proposal and budget amendments to the General Assembly.

Action Items: Student Housing Rates, 2004-2005

At Mr. Sandridge's request, Ms. Reynolds, Vice President for Finance, reviewed the proposed student housing rates for the next academic year.

On motion, the Committee adopted the following resolution approving the housing rates proposed, and recommended it to the full Board for approval:

RESOLVED that rental increases for student housing facilities be approved as shown below, effective beginning with the 2004-2005 session:

| Finance Committee                    | -         | February 4, 2004 | -           | 8.          |
|--------------------------------------|-----------|------------------|-------------|-------------|
|                                      | Actual    |                  |             | Proposed    |
|                                      | 2003-2004 |                  |             | 2004-2005   |
|                                      | Per       |                  | % Increase  | Per         |
|                                      | Student   | Amount           | Before      | Student     |
|                                      | Per       | of               | Improvement | Housing     |
| Facility                             | Session   | Increase         | Fee         | Improvement |
|                                      |           |                  |             | Fund Fee    |
|                                      |           |                  |             | Total       |
|                                      |           |                  |             | Percent     |
|                                      |           |                  |             | Increase    |
|                                      |           |                  |             | Per         |
|                                      |           |                  |             | Session     |
| <u>Academic Division</u>             |           |                  |             |             |
| DORMITORIES                          |           |                  |             |             |
| <u>Alderman/Observatory Houses</u>   |           |                  |             |             |
| Double Room                          | \$2,670   | \$110            | 4.12%       | \$2,930     |
| <u>Brown College</u>                 |           |                  |             |             |
| Double Room                          | \$3,270   | \$130            | 3.98%       | \$3,550     |
| <u>McCormick Road</u>                |           |                  |             |             |
| Double Room                          | \$2,560   | \$100            | 3.91%       | \$2,810     |
| Small Double Room                    | \$2,360   | \$90             | 3.81%       | \$2,600     |
| Single                               | \$2,680   | \$110            | 4.10%       | \$2,940     |
| <u>Lawn</u>                          |           |                  |             |             |
| Small Single                         | \$3,120   | \$130            | 4.17%       | \$3,400     |
| Regular Single                       | \$3,120   | \$130            | 4.17%       | \$3,400     |
| Small Single (no fireplace)          | \$3,040   | \$120            | 3.95%       | \$3,310     |
| <u>Range</u>                         |           |                  |             |             |
| Regular Single                       | \$3,120   | \$130            | 4.17%       | \$3,400     |
| <u>Crackerbox</u>                    |           |                  |             |             |
| Single Room                          | \$3,120   | \$130            | 4.17%       | \$3,400     |
| <u>Mary Munford/Roberta Gwathmey</u> |           |                  |             |             |
| Double Room                          | \$2,670   | \$110            | 4.12%       | \$2,930     |
| Single Room                          | \$3,120   | \$130            | 4.17%       | \$3,400     |
| <u>Sprigg (Lewis/Hoxton)</u>         |           |                  |             |             |
| Small Double Room                    | \$2,830   | \$110            | 3.89%       | \$3,090     |
| Double Room                          | \$3,000   | \$120            | 4.00%       | \$3,270     |
| Single Room                          | \$3,310   | \$130            | 3.93%       | \$3,590     |
| Single Room (w/bath)                 | \$3,470   | \$140            | 4.03%       | \$3,760     |
| <u>Gooch/Dillard</u>                 |           |                  |             |             |
| Double Room                          | \$3,000   | \$120            | 4.00%       | \$3,270     |
| Single Room                          | \$3,310   | \$130            | 3.93%       | \$3,590     |
| Twelve Month Rate:                   |           |                  |             |             |
| Single Room                          | \$4,570   | \$180            | 3.94%       | \$4,900     |
| <u>Hereford College</u>              |           |                  |             |             |
| Double Room                          | \$3,000   | \$120            | 4.00%       | \$3,270     |
| Single Room                          | \$3,270   | \$130            | 3.98%       | \$3,550     |

Finance Committee -

February 4, 2004

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9.

| <u>Facility</u>                                | <u>Actual<br/>2003-2004<br/>Per<br/>Student<br/>Per<br/>Session</u> | <u>Amount<br/>of<br/>Increase</u> | <u>% Increase<br/>Before<br/>Improvement<br/>Fee</u> | <u>Student<br/>Housing<br/>Improvement<br/>Fund Fee</u> | <u>Total<br/>Percent<br/>Increase</u> | <u>Proposed<br/>2004-2005<br/>Per<br/>Student<br/>Per<br/>Session</u> |
|------------------------------------------------|---------------------------------------------------------------------|-----------------------------------|------------------------------------------------------|---------------------------------------------------------|---------------------------------------|-----------------------------------------------------------------------|
| <u>French House</u>                            |                                                                     |                                   |                                                      |                                                         |                                       |                                                                       |
| Triple Room                                    | \$2,850                                                             | \$110                             | 3.86%                                                | \$150                                                   | 9.12%                                 | \$3,110                                                               |
| Double Room                                    | \$3,000                                                             | \$120                             | 4.00%                                                | \$150                                                   | 9.00%                                 | \$3,270                                                               |
| Single Room                                    | \$3,370                                                             | \$140                             | 4.15%                                                | \$150                                                   | 8.61%                                 | \$3,660                                                               |
| <u>Russia House</u>                            |                                                                     |                                   |                                                      |                                                         |                                       |                                                                       |
| Double Room                                    | \$2,950                                                             | \$150                             | 5.08%                                                | \$150                                                   | 10.17%                                | \$3,250                                                               |
| Single Room                                    | \$3,300                                                             | \$150                             | 4.55%                                                | \$150                                                   | 9.09%                                 | \$3,600                                                               |
| <u>Spanish House</u>                           |                                                                     |                                   |                                                      |                                                         |                                       |                                                                       |
| Double Room                                    | \$3,000                                                             | \$120                             | 4.00%                                                | \$150                                                   | 9.00%                                 | \$3,270                                                               |
| Single Room                                    | \$3,370                                                             | \$140                             | 4.15%                                                | \$150                                                   | 8.61%                                 | \$3,660                                                               |
| <u>Shea House</u>                              |                                                                     |                                   |                                                      |                                                         |                                       |                                                                       |
| Double Room                                    | \$3,000                                                             | \$120                             | 4.00%                                                | \$150                                                   | 9.00%                                 | \$3,270                                                               |
| Single Room                                    | \$3,370                                                             | \$140                             | 4.15%                                                | \$150                                                   | 8.61%                                 | \$3,660                                                               |
| APARTMENTS - SINGLE STUDENT                    |                                                                     |                                   |                                                      |                                                         |                                       |                                                                       |
| <u>Copeley Hill III, IV, Lambeth Field</u>     |                                                                     |                                   |                                                      |                                                         |                                       |                                                                       |
| Two Bedroom                                    |                                                                     |                                   |                                                      |                                                         |                                       |                                                                       |
| (double occupancy)                             | \$3,030                                                             | \$120                             | 3.96%                                                | \$150                                                   | 8.91%                                 | \$3,300                                                               |
| Three Bedroom                                  |                                                                     |                                   |                                                      |                                                         |                                       |                                                                       |
| (double occupancy)                             | \$2,930                                                             | \$120                             | 4.10%                                                | \$150                                                   | 9.22%                                 | \$3,200                                                               |
| <u>Bice House</u>                              |                                                                     |                                   |                                                      |                                                         |                                       |                                                                       |
| Two Bedroom                                    |                                                                     |                                   |                                                      |                                                         |                                       |                                                                       |
| (double occupancy)                             | \$3,030                                                             | \$120                             | 3.96%                                                | \$150                                                   | 8.91%                                 | \$3,300                                                               |
| Three Bedroom                                  |                                                                     |                                   |                                                      |                                                         |                                       |                                                                       |
| (double occupancy)                             | \$2,930                                                             | \$120                             | 4.10%                                                | \$150                                                   | 9.22%                                 | \$3,200                                                               |
| <u>Faulkner (Hench,<br/>Mitchell, Younger)</u> |                                                                     |                                   |                                                      |                                                         |                                       |                                                                       |
| Single                                         | \$3,360                                                             | \$130                             | 3.87%                                                | \$150                                                   | 8.33%                                 | \$3,640                                                               |
| Large Single                                   | \$4,040                                                             | \$160                             | 3.96%                                                | \$150                                                   | 7.67%                                 | \$4,350                                                               |
| Apartments - Family (per month)                |                                                                     |                                   |                                                      |                                                         |                                       |                                                                       |

| <u>Facility</u>                                                               | <u>Actual<br/>2003-2004<br/>Per<br/>Student<br/>Per<br/>Session</u> | <u>Amount<br/>of<br/>Increase</u> | <u>% Increase<br/>Before<br/>Improvement</u> | <u>Student<br/>Housing<br/>Improvement<br/>Fund Fee</u> | <u>Total<br/>Percent<br/>Increase</u> | <u>Proposed<br/>2004-05<br/>Per<br/>Student<br/>Per<br/>Session</u> |  |
|-------------------------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------------|----------------------------------------------|---------------------------------------------------------|---------------------------------------|---------------------------------------------------------------------|--|
| <u>Copeley Hill I &amp; II</u>                                                |                                                                     |                                   |                                              |                                                         |                                       |                                                                     |  |
| One Bedroom<br>(furnished)                                                    | \$611                                                               | \$24                              | 4.00%                                        | \$15                                                    | 6.45%                                 | \$650                                                               |  |
| One Bedroom<br>(unfurnished)                                                  | \$579                                                               | \$23                              | 4.00%                                        | \$15                                                    | 6.59%                                 | \$617                                                               |  |
| Two Bedroom<br>(furnished)                                                    | \$670                                                               | \$27                              | 4.00%                                        | \$15                                                    | 6.24%                                 | \$712                                                               |  |
| Two Bedroom<br>(unfurnished)                                                  | \$639                                                               | \$26                              | 4.00%                                        | \$15                                                    | 6.35%                                 | \$680                                                               |  |
| Three Bedroom<br>(furnished)                                                  | \$724                                                               | \$29                              | 4.00%                                        | \$15                                                    | 6.07%                                 | \$768                                                               |  |
| Three Bedroom<br>(unfurnished)                                                | \$693                                                               | \$28                              | 4.00%                                        | \$15                                                    | 6.16%                                 | \$736                                                               |  |
| <u>University Gardens</u>                                                     |                                                                     |                                   |                                              |                                                         |                                       |                                                                     |  |
| One Bedroom<br>(furnished)                                                    | \$594                                                               | \$25                              | 4.21%                                        | \$15                                                    | 6.73%                                 | \$634                                                               |  |
| One Bedroom<br>(unfurnished)                                                  | \$563                                                               | \$24                              | 4.26%                                        | \$15                                                    | 6.93%                                 | \$602                                                               |  |
| Two Bedroom<br>(furnished)                                                    | \$640                                                               | \$27                              | 4.22%                                        | \$15                                                    | 6.56%                                 | \$682                                                               |  |
| Two Bedroom<br>(unfurnished)                                                  | \$609                                                               | \$25                              | 4.11%                                        | \$15                                                    | 6.57%                                 | \$649                                                               |  |
| <u>College At Wise</u>                                                        |                                                                     |                                   |                                              |                                                         |                                       |                                                                     |  |
| McCrary                                                                       | \$2,687<br>4.50%                                                    | \$121<br>\$2,808                  | 4.50%                                        | \$0                                                     |                                       |                                                                     |  |
| Asbury, Thompson,<br>Henson, Martha<br>Randolph, Townhouses,<br>Theme Housing | \$3,104<br>4.50%                                                    | \$140<br>\$3,244                  | 4.50%                                        | \$0                                                     |                                       |                                                                     |  |

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 rate for a double room used as a single is 135 percent of the double rate.
4. The rate for a double room used as a triple is 85 percent of the double rate.

## MOUNTAIN LAKE BIOLOGICAL STATION RATES

|                                         | <u>Actual<br/>2003</u> | <u>Proposed<br/>2004 Rate</u> | <u>Percent<br/>Increase</u> |
|-----------------------------------------|------------------------|-------------------------------|-----------------------------|
| BOARD RATES PER TERM (4 weeks)          |                        |                               |                             |
| Persons 17 years & older                | \$513.00               | \$531.00                      | 3.51%                       |
| Persons 10-16 years old                 | \$308.00               | \$319.00                      | 3.57%                       |
| Persons 9 yrs & younger                 | \$164.00               | \$170.00                      | 3.66%                       |
| SUMMER HOUSING RATES PER TERM (4 weeks) |                        |                               |                             |
| CABINS                                  | \$172.00               | \$176.00                      | 2.33%                       |
| LAING APTS                              | \$131.00               | \$134.00                      | 2.29%                       |
| DORMS/SINGLES                           | \$95.00                | \$97.00                       | 2.11%                       |
| NEW DORM:                               |                        |                               |                             |
| Apts (2 rooms)                          | \$151.00               | \$155.00                      | 2.65%                       |
| 2nd bedroom (family)                    | \$48.00                | \$49.00                       | 2.08%                       |
| Singles                                 | \$107.00               | \$110.00                      | 2.80%                       |
| OFF SEASON RATES                        |                        |                               |                             |
| Singles/Guests:                         |                        |                               |                             |
| Night                                   | \$11.00                | \$11.50                       | 4.55%                       |
| Week                                    | \$55.00                | \$56.50                       | 2.73%                       |
| Month                                   | \$220.00               | \$225.50                      | 2.50%                       |
| Family:                                 |                        |                               |                             |
| Night                                   | \$15.00                | \$15.50                       | 3.33%                       |
| Week                                    | \$74.00                | \$76.00                       | 2.70%                       |
| Month                                   | \$294.00               | \$301.50                      | 2.55%                       |
| GROUP USE FEES (OFF-SEASON)             |                        |                               |                             |
| Classroom/day                           | \$31.00                | \$32.00                       | 3.23%                       |
| Dining Hall/day                         | \$56.00                | \$57.50                       | 2.68%                       |
| New Dorm Kitchen/day                    | \$31.00                | \$32.00                       | 3.23%                       |
| Auditorium/day                          | \$31.00                | \$32.00                       | 3.23%                       |
| Pavilion only                           | No charge              |                               |                             |
| Computer Lab/day                        | \$51.00                | \$52.50                       | 2.94%                       |

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.

Action Items: Access UVa

Mr. Sandridge and Ms. Reynolds then presented the "walk-on" addition to the Agenda - the financial aid initiative, Access UVa. Access UVa will eliminate need-based loans for low-income students, beginning next fall, and replace these with grants. And beginning in the academic year 2005-2006, there will be a four-year phase-in of a program to replace need-based loans with grants for students at all income levels.

The Committee approved the following resolution and recommended it to the full Board for approval:

WHEREAS, need-blind admissions for undergraduate applicants and need-based aid for admitted undergraduate students help ensure access to and affordability of education at the University, regardless of a student's financial circumstances; and

WHEREAS, the continued deterioration of funding from the Commonwealth of Virginia will cause an erosion of the quality of the University's academic program unless there is an increase in other sources of revenue including tuition; and

WHEREAS, artificially restraining tuition below cost results in a financial subsidy for every student regardless of need; and

WHEREAS, the University seeks to ensure access and affordability to students who cannot afford the price of an education by providing financial aid rather than by artificially depressing tuition; and

WHEREAS, the University seeks to attract, enroll and graduate a socio-economically diverse student body; and

WHEREAS, since 1985, the University has offered financial aid in the form of grants, loans and work-study to meet 100 percent of financial need for high-need students; and

WHEREAS, in 2001 the University began to phase-in a program to offer financial aid to meet 100 percent of demonstrated financial need for all qualified undergraduate students by the fall of 2004; and

WHEREAS, students graduating with a high level of indebtedness may be limited in their career and advanced education choices upon graduation;

RESOLVED that the Board of Visitors authorizes the implementation of Access UVa, consisting of the following four components to the University's financial aid program:

1. Full implementation in the academic year 2004-2005 of the aforementioned program to offer financial aid to meet 100 percent of demonstrated financial need for qualifying undergraduate students at all income levels;
2. Beginning in the academic year 2004-2005, a four-year phase-in of a new commitment to replace need-based loans with grants for qualifying undergraduate students with family income at or below 150 percent of the federal poverty level;
3. Beginning in the academic year 2005-2006, a four-year phase-in of a new commitment to replace need-based loans with grants for undergraduate students at all income levels, beyond a cumulative loan cap. The loan cap will be set every year for that year's entering class, at approximately 25 percent of the total of UVa's projected undergraduate in-state cost of attendance over four years; and
4. Beginning in the fiscal year 2004-2005, a comprehensive educational program to provide to new students and parents information about financial options and counseling services on debt management.

RESOLVED FURTHER that it is the intent of the Board to allocate tuition and private funds for this purpose, that such allocation will be considered as part of the annual budget process, and that the Executive Vice President and Chief Operating Officer will include in the 2004-2005 operating budget a plan to fund the first component of Access UVa.

Action Items: Approval of 2004-2005 Tuition and Fees for Executive Programs Tuition

Mr. Sandridge next proposed a resolution setting the 2004-2004 tuition and fees for Executive Programs, of which there are three at the University.

The Committee approved the proposed resolution and recommended it to the full Board for approval:

RESOLVED that the tuition and fees applicable to the following graduate degree programs be approved as shown below, effective May 1, 2004:

| Virginian |          |             |                  | Non-Virginian |          |             |                  |
|-----------|----------|-------------|------------------|---------------|----------|-------------|------------------|
| 2003-04   | of       | Amount      | Percent          | 2003-04       | of       | Amount      | Percent          |
| Approved  | Increase | of Increase | 2004-05 Proposed | Approved      | Increase | of Increase | 2004-05 Proposed |

McIntire School of Commerce Executive Masters of Science

MIT 30,874 \$2,387 7.7% \$33,261 \$36,024 \$2,237 6.2% \$38,261  
 Price includes fees of \$10,261 for special session mandatory fee, books, materials, computer leasing, software licenses, group meals, and lodging.

Accounting \$24,828 (\$2,317) (9.3%) \$22,511 \$29,978 (\$2,467) (8.2%) \$27,511  
 Price includes fees of \$1,511 for special session mandatory fee, materials, software licenses, group meals, and lodging.

School of Engineering and Applied Science Executive Master of Science

Sys Eng. \$29,500 \$0.00 0.0% \$29,500 \$29,500 \$0.00 0.0% \$29,500  
 Price includes fees of \$7,200 for special session mandatory fee, books, materials, technology, group meals, and lodging.

Miscellaneous Reports

At Mr. Sandridge's request, Ms. Sheehy, Vice President for Management and Budget reported on the status of the Governor's budget in the General Assembly, along with other legislation of interest to the University.

Ms. Sheehy gave a report on the setting of tuitions - which normally is done by the Board at its April meeting. She described the process used and the considerations taken into account.

Finally, the Committee heard a report on the Endowment, which on December 31<sup>st</sup> stood at \$1,972.6 billion.

On motion, the meeting was adjourned at 10:15 a.m.

AGG:jb

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

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