

May 25, 2005

MEMORANDUM

TO: The Finance Committee:

Thomas F. Farrell, II, Chair
A. Macdonald Caputo
Alan A. Diamonstein
W. Heywood Fralin
Mark J. Kington
Warren M. Thompson
Georgia M. Willis
John O. Wynne
Gordon F. Rainey, Jr., Ex Officio

and

The Remaining Members of the Board:

Susan Y. Dorsey	Lewis F. Payne
G. Slaughter Fitz-Hugh, Jr.	Don R. Pippin
Glynn D. Key	E. Darracott Vaughan, Jr., M.D.
Vincent J. Mastracco, Jr.	Catherine S. Neale

FROM: Alexander G. Gilliam, Jr.

RE: Minutes of the Finance Committee Meeting on
May 25, 2005

The Finance Committee of the Board of Visitors of the University of Virginia met at 9:00 a.m., by telephone and in Open Session, on Wednesday, May 25, 2005; Thomas F. Farrell, II, Vice Rector and Chair, presided.

Thomas F. Farrell, II, Ms. Georgia M. Willis, and Gordon F. Rainey, Jr., Rector, participated from Mr. Rainey's office in Richmond.

A. Macdonald Caputo, Alan A. Diamonstein, Mark J. Kington, Warren M. Thompson, and John O. Wynne participated from their respective offices.

Ms. Catherine S. Neale participated from the Conference Room in Madison Hall.

Also participating from Madison Hall were Leonard W. Sandridge, Alexander G. Gilliam, Jr., Paul J. Forch, Arthur Garson, Jr., M.D., R. Edward Howell, Ms. Yoke San L. Reynolds, Ms. Colette Sheehy, and Ms. Jeanne Flippo Bailes.

The Conference Room at Madison Hall and Mr. Rainey's office were equipped with speakerphones. Members of the public were present at Madison Hall.

The Chair explained that the Committee was gathered principally to discuss and approve the University's 2005-2006 budget. With that, he asked Mr. Sandridge, Executive Vice President and Chief Operating Officer, to present the Agenda.

The first three items, Mr. Sandridge noted, constituted a Consent agenda.

INTENT TO ISSUE BONDS

The first of these was a proposed resolution stating the University's intent to issue bonds. Mr. Sandridge explained that the resolution only expresses intent and not an authorization to issue the bonds - such an authorization would have to be approved by the Board of Visitors in another action.

The conjectural bond issue would finance the six capital projects approved by the General Assembly in the 2005 Session.

On motion, the Committee approved the following resolution and recommended it to the full Board for approval:

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. Acquisition of Advanced Research & Technology Building
2. Arts Center
3. Arts Grounds Parking Garage
4. North Health System Parking Garage
5. Medical Center - Clinical Cancer Center
6. Wise - Residence Hall

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 - \$38.87 million (includes \$15 million from May 2004 Intent to Issue Resolution)

b. Construction of Arts Center - \$12.0 million

c. Construction of Arts Grounds Parking Garage - \$10.6 million

d. Construction of North Health System Parking Garage - \$28.0 million

e. Construction of Clinical Cancer Center - \$37.0 million; and

f. Construction of Residence Hall at Wise - \$7.2 million (includes \$6.4 million from May 2004 Intent to Issue Resolution).

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, 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. A comprehensive and detailed financial plan for the school/unit project is submitted;
3. Short-term financing shall not exceed sixty months in maturity; and
4. 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.

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APPROVAL OF ENROLLMENT PROJECTIONS THROUGH 2011-2012

Mr. Sandridge reminded the Committee that the University's proposed enrollment projections are brought to the Board in the spring of odd-numbered years, to coincide with the schedule of the State Council of Higher Education in Virginia in setting such things. The Board approved the latest projections, to 2009-2010, in April and they were submitted to Richmond. SCHEV has asked that the University resubmit its projections to extend them two more years, through 2011-2012.

The new projections would increase undergraduate enrollment to 13,850 students in 2011-2012, from the present figure of 13,140. Graduate enrollment is projected to increase from 4,632 to 4,982.

On motion, the Committee approved the following resolution and recommended it to the full Board for approval:

APPROVAL OF REVISED ENROLLMENT PROJECTIONS

WHEREAS, the State Council of Higher Education in Virginia has requested that the University extend its existing enrollment plan, approved by the Board of Visitors in April 2005, to reflect projected increases in the undergraduate and graduate enrollment levels through 2011-2012; and

WHEREAS, the Board previously approved enrollment projections through 2009-2010, which were based on achieving enrollment growth of 1,100 undergraduate students and 400 graduate students over the next decade; and

WHEREAS, the University is committed to serving the higher education needs of the Commonwealth of Virginia and the nation;

RESOLVED that the Executive Vice President and Chief Operating Officer is authorized to develop plans with the State Council of Higher Education in Virginia which will keep the University on track to increase total enrollment by 1,500 students over the next decade; and

RESOLVED FURTHER that all undergraduate growth maintain the current mix of in-state and out-of-state students.

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PROCUREMENT OF ENVIRONMENTAL SERVICES FOR THE MEDICAL CENTER

Mr. Sandridge noted that the Board has authorized him, as Executive Vice President and Chief Operating Officer, to execute certain procurement actions; if the annual expenditure on any such action exceeds \$5,000,000, however, the Board must approve it.

The Medical Center wishes to contract for environmental services for a five year period at an estimated cost of \$7.8million for the first year with negotiated increases or decreases after that, based on the needs of the Medical Center. The services sought would include custodial services and waste management throughout the Medical Center.

On motion, the Committee approved the following resolution and recommended it to the full Board for approval:

APPROVAL OF PROCUREMENT OF ENVIRONMENTAL SERVICES FOR THE MEDICAL CENTER

RESOLVED that the Executive Vice President and Chief Operating Officer of the University is authorized to execute a contract for environmental services for the Medical Center upon the recommendation of the Vice President and Chief Executive Officer of the Medical Center, and approval of the Office of the General Counsel.

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THE UNIVERSITY'S 2005-2006 BUDGET

Mr. Sandridge and Ms. Sheehy, Vice President for Management and Budget, presented the budget, which is to say the operating budgets for the Academic Division, The University of Virginia's College at Wise, and the Medical Center.

Expenditures for all three entities are budgeted at \$1.88billion, an increase of 8% over the current year. Breaking that figure down by division, \$1.04 billion is for the Academic Division (up 6.1%), \$812.6million for the Medical Center (up 10.5%) and \$26.6million (up 6.4%) for The University of Virginia's College at Wise. For all three divisions combined, state general funds will provide 8.1% of the total.

Mr. Sandridge noted that the Medical Center Operating Board and The University of Virginia's College at Wise Board have already approved the proposed budgets for the Medical Center and Wise.

Ms. Sheehy outlined the budget-making process, with particular emphasis on the Board's role in it. Much of what appears in the budget totals has already been considered by the Board.

A discussion of the proposed budget ensued. Mr. Thompson asked if an adequate number of staff have been planned for the office of the Chief Diversity Officer. The Chair replied that this question probably will be revisited at the June Board meeting. Mr. Wynne suggested that in the future there be short explanatory summaries of "one-time onlies" - which is to say, budget items that appear only once. The Chair remarked that the new Finance Committee will look closely at future budget increases.

On motion, the Committee approved the proposed budgets for the Academic Division, The University of Virginia's College at Wise, and the Medical Center, and recommended their approval to the full Board:

APPROVAL OF THE 2005-2006 OPERATING BUDGET FOR THE ACADEMIC DIVISION

RESOLVED that the 2005-2006 Operating Budget for the Academic Division is approved, as recommended by the President and the Chief Financial Officer.

APPROVAL OF THE 2005-2006 OPERATING BUDGET FOR THE UNIVERSITY OF VIRGINIA'S COLLEGE AT WISE

RESOLVED that the 2005-2006 Operating Budget for The University of Virginia's College at Wise is approved, as recommended by the President and the Chief Financial Officer.

APPROVAL OF THE 2005-2006 OPERATING AND CAPITAL BUDGET FOR THE UNIVERSITY OF VIRGINIA MEDICAL CENTER

RESOLVED that the 2005-2006 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.

PRATT FUND DISTRIBUTION

Mr. Sandridge reminded the Committee of the history of the Pratt Fund, established in 1976 with a bequest from John Lee Pratt, whose will specified that annual distributions from the Fund be used for faculty salaries, scholarships and equipment in the Departments of Biology, Mathematics, Physics and Chemistry, and for research and scholarships in the School of Medicine.

Taking into account various matching funds available to the Medical School, Mr. Sandridge proposed a budget for the allocation of Pratt Funds in 2005-2006.

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

APPROVAL OF PRATT FUND DISTRIBUTION FOR 2005-2006

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. Departmental allocations, not to exceed \$2.6 million for 2005-2006, are suggested by the department chairs and recommended by the dean of each school. The special distributions are not to exceed \$4,363,264 for 2005-2006. 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.

EXPANSION OF COMMERCIAL PAPER PROGRAM AND ISSUANCE OF GENERAL REVENUE PLEDGE BONDS

The Chair asked Ms. Reynolds, Vice President for Finance, to present the next item on the Agenda.

Ms. Reynolds told the Committee that at its January 31, 2003 meeting, the Board of Visitors approved a commercial paper program, as a means for short-term financing of capital project expenses, in an amount up to \$100million. She recommended that the amount available through this program be raised to up to \$175million.

This summer, the University intends to issue bonds to provide permanent long-term financing for construction projects previously approved by the Board. The eight projects involved are:

Construction of the John Paul Jones Arena
Construction of the Hospital Expansion Project
Construction of the Health System South Parking Garage
Construction of the National Radio Astronomy Observatory Building
Construction of the new residence hall at Wise
Acquisition and fit-out of the Fontaine Clinics Building
Upgrades and modifications to the Main Heating Plant
Construction of the Rouss Hall renovation and Commerce School addition.

The total issuance amount for the eight projects will not exceed \$225million.

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

EXPANSION OF COMMERCIAL PAPER PROGRAM AND ISSUANCE OF GENERAL REVENUE PLEDGE BONDS

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; 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 previously 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 (the "Program"), and hereby determines that the aggregate outstanding principal amount of the Program at any time should not exceed \$175,000,000; 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 has previously approved resolutions declaring an intent to issue bonds and has authorized the

issuance of debt funding for the projects, (the "Projects"), described in items A through H below:

A. The construction of a new 15,000-seat Arena and Special Events facility

- authorized project cost - \$129,800,000
- declared intent to issue bonds - \$75,000,000 (October 2001)
- authorized bond issuance amount - \$75,000,000 (January 2003)
- previously issued amount at par - \$35,289,000 (January 2003)

B. The Hospital Expansion Project, which consists of an approximately 75,000 square foot addition to the Hospital; the renovation of approximately 152,000 square feet of the existing Hospital; the inclusion of an additional chiller to serve both the Medical Center and the School of Medicine; the fit-out of an additional floor of new facility; the purchase and installation of equipment

- authorized project cost - \$89,600,000
- declared intent to issue bonds - \$54,000,000 (October 2001)
- declared intent to issue bonds - \$31,600,000 (June 2004)
- additional authorized bond issuance amount - 54,000,000 (June 2002, January 2003)
- previously issued amount at par - \$33,302,000 (January 2003)

C. The construction of a new addition to the Health Science Center South Parking garage

- authorized project cost - \$10,800,000
- declared intent to issue bonds - \$10,800,000 (October 2001)
- authorized issuance of bonds - \$10,800,000 (May 2003)

D. The acquisition of a clinics building at the Fontaine Research Park from the University of Virginia Foundation on behalf of the Medical Center; the construction and fit-out of additional space not provided by the Foundation; purchase and installation of equipment

- authorized project cost - \$17,325,000
- authorized bond issuance - \$17,325,000 (February 2004)

E. The construction of a new building on behalf of the National Radio Astronomy Observatory

- authorized project cost - \$8,900,000

- declared intent to issue bonds - \$7,400,000 (March 1999)
- authorized issuance of bonds - \$7,400,000 (May 2003)

F. The construction of a new 120-bed residential dormitory facility at the University of Virginia's College at Wise

- authorized project cost - \$7,185,000
- declared intent to issue bonds and authorized issuance of commercial paper - \$6,400,000 (June 2004)
- declared intent to issue additional bonds and authorized issuance of additional bonds - \$785,000 (May 2005)

G. The installation of environmental upgrades and the performance of other mandated maintenance work at the University's Main Heating Plant

- authorized project cost - \$64,200,000
- declared intent to issue bonds and authorized issuance of bonds - \$19,800,000 (June 2004)

H. The renovation to the existing Rouss Hall Building and the construction of approximately 125,000 square feet of additional space

- authorized project cost - \$57,000,000
- declared intent to issue bonds and authorized issuance of bonds- \$33,000,000 (June 2004)

WHEREAS, the maximum cost, authorized bond issuance amount, and amount of previously issued bonds, if any, for each Project is indicated above; and

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

A. Arena and Special Events Center (207-16281): Planning authorization 1999, Chapter 935, Item C-36.76; Construction authorization 2002-2004, Chapter 899, Item C-36; Supplemental authorization 2003, Chapter 1042, Item C-36;

B. 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; Supplemental construction authorization 2003, Chapter 1042, Item C-48;

C. South Parking Garage Expansion (207-16559): Planning authorization 2000-2002, Chapter 1073, Item 4-4.01m; Supplemental planning authorization 2002-2004, Chapter 899, Item C-40; Construction authorization 2002-2004, Chapter 899, Item C-40;

D. Fontaine Clinics Acquisition (209-16756): Acquisition authorization 2002-2004, Chapter 899, Item C-53.60;

E. National Radio Astronomy Observatory Building (207-16280): Planning Authorization 2000, Chapter 935, Item C-36.75; Construction Authorization 2000, Chapter 935, Item C-9;

F. Residence Hall at the College at Wise (246-16963): Construction authorization 2002-2004, Chapter 899, Item C-53.70; Supplemental authorization 2005 (administrative increase);

G. Heating Plant Modifications (207-16872): Planning authorization 2003, Chapter 1042, Item C-35.05; Construction authorization 2004-2006, Chapter 4, Item C-58;

H. Addition and Renovation to Rouss Hall (207-16747): Authorization 2002-2004, Chapter 899, Item C-47.20; Supplemental authorization 2003, Chapter 1042, Item C-47.20; Supplemental authorization 2005, Chapter 951, Item 57.10;

WHEREAS, a portion of the projects has been financed on a short-term basis through the University's commercial paper "program"; and

WHEREAS, the Board has now determined to authorize the issuance of bonds to refund all or a portion of the outstanding principal amount of the University's general revenue pledge bonds, Series 1998A; 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 authorizes the issuance of bonds for each of the Projects up to the Project authorized bond amounts described above, less the amount of any bonds previously issued and outstanding with respect thereto, and for the refunding of all or a portion of the Series 1998A Bonds, and 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 University's commercial paper program will be expanded from a maximum of \$100 million to a maximum of \$175 million; 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 Program, including without limitation any liquidity facilities, swap, or other interest rate management agreements associated with the Program; and

RESOLVED FURTHER 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 for refunding all or a portion of Series 1998A Bonds, 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, and the refunding 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 \$225 million; (ii) the maximum true interest cost of any series bearing interest at a fixed rate shall not exceed six percent (6 percent) per annum; (iii) the maximum initial true interest cost of any series bearing interest at a variable rate shall not exceed five percent (5 percent) per annum; (iv) the final maturity of all bonds shall not exceed 40 years beyond issuance date; (v) call protection on the bonds shall not exceed eleven (11) years; and (vi) no optional redemption premium shall exceed two (2) percent; and

RESOLVED FURTHER that the fees paid to underwriters and financial advisors on negotiated and competitive transactions shall be in accordance with the contracts established and applicable to the transactions; 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 the 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; and

RESOLVED FURTHER that, upon approval, this action shall take effect immediately.

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INVESTMENT SELECTION AND MONITORING FOR THE UNIVERSITY'S RETIREMENT PLANS

The Chair and Mr. Sandridge explained that the University is the sponsor of a number of defined contribution retirement plans for faculty and staff. At its meeting on June 13, 1997, the Board delegated to the Investment Subcommittee of the Finance Committee the authority to monitor these plans. The Investment Subcommittee in due course became the University of Virginia Investment Management Company (UVIMCO); last July 1st, UVIMCO ceased to be an instrument of the Finance Committee and became a separate related foundation.

With this separation, the Board must change delegation of its authority. Mr. Sandridge proposed a resolution charging the Finance Committee with this monitoring responsibility.

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

APPROVAL OF THE FINANCE COMMITTEE AS MONITOR OF THE DEFINED CONTRIBUTION RETIREMENT PLANS, AUTHORIZATION FOR THE EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER TO UNDERTAKE CERTAIN ACTIONS, AUTHORIZATION OF A CHANGE IN THE FUNDS AVAILABLE IN THE DEFINED CONTRIBUTION RETIREMENT PLANS, AND AUTHORIZATION OF A CHANGE IN THE DEFAULT INVESTMENT FOR EMPLOYEES

WHEREAS, the University is the plan sponsor of a number of defined contribution retirement plans; and

WHEREAS, On June 13, 1997, the Board delegated the authority to monitor the administration of the defined contribution retirement plans to the Investment Subcommittee of the Finance Committee; and

WHEREAS, subsequent to the June 13, 1997 meeting of the Board, the Investment Subcommittee of the Finance Committee became the University of Virginia Investment Management Company (UVIMCO), which then became a separate related foundation on July 1, 2004; and

WHEREAS, because UVIMCO is separate from the University, it is necessary to designate a Board entity to undertake the duties delegated to the Investment Subcommittee in the June 13, 1997 resolution; and

WHEREAS, at the June 13, 1997 meeting of the Board, the Executive Vice President and Chief Financial Officer was authorized to contract for the services of a corporate trustee or trustees, appoint an administrative committee to assist the Board in carrying out its duties with respect to the defined contribution retirement plans, and to engage outside consultants as needed; and

WHEREAS, the Executive Vice President and Chief Financial Officer became the Executive Vice President and Chief Operating Officer in 1999; and

WHEREAS, the Executive Vice President and Chief Operating Officer has contracted for the services of corporate trustees, appointed the Retirement Administrative Committee to assist the Board in carrying out its duties with respect to the retirement plans, and engaged the firm of Palmer & Cay as outside consultants on retirement plan issues; and

WHEREAS, under the Investment Policy Statement adopted by the Board on December 12, 2002, the entity charged with

monitoring the retirement plans is required annually to review the investment performance and make changes to the investment funds as necessary; and

WHEREAS, the University shall remain Plan Administrator, Plan Sponsor and Named Fiduciary of the defined contribution retirement plans, with responsibility for day-to-day operations delegated to the Chief Human Resources Officer;

RESOLVED that the Finance Committee is delegated the authority to monitor the administration of the defined contribution retirement plans on behalf of the Board, including reviewing the fund families and the funds included in the plans; and

RESOLVED FURTHER that the Board affirms the authority of the Executive Vice President and Chief Operating Officer to contract for the services of a corporate trustee or trustees; to form an administrative committee to assist the Finance Committee in carrying out its duties; and to engage outside consultants as needed to assist with the University's responsibilities as Plan Administrator and Named Fiduciary; and

RESOLVED FURTHER that the following changes to the existing investment lineup of the defined contribution retirement plans shall be made as soon as practicable:

Action	Fidelity	TIAA-CREF	Vanguard
Additions	• American Beacon Small Cap Value Index	• TIAA-CREF Small Cap Equity	• Small Cap Value Plan
	• American Century Large Cap Value	• TIAA-CREF International Equity	• Developed Markets Index
Deletions	• Janus Mid-Cap Value • Fidelity Growth & Income		

RESOLVED FURTHER that the default investment for University-sponsored retirement plans shall be changed from the TIAA-CREF Money Market Fund to the Fidelity Freedom Fund appropriate for the employee's age and years to retirement.

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Finance Committee - May 25, 2005 - 17.

The Chair and Mr. Sandridge said the miscellaneous reports listed in the Agenda would be sent to Members as written reports.

On motion, the meeting was adjourned at 10:24 a.m.

AGG:lah

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

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