

January 19, 2006

MEMORANDUM

TO: The Finance Committee:

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

and

The Remaining Members of the Board:

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

FROM: Alexander G. Gilliam, Jr.

SUBJECT: Minutes of the Finance Committee Meeting on
January 19, 2006

The Finance Committee of the Board of Visitors of the University of Virginia met, in Open Session, at 1:45 p.m., Thursday, January 19, 2006, in the Board Room of the Rotunda; W. Heywood Fralin, Chair, presided. A. Macdonald Caputo, The Honorable Alan A. Diamonstein, Mrs. Georgia Willis Fauber, Warren M. Thompson, and Thomas F. Farrell, II, Rector, were present.

Mark J. Kington participated by telephone.

Also present were G. Slaughter Fitz-Hugh, Jr., and The Honorable Lewis F. Payne.

Present as well were Leonard W. Sandridge, Alexander G. Gilliam, Jr., Paul J. Forch, Arthur Garson, Jr., M.D., R. Edward Howell, Robert E. Reynolds, M.D., Ms. Yoke San L. Reynolds, Ms. Colette Sheehy, David J. Prior, and Ms. Jeanne Flippo Bailes.

BECAUSE OF A FAILURE IN THE RECORDING EQUIPMENT, THESE MINUTES ARE A PARTIAL RECONSTRUCTION

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

The first item constituted the Consent Agenda.

CONSENT AGENDA: Ratification of Budget Amendments

Mr. Sandridge reviewed the several amendments to the Governor's budget, now before the General Assembly, which the University intends to submit.

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

RATIFICATION OF ADDITIONAL 2006-2008 BUDGET AMENDMENTS FOR THE UNIVERSITY OF VIRGINIA

WHEREAS, the additional 2006-2008 budget amendments have been carefully reviewed; and

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

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 2006-2008 budget amendments; and

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

ACTION ITEMS: Student Housing Rates, 2006-2007

Mr. Sandridge reminded the Committee that student housing rates for the next year customarily are set at this meeting of the Board of Visitors. He asked Ms. Reynolds, the Vice President for Finance, to present the proposed rates for the University, for The University of Virginia's College at Wise, and for the Mountain Lake Biological Station.

Ms. Reynolds said the proposed rates represent an increase of about 9.7%, the same increase set in 2005-2006. The increase proposed at Wise is 7%.

Mr. Diamonstein expressed concerns about the political implications of the rise in housing rates.

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

APPROVAL OF STUDENT HOUSING RATES FOR 2006-2007

RESOLVED that rental increases for student housing facilities be approved as shown below, effective beginning with the 2006-2007 session:

<u>Facility</u>	<u>Actual</u> <u>2005-2006</u> <u>Per Student</u> <u>Per Session</u>	<u>Amount</u> <u>of</u> <u>Increase</u>	<u>% Increase</u> <u>Before</u> <u>Improvement</u> <u>Fee</u>	<u>Student</u> <u>Housing</u> <u>Improvement</u> <u>Fund Fee</u>	<u>Total</u> <u>Percent</u> <u>Increase</u>	<u>Proposed</u> <u>2006-2007</u> <u>Per Student</u> <u>Per Session</u>
<u>Academic Division</u>						
<u>DORMITORIES</u>						
<u>Alderman/Observatory Houses</u>						
Double Room	\$3,250	\$150	4.62%	\$200	10.77%	\$3,600
<u>Brown College</u>						
Double Room	\$3,890	\$180	4.63%	\$200	9.77%	\$4,270
<u>McCormick Road</u>						
Double Room	\$3,120	\$140	4.49%	\$200	10.90%	\$3,460
Small Double Room	\$2,900	\$130	4.48%	\$200	11.38%	\$3,230
Single	\$3,260	\$150	4.60%	\$200	10.74%	\$3,610
<u>Lawn</u>						
Single	\$3,740	\$170	4.55%	\$200	9.89%	\$4,110
Single (no fireplace)	\$3,640	\$170	4.67%	\$200	10.16%	\$4,010
<u>Range</u>						
Regular Single	\$3,740	\$170	4.55%	\$200	9.89%	\$4,110
<u>Crackerbox</u>						
Single Room	\$3,740	\$170	4.55%	\$200	9.89%	\$4,110
<u>Mary Munford / Roberta Gwathmey</u>						
Double Room	\$3,250	\$150	4.62%	\$200	10.77%	\$3,600
Single Room	\$3,740	\$170	4.55%	\$200	9.89%	\$4,110
<u>Sprigg (Lewis/Hoxton)</u>						
Double Room	\$3,600	\$170	4.72%	\$200	10.28%	\$3,970
Small Double Room	\$3,410	\$160	4.69%	\$200	10.56%	\$3,770
Single Room	\$3,930	\$180	4.58%	\$200	9.67%	\$4,310
Single Room (w/bath)	\$4,110	\$190	4.62%	\$200	9.49%	\$4,500
<u>Gooch / Dillard</u>						
Double Room	\$3,600	\$170	4.72%	\$200	10.28%	\$3,970
Single Room	\$3,930	\$180	4.58%	\$200	9.67%	\$4,310
Twelve Month Rate:						
Single Room	\$5,300	\$240	4.53%	\$200	8.30%	\$5,740
<u>Hereford College</u>						
Double Room	\$3,600	\$170	4.72%	\$200	10.28%	\$3,970
Single Room	\$3,890	\$180	4.63%	\$200	9.77%	\$4,270
<u>French House</u>						
Triple Room	\$3,430	\$160	4.66%	\$200	10.50%	\$3,790
Double Room	\$3,600	\$170	4.72%	\$200	10.28%	\$3,970
Single Room	\$4,010	\$190	4.74%	\$200	9.73%	\$4,400

<u>Facility</u>	<u>Actual 2005-2006 Per Student Per Session</u>	<u>Amount of Increase</u>	<u>% Increase Before Improvement Fee</u>	<u>Student Housing Improvement Fund Fee</u>	<u>Total Percent Increase</u>	<u>Proposed 2006-2007 Per Student Per Session</u>
<u>Russia House</u>						
Double Room	\$3,580	\$170	4.75%	\$200	10.34%	\$3,950
Single Room	\$3,940	\$190	4.82%	\$200	9.90%	\$4,330
<u>Spanish House</u>						
Double Room	\$3,600	\$170	4.72%	\$200	10.28%	\$3,970
Single Room	\$4,010	\$190	4.74%	\$200	9.73%	\$4,400
<u>Shea House</u>						
Double Room	\$3,600	\$170	4.72%	\$200	10.28%	\$3,970
Single Room	\$4,010	\$190	4.74%	\$200	9.73%	\$4,400
Apartments - Single Student						
<u>Copeley Hill III, IV, Lambeth Field</u>						
Two Bedroom (dbl. occupancy)	\$3,630	\$170	4.68%	\$200	10.19%	\$4,000
Three Bedroom (dbl. occupancy)	\$3,530	\$160	4.53%	\$200	10.20%	\$3,890
<u>Bice House</u>						
Two Bedroom (dbl. occupancy)	\$3,630	\$170	4.68%	\$200	10.19%	\$4,000
Three Bedroom (dbl. occupancy)	\$3,530	\$160	4.53%	\$200	10.20%	\$3,890
Single	\$3,990	\$190	4.76%	\$200	9.77%	\$4,380
<u>Faulkner (Hench, Mitchell, Younger)</u>						
Single	\$3,990	\$190	4.76%	\$200	9.77%	\$4,380
Large Single	\$4,720	\$220	4.66%	\$200	8.90%	\$5,140
Apartments - Family (per month)						
<u>Copeley Hill I & II</u>						
One Bedroom (furnished)	\$691	\$0	0.00%	\$0	0.00%	\$691
One Bedroom (unfurnished)	\$657	\$0	0.00%	\$0	0.00%	\$657
Two Bedroom (furnished)	\$755	\$35	4.64%	\$15	6.62%	\$805
Two Bedroom (unfurnished)	\$722	\$33	4.57%	\$15	6.65%	\$770
Three Bedroom (furnished)	\$814	\$37	4.55%	\$15	6.39%	\$866
Three Bedroom (unfurnished)	\$780	\$35	4.49%	\$15	6.41%	\$830
<u>University Gardens</u>						
One Bedroom (furnished)	\$674	\$0	0.00%	\$0	0.00%	\$674
One Bedroom (unfurnished)	\$641	\$0	0.00%	\$0	0.00%	\$641
Two Bedroom (furnished)	\$724	\$33	4.56%	\$15	6.63%	\$772
Two Bedroom (unfurnished)	\$690	\$31	4.49%	\$15	6.67%	\$736
<u>College at Wise</u>						
McCrary	\$3,019	\$211	6.99%	\$0.0	6.99%	\$3,230
Asbury, Thompson, Henson Randolph, Townhouses, Theme Housing	\$3,488	\$244	7.00%	\$0.0	7.00%	\$3,732
Notes:						
1. The 2005-2006 rates for one bedroom apartments are at market.						
2. The rates for Copeley Hill I & II and University Gardens include utility charges, and cable TV.						
3. A new rate for furnished apartments will go into effect as the units turn over.						
4. The rate for a double room used as a single is 135% of the double rate.						
5. The rate for a double room used as a triple is 85% of the double rate. Students living in a triple receive a credit of \$50 for each month they reside in a triple (maximum of \$200/semester).						

MOUNTAIN LAKE BIOLOGICAL STATION
Proposed 2006 Rates

Mt. Lake Housing Rates / 4 Week Term

	<u>Actual</u> <u>2005</u>	<u>Proposed</u> <u>2006</u>	<u>%</u> <u>Increase</u>
Dormitories	\$100.00	\$103.00	3.00%
Laing Singles	\$100.00	\$103.00	3.00%
Laing Apartments:			
Center	\$141.00	\$ 145.50	3.19%
North	\$141.00	\$ 145.50	3.19%
South	\$141.00	\$ 145.50	3.19%
Northwest	\$141.00	\$ 145.50	3.19%
West	\$141.00	\$ 145.50	3.19%
New Dormitory:			
Singles	\$115.00	\$119.00	3.48%
Apartments (2 rooms)	\$161.00	\$166.00	3.11%
Second Bedroom (family)	\$51.00	\$53.00	3.92%
Cabins:			
Hentz-Mohr	\$185.00	\$191.00	3.24%
Clayton	\$185.00	\$191.00	3.24%
Catesby	\$185.00	\$191.00	3.24%
Gattinger	\$185.00	\$191.00	3.24%
Michaux	\$185.00	\$191.00	3.24%
Burns	\$185.00	\$191.00	3.24%
Washington	\$185.00	\$191.00	3.24%
Banister	\$185.00	\$191.00	3.24%
LeConte	\$185.00	\$191.00	3.24%
Hariot	\$185.00	\$191.00	3.24%
Schoew	\$185.00	\$191.00	3.24%
Maphis	\$185.00	\$191.00	3.24%
Holbrook	\$185.00	\$191.00	3.24%
Mitchell	\$185.00	\$191.00	3.24%
Rafinesque	\$185.00	\$191.00	3.24%

ACTION ITEMS: Tuition and Fees for Special Programs

Mr. Sandridge told the Committee that at this meeting, the Board customarily sets the tuition and fees for two executive-style master's degree programs which begin in May rather than in August. By "executive-style," he explained, he meant "a primarily residential, weekend program geared toward working professionals, whose tuition and fees are often reimbursed by their employers."

A third program, new this year, is the Post-Baccalaureate Pre-Medical Certificate Program, developed by the School of Continuing and Professional Studies and the College of Arts and Sciences.

On motion, the Committee adopted the following resolution approving the tuition and fees for these special programs, and recommended the resolution to the full Board for approval:

RESOLVED that the tuition and fees applicable to the following programs be approved as shown below, effective May 1, 2006:

	Virginian			Non-Virginian			2006-07 Proposed	
	2005-06 Approved	Amount of Increase	Percent of Increase	2005-06 Approved	Amount of Increase	Percent of Increase		
MIT Price includes fees of \$10,900 for special session mandatory fee, books, materials, computer leasing, software licenses, group meals, and lodging.	\$33,294	\$1,606	4.8%	\$34,900	\$38,309	\$1,591	4.2%	\$39,900
Systems Eng. Price includes fees of \$12,049 for special session mandatory fee, books, materials, technology, group meals, and lodging.	\$31,500	\$1,000	3.2%	\$32,500	\$36,500	\$1,000	2.7%	\$37,500
Post-Bac, Pre-Med Price includes full-time mandatory fees.	n/a	n/a	n/a	\$18,000	n/a	n/a	n/a	\$23,000

ACTION ITEMS: Amendment to the Fraternity and Sorority Investment Program

The Fraternity and Sorority Investment Program, intended to provide financial assistance by means of loans or other financial commitments to the House Corporations of fraternities and sororities at the University, was authorized by the Board of Visitors in January, 2002. The establishing resolution states that funds from the Program are to be used "for improvements to off-Grounds fraternity and sorority houses or to provide on-Grounds fraternity and sorority housing."

Mr. Sandridge said a fraternity has requested a loan to acquire an off-Grounds property, which is not covered in the 2002 resolution. The proposed purchase, however, is consistent with the intent of the Board to provide assistance to ensure well-maintained fraternity and sorority housing. The fraternity in question, the Virginia Beta chapter of the Phi Delta Theta International Fraternity, has the ability to meet the set conditions of the loan Program.

The Committee discussed the proposal and approved it, with the addition of language to the final resolution supporting diversity among fraternities and sororities at the University.

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

WHEREAS, the Board has previously approved the Fraternity and Sorority Investment Program; and

WHEREAS, the Program does not specifically cover loans to Fraternities or Sororities for the purpose of acquiring off-Grounds properties;

RESOLVED, the January 25, 2002, resolution authorizing the Fraternity and Sorority Investment Program is hereby amended to allow for loans under the Program for the purpose of acquiring off-Grounds properties.

ACTION ITEMS: Amendment to the Approval Delegation for Individual Quasi-Endowment Transactions and Investment in the Long-Term Investment Pool

At Mr. Sandridge's request, Ms. Reynolds spoke to a proposed amendment to the approval delegation for individual quasi-endowment transactions. The resolution she proposed also would permit the investment of balances from the central loan program in the long-term investment pool managed by UVIMCO, "or in other investment vehicles as prudent."

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

WHEREAS, the Executive Vice President and Chief Operating Officer has the authority to approve individual quasi-endowment transactions totaling less than \$2 million for investment in the long-term investment pool managed by UVIMCO; and

WHEREAS, there is a need to expand this delegation of authority for two sets of circumstances in connection with the University's central loan program.

RESOLVED, the Executive Vice President and Chief Operating Officer may approve individual quasi-endowment transactions, regardless of the dollar amount, in cases in which collateralization is determined to be necessary by the Executive Vice President and Chief Operating Officer as part of the assessment of the business plan for a capital project. Funds may be invested in the long term investment pool managed by UVIMCO or in other investment vehicles as permitted by law.

RESOLVED FURTHER, to the extent that the central loan program has balances, they may be invested in the long-term investment pool managed by UVIMCO or in other investment vehicles as permitted by law.

Report on Capital and Operating Reserves

Ms. Reynolds reviewed the University's policies on capital and operating reserves and led a discussion on the possibility of establishing new policies.

Review of Debt Program and Policy

Ms. Reynolds conducted a similar review and discussion of the University's debt program and policy.

Endowment Report

Mr. Sandridge referred the Committee to the customary report on the Endowment, contained in the written materials previously distributed.

On motion, the meeting was adjourned at 3:35 p.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>