

**DOCKET**

**BOARD OF VISITORS**

**University of Virginia**

**Regular Meeting**

**June 12, 2004**

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BOARD OF VISITORS  
JUNE 12, 2004

CONSENT ITEMS

1. APPROVAL OF THE REAPPOINTMENT OF EUGENE V. FIFE  
TO THE MEDICAL CENTER OPERATING BOARD

WHEREAS, the Board of Visitors may appoint up to four public members of the Medical Center Operating Board, with initial terms not to exceed four years, with the possibility of reappointment for an additional term; and

WHEREAS, the term of Eugene V. Fife of Charlottesville expires July 1, 2004, and the Board of Visitors desires to reappoint Mr. Fife to serve for an additional two year term;

RESOLVED, Eugene V. Fife is appointed to the Medical Center Operating Board as a public member for the period July 1, 2004, through June 30, 2006.

2. APPROVAL OF INTENT TO ISSUE BONDS FOR CAPITAL  
PROJECTS

WHEREAS, the University intends to undertake the following capital projects with bond financing as a funding source:

1. Advanced Research and Technology Building (acquisition)
2. Alderman Road Housing, Phase I
3. Main Heating Plant Modification
4. Hospital Expansion (supplement)
5. MR-6
6. Performing Arts Center
7. Rouss Hall Renovation and Addition
8. Wise Residence Hall II
9. Children's Medical Center; and

WHEREAS, the United States Department of the Treasury has promulgated final regulations in Section 1.150-2 of the Treasury Regulations governing when the allocation of bond proceeds to reimburse expenditures previously made by a borrower shall be treated as an expenditure of the bond proceeds; and

WHEREAS, the Regulations require a declaration of official intent by a borrower to provide evidence that the borrower intended to reimburse such expenditures with proceeds of its bonds; and

WHEREAS, the Board of Visitors of the University of Virginia desires to make such a declaration of official intent as required by the Regulations; and

WHEREAS, the University may be required to provide short-term financing to the projects prior to issuing long-term debt in order to implement an efficient and timely construction schedule; and

WHEREAS, the University has funding mechanisms to accommodate short-term financing needs, defined as a period of less than sixty months; and

WHEREAS, the authority for the University to enter into financing arrangements exceeding sixty months in maturity for the projects listed is not included in this resolution; and

WHEREAS, if the University arranges short-term financing for a particular project, and if the project is not ultimately completed, or if the project utilizes funding sources other than bonds, then the appropriate school or unit remains responsible for refunding the short-term obligation;

RESOLVED that, pursuant to the terms of the Treasury Regulations, the University of Virginia declares its intent to reimburse expenditures in accordance with the following:

1. The University reasonably expects to reimburse expenditures from the issuance of tax-exempt bonds to be issued by the University incurred for the projects;

2. This resolution is a declaration of official intent under Section 1.150-2 of the Regulations;

3. The maximum principal amount of bonds expected to be issued for the purpose of reimbursing expenditures relating to these projects is as follows:

a. Acquisition of the Advanced Research and Technology Building -- \$15.0 million

- b. Construction and replacement of Alderman Road Housing (Phase I) -- \$22.5 million
- c. Renovations to the Main Heating Plant -- \$19.8 million
- d. Construction of Hospital Expansion (Supplement) -- \$31.6 million
- e. Construction of MR-6 -- \$41.5 million
- f. Construction of the Performing Arts Center -- \$13.2 million
- g. Renovation and construction of Rouss Hall/Commerce School Project -- \$33.0 million
- h. Construction of a new residence hall at The University of Virginia's College at Wise -- \$6.4 million
- i. Construction of a new Children's Medical Center -- \$11.0 million; and

RESOLVED FURTHER that these enumerated projects are separate enterprises independent of one another, and that the authorization for funding relates to each individually; and

RESOLVED FURTHER that funds may be borrowed for the projects on a short-term basis, but only if the following conditions are met:

1. The Board of Visitors approves the current resolution;
2. The Commonwealth of Virginia specifically authorizes the use of debt financing for the enumerated projects;
3. A comprehensive and detailed financial plan for the school/unit project is submitted;
4. Short-term financing shall not exceed sixty months in maturity;
5. The school or unit remains responsible for any debt obligation incurred regardless of the status of the capital project or whether or not a bond issuance actually occurs.

## ACTION ITEMS

### 3. APPROVAL OF THE ACQUISITION OF VIRGINIA AMBULATORY SURGERY CENTER

WHEREAS, the Medical Center Operating Board finds it to be in the best interest of the University of Virginia and its Medical Center for the ambulatory surgery center known as the Virginia Ambulatory Surgery Center to become an instrumentality of the Medical Center and be operated and controlled by the Medical Center;

RESOLVED that the Vice President and Chief Executive Officer of the Medical Center be authorized to negotiate to arrange for the Virginia Ambulatory Surgery Center to become an instrumentality of the Medical Center and be operated and controlled by the Medical Center, including the leasing and acquisition of real estate as deemed necessary or appropriate by the Vice President and Chief Executive Officer, and to recommend such transactions to the Executive Vice President and Chief Operating Officer of the University for approval; and

RESOLVED FURTHER that the Executive Vice President and Chief Operating Officer of the University be authorized, with the concurrence of the Chair of the Medical Center Operating Board and the Chair of the Finance Committee, to approve and execute contracts and other documents, and to take such other actions as he deems necessary and appropriate to consummate the foregoing.

### 4. APPROVAL OF THE 2004-2005 OPERATING BUDGET FOR THE ACADEMIC DIVISION

RESOLVED that the 2004-2005 Operating Budget for the Academic Division is approved, as recommended by the President and the Chief Financial Officer; and

RESOLVED FURTHER that for determining market levels for the faculty compensation plan previously adopted by the Board of Visitors, compensation ranking of 15th-19th among AAU institutions be established as the target ranking to be achieved by the University by 2006-2007.

5. APPROVAL OF THE 2004-2005 OPERATING BUDGET FOR THE UNIVERSITY OF VIRGINIA'S COLLEGE AT WISE

RESOLVED that the 2004-2005 Operating Budget for The University of Virginia's College at Wise is approved, as recommended by the President and the Chief Financial Officer.

6. APPROVAL OF THE 2004-2005 OPERATING AND CAPITAL BUDGET FOR THE UNIVERSITY OF VIRGINIA MEDICAL CENTER

RESOLVED that the 2004-2005 Operating and Capital Budget for the University of Virginia Medical Center is approved, as recommended by the President, the Chief Financial Officer, and the Medical Center Operating Board.

7. APPROVAL OF PRATT FUND DISTRIBUTION FOR 2004-2005

RESOLVED that the budget for the expenditure of funds from the Estate of John Lee Pratt be approved to supplement appropriations made by the Commonwealth of Virginia for the School of Medicine and Departments of Biology, Chemistry, Mathematics, and Physics in the College of Arts and Sciences. The normal allocations, not to exceed \$2.6 million for 2004-2005, are suggested by the department chairs and recommended by the dean of each school. The special distributions are not to exceed \$663,183 for 2004-2005. To the extent the annual income from the endowment is not adequate to meet the recommended distribution, the principal of the endowment will be disinvested to provide funds for the approved budgets.

8. APPROVAL TO ISSUE COMFORT LETTERS FOR THE UNIVERSITY OF VIRGINIA FOUNDATION

WHEREAS, the University of Virginia requested that the University of Virginia Foundation repay \$18 million in non-interest bearing debt, and the Foundation has repaid the University the full amount of the debt; and

WHEREAS, the Foundation has borrowed on its line of credit from external lenders in order to repay this amount to the University, and now must find a more permanent solution to placing the debt before the expiration of this line of credit extension on June 30, 2004; and

WHEREAS, banks have offered favorable borrowing options with a comfort letter from the University that does not establish any University exposure to the bank, or guarantee the borrower's obligations to the bank or the borrower's liquidity; and

WHEREAS, the resolution approved by the Board of Visitors at the January 2001 meeting pertaining to comfort letters does not allow the University to sign a comfort letter for a credit facility that extends over more than two years;

RESOLVED that the January 2001 resolution entitled "University of Virginia Real Estate Foundation Properties" is rescinded; and

RESOLVED FURTHER that the Executive Vice President and Chief Operating Officer is authorized to enter into comfort letters and other related documents reviewed by the General Counsel for compliance with state laws restricting assumption of debt and lending of state credit, provided such comfort letters and related documents are limited to a duration of not more than five years with respect to private financing secured by the University of Virginia Foundation and provided further the terms thereof do not bind nor legally obligate the University to assume, guarantee or pay the financial indebtedness of the Foundation.

9. ACQUISITION OF ASSETS OF LYNCHBURG NEPHROLOGY DIALYSIS, INC.

WHEREAS, the Finance Committee finds it to be in the best interest of the University of Virginia and its Medical Center to acquire the assets of Lynchburg Nephrology Dialysis, Inc., and to establish outpatient dialysis facilities in Lynchburg and Amherst;

RESOLVED that the Vice President and Chief Executive Officer of the Medical Center be authorized to negotiate the purchase of the assets of Lynchburg Nephrology Dialysis, Inc., to establish outpatient dialysis facilities and to lease or acquire real estate, as he deems necessary or appropriate, and to recommend such transactions to the Executive Vice President and Chief Operating Officer of the University for approval; and

RESOLVED FURTHER that the Executive Vice President and Chief Operating Officer of the University be authorized, with the concurrence of the Chair of the Medical Center Operating

Board and the Chair of the Finance Committee, to approve and execute contracts and other documents, and to take such other actions as he deems necessary and appropriate to consummate the foregoing.

10. APPROVAL OF AMENDMENTS TO THE MEDICAL CENTER'S  
EMPLOYEE BENEFIT PLANS RELATING TO THE TAKEOVER  
OF VASI

WHEREAS, the University, on behalf of its Medical Center, and the University of Virginia Health Services Foundation ("HSF") mutually desire to amend the Articles of Incorporation of Virginia Ambulatory Surgery, Inc. ("VASI") so that the University is the sole member effective July 1, 2004; and

WHEREAS, the Medical Center would like to encourage employees who currently work at VASI as HSF employees to continue to work at VASI as Medical Center employees by providing service credit in the Medical Center's employee benefit plans for time spent employed by VASI and/or HSF; and

WHEREAS, the benefit plans must be formally amended to accomplish the grant of service credit;

RESOLVED that in the Defined Contribution Retirement Plan for Employees of the University of Virginia Medical Center, the Flexible Spending Account Plan for the Employees of the University of Virginia Medical Center, the Health Care Reimbursement Account Plan for Employees of the University of Virginia Medical Center and the Dependent Care Reimbursement Account Plan for Employees of the University of Virginia Medical Center (hereinafter collectively known as "Plan"), service with VASI or HSF shall be treated as service with the Medical Center for purposes of determining eligibility to participate and vesting, provided however, that such service shall not be recognized to the extent that such recognition would result in a duplication of benefits; and

RESOLVED FURTHER that the Executive Vice President and Chief Operating Officer be authorized to execute Plan amendments appropriate to the goals outlined above.

11. INCREASE IN FAYERWEATHER HALL PROJECT BUDGET

RESOLVED that the project budget for the renovation of Fayerweather Hall be increased from \$5.4million to \$7.7million.

12. APPROVAL OF THE AUDIT SCHEDULE

RESOLVED that the Audit Schedule for Fiscal Year 2004-2005 is approved as recommended by the Audit & Compliance Committee.

13. APPROVAL OF REAPPOINTMENTS TO THE UNIVERSITY OF VIRGINIA'S COLLEGE AT WISE BOARD

RESOLVED that Ms. Marcia Gilliam, Messrs. Don Green, H. Ronnie Montgomery, Ford C. Quillen, and Henry Winkler are reappointed to the Board of The University of Virginia's College at Wise, for a term ending June 30, 2008, in accordance with the terms of its bylaws.

14. APPROVAL TO ESTABLISH THE SAMUEL BRALEY GRAY PROFESSORSHIP IN MATHEMATICS EDUCATION

WHEREAS, A. Vincent Shea, a native of Richmond and an alumnus of the University, was a member of the faculty from 1936 until his retirement in 1982; and

WHEREAS, Mr. Shea served the University in a number of significant ways, having been Vice President for Business and Finance and a valued advisor to three Presidents of this institution; and

WHEREAS, Mr. Shea and his wife, the late Eleanor Gray Shea, were generous and almost always anonymous benefactors of the University; and

WHEREAS, Mr. Shea established a trust to create a professorship in the Curry School of Education, to be named for Mrs. Shea's father, with the aim of encouraging excellence in the instruction of mathematics in the schools of Virginia; and

WHEREAS, it was Mr. Shea's wish that his gift be anonymous, at least during his lifetime; and

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

RESOLVED, the Board of Visitors establishes the Samuel Braley Gray Professorship in Mathematics Education, to be held in the Curry School of Education; in so doing, the Board once again honors the memory of A. Vincent Shea and his love of, and devotion to, the University of Virginia.

15. APPROVAL TO ESTABLISH THE UNITED TECHNOLOGIES CORPORATION PROFESSORSHIP IN BUSINESS ADMINISTRATION

WHEREAS, United Technologies Corporation, under the leadership of George David, a 1967 alumnus of the Darden Graduate School of Business Administration, has given \$1 million for the establishment of a professorship in the Darden School; and

WHEREAS, United Technologies' gift has been matched by the Batten Family Leadership Challenge;

RESOLVED, the Board of Visitors establishes the United Technologies Corporation Professorship in Business Administration, to be held in the Darden Graduate School of Business Administration, and expresses its appreciation to United Technologies Corporation, as well as to the Batten Family Leadership Challenge, for their generosity which makes this chair possible;

RESOLVED FURTHER the Board thanks George David for his leadership in encouraging this gift and for his untiring support of the Darden Graduate School of Business Administration.

16. APPROVAL OF THE NAMING OF DUFFY BOULEVARD AT THE DARDEN SCHOOL

WHEREAS, Charles G. Duffy, III has been a very generous and supportive alumnus of the Darden Graduate School of Business Administration; and

WHEREAS, the main entrance road to the Darden School from Massie Road to Saunders Hall is presently called Darden Boulevard;

RESOLVED, the Board of Visitors, in recognition of the generosity of Charles G. Duffy, III, renames Darden Boulevard as Duffy Boulevard and thanks Mr. Duffy for his continuing support and interest in the Darden School.