

**DOCKET**

**BOARD OF VISITORS**

**University of Virginia**

**Regular Meeting**

**September 30, 2005**

DOCKET  
BOARD OF VISITORS  
SEPTEMBER 30, 2005

CONSENT ITEMS

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

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

<u>Foundation</u>	<u>Board of Visitors Representative</u>	<u>Term Ending</u>
Alumni Association of the University of Virginia	Glynn D. Key	05/30/08
Alumni Board of Trustees of the University of Virginia Endowment Fund	J. Davis Hamlin	12/31/08*
The College Foundation of the University of Virginia	Timothy B. Robertson	12/31/08*
The University of Virginia's College at Wise Alumni Association and Wise Foundation	Don R. Pippin	06/30/07
Curry School of Education	Georgia Willis Fauber	12/31/09*
Darden School Foundation	Thomas F. Farrell, II	12/31/09*
Foundation of the State Arboretum at Blandy Experimental Farm	Laura F. Hawthorne	12/31/08*
Healthcare Partners, Inc.	E. Darracott Vaughan, Jr., M.D.	06/30/06
University of Virginia Health Services Foundation	E. Darracott Vaughan, Jr., M.D.	12/31/08*
Jefferson Institute for Lifelong Learning (JILL)	Alexander G. Gilliam, Jr.	12/31/09*
Law School Alumni Association and Law School Foundation, University of Virginia	Gordon F. Rainey, Jr.	12/31/08*

<u>Foundation</u>	<u>Board of Visitors Representative</u>	<u>Term Ending</u>
McIntire School of Commerce Foundation	Georgia Willis Fauber	06/30/07
Medical School Alumni Association and Medical School Foundation, University of Virginia	Sam D. Graham, Jr., M.D.	05/31/09*
Miller Center Foundation	Gordon F. Rainey, Jr.	06/30/07
Patent Foundation, University of Virginia	Terence P. Ross	06/30/07
School of Architecture Foundation	Susan Y. Dorsey	06/30/07
University of Virginia Foundation and Subsidiaries	W. Heywood Fralin	06/30/08
University of Virginia Health Foundation	E. Darracott Vaughan, Jr., M.D.	06/30/07
University of Virginia Investment Management Corporation	John O. Wynne	06/30/08
Virginia Engineering Foundation	Kenneth M. Humphries	12/31/09*
Virginia Athletic Foundation	Craig K. Littlepage	12/31/05
Virginia Tax Foundation, Inc.	Joseph E. Gibson	12/31/04

\* Denotes ratification required by the Board of Visitors

## ACTION ITEMS

### 2. APPROVAL OF 2006-2008 BIENNIAL BUDGET REQUEST FOR THE ACADEMIC DIVISION, THE MEDICAL CENTER, AND THE UNIVERSITY OF VIRGINIA'S COLLEGE AT WISE

WHEREAS, the University's 2006-2008 biennial budget request has been reviewed carefully; and

WHEREAS, the biennial budget request represents the highest priority initiatives and is aligned with the mission of the institution;

RESOLVED that the Board of Visitors of the University of Virginia endorses and supports the 2006-2008 biennial budget request; and

RESOLVED FURTHER that the Board of Visitors understands that to the extent these initiatives are not included in the Governor's 2006-2008 biennial budget, the Academic Division, the Medical Center, and The University of Virginia's College at Wise may want to pursue similar requests to the legislature; and

RESOLVED FURTHER that the Executive Vice President and Chief Operating Officer is authorized to transmit to the General Assembly any request not funded by the Governor as long as there are no material differences from the items already endorsed by the Board of Visitors.

### 3. APPROVAL OF INTENT TO ISSUE BONDS FOR CAPITAL PROJECTS

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

Medical Center Bed Expansion Project to increase inpatient bed capacity.

WHEREAS, the United States Department of the Treasury has promulgated final regulations in Section 1.150-2 of the Treasury Regulations ("the 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 this project 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 issue long-term bonds for this project listed is not included in this resolution and will be addressed in a future bond issuance 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 Regulations, the University of Virginia declares its intent to reimburse expenditures in accordance with the following:

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

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 this project is \$60 million, excluding costs of issuance and premiums or discounts; and

RESOLVED FURTHER, that this project is a separate enterprise independent of other projects, and that the authorization for funding relates to this individual project; and

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

1. The Board of Visitors approves this 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 refunding any debt obligations incurred for this project regardless of the status of the capital project or whether or not a bond issuance actually occurs.

4. APPROVAL OF A SHORT-TERM LOAN FOR THE CONSTRUCTION OF THE JOHN PAUL JONES ARENA

WHEREAS, the John Paul Jones Arena Project requires short-term funding in anticipation of the receipt of pledged donations.

RESOLVED that the Board of Visitors approves a short-term loan, or loans, of up to \$20 million for a term of up to four years for the purpose of providing short-term financing in anticipation of the collection of pledged gifts associated with this project; and

RESOLVED FURTHER that the Executive Vice President and Chief Operating Officer is authorized to execute all necessary documents to effect the short-term loan(s).

5. AUTHORIZATION TO SEEK AN AMENDMENT TO THE CODE OF VIRGINIA

RESOLVED, the Board of Visitors authorizes the Executive Vice President and Chief Operating Officer of the University to work with the General Assembly and the appropriate officers of the Commonwealth to seek an amendment to the Code of Virginia that will allow the use of alternative short-term investment vehicles, under the Investment of Public Funds Act, to improve the returns on reserve funds held by the University.

6. APPROVAL OF THE AFFILIATION OF THE RARE BOOK SCHOOL AS A UNIVERSITY-RELATED FOUNDATION

WHEREAS, The Policy on University-Related Foundations requires that the designation of new University-related foundations be approved by the Board of Visitors; and

WHEREAS, the Rare Book School's mission complements the work of the University Library; and

WHEREAS, the Rare Book School has modified its articles of incorporation and bylaws to comply with the Policy on University-Related Foundations, including the requirement that the Board of Visitors and the University's President designate representatives to the foundation's board; and

WHEREAS, the University's administration recommends that the Board of Visitors approve the affiliation of the Rare Book School as a University-related foundation;

RESOLVED that the affiliation of the Rare Book School as a University-related foundation is approved, subject to the requirements of the University Policy on University-Related Foundations.

**7. APPROVAL TO RAISE THE MINIMUM ENDOWMENT LEVELS**

WHEREAS, professorships and deanships, whether honorary or endowed, must be approved by the Board of Visitors; and

WHEREAS, the Vice President for Development and Public Affairs, in close collaboration with University deans and administrators, has proposed new minimum funding levels for deanships and professorships, levels which are in line with those at peer institutions and with the actual costs of funding professorships and deanships; and

WHEREAS, the University's administration recommends approval of the proposed new minimum endowment levels;

RESOLVED that new minimum endowment levels, as set forth below, are approved and adopted, and will take effect January 1, 2006:

Level	U.Va. (old level)	U.Va. (PROPOSED LEVEL)
\$5.0 Million		Deanship
\$2.0 Million	21 <sup>st</sup> Century Chair	Professorship (initial level for full professorship)
\$1.0 Million	Distinguished Professorship	"[Named] Faculty Fund for Excellence [in _____]" (partial support)
\$500,000	Chair (Eminent Scholar)	"[Named] Research Fund" (partial support)

On approval by the Board of Visitors, the new professorship endowment levels will go into effect University-wide on January 1, 2006. Therefore, professorship endowment agreements executed after December 31, 2005, will be at the new level. Professorships created, but partially funded, prior to January 1, 2006, will be grandfathered in at the old level.

While \$2 million is the new minimum level for a full professorship, schools and units will be encouraged to create higher minimum levels for professorships if they choose.

Note that exceptions to the new minimum professorship levels will be considered on a case-by-case basis by the Gift Policy Committee and/or the President of the University.

## 8. APPROVAL OF SUMMARY OF AUDIT FINDINGS

RESOLVED that the Summary of Audit Findings for the period of May 1, 2005, through August 15, 2005, as presented by the Director of Audits, is approved as recommended by the Audit & Compliance Committee.

## 9. REPORT ON ACTIONS OF THE EXECUTIVE COMMITTEE

The Rector will report on the following actions taken by the Executive Committee at its meeting on June 28, 2005:

- AMENDING AND AUTHORIZING COMMERCIAL PAPER GENERAL REVENUE PLEDGE NOTES AND AUTHORIZING GENERAL REVENUE PLEDGE BONDS

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

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

WHEREAS, this Act empowers the University of Virginia, with the consent and approval of the General Assembly of the Commonwealth of Virginia 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 of Virginia and to borrow money and make, issue, and sell bonds of the University of Virginia for any such purposes, including the refinancing of any such facilities; and

WHEREAS, this Act further authorizes the University of Virginia to pledge to the payment of the principal of and the interest on such bonds any monies available for the use of the

University of Virginia including, but not limited to, and subject to guidelines promulgated by the Secretary of Finance of the Commonwealth of Virginia, monies appropriated to the University of Virginia from the general funds of the Commonwealth of Virginia 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, pursuant to a resolution adopted on June 11, 2005, by the Board of Visitors that the aggregate outstanding principal amount of the existing short-term commercial paper program at any time should not exceed \$175,000,000; and

WHEREAS, pursuant to the same resolution adopted on June 11, 2005, the Board of Visitors determined to finance (i) the construction of a new 15,000-seat Arena and Special Events facility, (ii) the Hospital Expansion Project, which consists of an addition, renovation, fit-out of an additional floor and equipment including an additional chiller, (iii) the construction of a new addition to the Health Science Center South Parking Garage, (iv) 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 University of Virginia Foundation; and purchase and installation of equipment; (v) the construction of a new building on behalf of the National Radio Astronomy Observatory, (vi) the construction of a new 120-bed residential dormitory facility at The University of Virginia's College at Wise, (vii) the installation of environmental upgrades and the performance of other mandated maintenance work at the University of Virginia's Main Heating Plant; (viii) the renovation to the existing Rouss Hall Building and the construction of additional space, and (ix) the refunding of all or a portion of the outstanding principal amount of the University of Virginia's general revenue pledge bonds, Series 1998A; and

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

WHEREAS, for the purpose of providing funds to finance or refinance the acquisition, construction and equipping of these projects, the Executive Committee of the Board of Visitors, pursuant to the powers granted it under Section 23-75 of the Code of Virginia, has determined to adopt the attached Resolution (the "Series 2005 Resolution") authorizing the issuance of general

revenue pledge bonds of the University of Virginia as Series 2005 Bonds (the "Series 2005 Bonds"); and,

WHEREAS, for the purpose of providing funds to facilitate the short-term financing of capital projects, the Executive Committee of the Board of Visitors, pursuant to the powers granted it under Section 23-75 of the Code of Virginia, has determined to adopt a resolution (the "Commercial Paper Series 2003A and 2003B Resolution") amending and authorizing the issuance of general revenue pledge notes of the University of Virginia as Commercial Paper Series 2003A and 2003B notes (the "Commercial Paper Series 2003A and 2003B Notes").

RESOLVED, the Executive Committee, acting on behalf of the Board of Visitors of the University of Virginia, approves the following: The Series 2005 Resolution, and the Commercial Paper Series 2003A and 2003B Resolution.

- APPROVAL OF THE COMPLIANCE SCHEDULE

RESOLVED that the Compliance Schedule for the period July 1, 2005, through June 30, 2006, as presented by the Corporate Compliance Officer, is approved as recommended by the Audit & Compliance Committee.

- APPOINTMENT OF A. MACDONALD CAPUTO TO THE BOARD OF DIRECTORS OF THE UNIVERSITY OF VIRGINIA INVESTMENT MANAGEMENT COMPANY

RESOLVED that A. Macdonald Caputo of Greenwich, Connecticut, is appointed to the Board of Directors of the University of Virginia Investment Management Company. Mr. Caputo's appointment is effective July 1, 2005, and he shall serve in this capacity until June 30, 2008.

- APPOINTMENT OF SAM D. GRAHAM, M.D., TO THE MEDICAL CENTER OPERATING BOARD

RESOLVED that Sam D. Graham, Jr., M.D., of Richmond is appointed a public, non-voting member of the Medical Center Operating Board, effective July 1, 2005. Dr. Graham's term will expire on June 30, 2009.