

June 7, 2007

MEMORANDUM

TO: The Finance Committee:

W. Heywood Fralin, Chair
A. Macdonald Caputo
Alan A. Diamonstein
G. Slaughter Fitz-Hugh, Jr.
Warren M. Thompson
John O. Wynne
Thomas F. Farrell, II, Ex Officio

and

The Remaining Members of the Board:

Daniel R. Abramson	Lewis F. Payne
Susan Y. Dorsey	Don R. Pippin
Glynn D. Key	Gordon F. Rainey, Jr.
Austin Ligon	E. Darracott Vaughan, Jr., M.D.
Vincent J. Mastracco, Jr.	Carey J. Mignerey

FROM: Alexander G. Gilliam, Jr.

SUBJECT: Minutes of the Finance Committee Meeting on
June 7, 2007

The Finance Committee of the Board of Visitors of the University of Virginia met, in Open Session, at 2:00 p.m. on Thursday, June 7, 2007, in the Board Room of the Rotunda; W. Heywood Fralin, Chair and Vice Rector, presided. A. Macdonald Caputo, The Hon. Alan A. Diamonstein, G. Slaughter Fitz-Hugh, Jr., John W. Wynne, and Thomas F. Farrell, II, Rector, were present.

Warren M. Thompson participated by telephone.

Also present were Daniel R. Abramson, Austin Ligon, and Carey J. Mignerey.

Present as well were John T. Casteen, III, Leonard W. Sandridge, Alexander G. Gilliam, Jr., Paul J. Forch, Ms. Colette Sheehy, Gene D. Block, Arthur Garson, Jr., M.D., James L. Hilton, R. Edward Howell,

Ms. Yoke San L. Reynolds, David J. Prior, Ms. Susan Carkeek, and Ms. Jeanne Flipppo Bailes.

The Chair called the meeting to order and asked for a resolution to allow the Committee to consider addenda to the published Agenda.

RESOLUTION APPROVING ADDENDA TO THE AGENDA

RESOLVED, the Finance Committee approves, for consideration by the Committee, the addition of items to its published Agenda.

The resolution was approved.

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

The first two items were Consent items.

Consent Agenda - Property Acquisitions

The University wishes to acquire three properties on Emmet Street from the University of Virginia Foundation. All three were acquired at various times by the UVA Foundation for the benefit of the University: 104 Emmet Street in February, 1986, 132 Emmet Street in December, 1984, and 900 Emmet Street in March, 2000.

Acquisition of the properties, Mr. Sandridge explained, will eliminate the lease expense and management fees charged by the University of Virginia Foundation.

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

APPROVAL OF PROPERTY ACQUISITIONS

WHEREAS, the University of Virginia finds it to be in its best interest to take ownership from the University of Virginia Foundation of various properties located along Emmet Street and for these properties to be managed by the University of Virginia;

RESOLVED that the following properties are approved for acquisition from the University of Virginia Foundation:

104 Emmet Street,
132 Emmet Street, and
900 Emmet Street; and

RESOLVED FURTHER that the Executive Vice President and Chief Operating Officer be authorized to approve and execute contracts and other documents, and to take such other actions as are necessary and appropriate to consummate these property acquisitions.

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Consent Agenda - Establishment of the Medical Center Quasi-Endowment for the Benefit of the School of Medicine

Mr. Sandridge told the Committee that the Medical Center provides support to the School of Medicine for the education of physicians. The Medical Center has agreed to give \$25million, and the Medical School wishes to establish a quasi-endowment so that the money may be invested in the UVIMCO long-term pool.

The Medical Center Operating Board has been briefed on this proposal.

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

APPROVAL OF ESTABLISHMENT OF THE MEDICAL CENTER QUASI-ENDOWMENT FOR THE BENEFIT OF THE SCHOOL OF MEDICINE

RESOLVED that the establishment of the Medical Center Quasi-Endowment for the benefit of the School of Medicine in the amount of \$25,000,000 is approved. Principal may be disinvested from time to time as necessary to fund academic programs in the School of Medicine.

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Action Items - the 2007-2008 Budget, 2007-2008 Annual Renovation and Infrastructure Plan, and 2007-2008 Pratt Fund Distributions

Mr. Sandridge and Ms. Sheehy, Vice President for Management and Budget, presented the proposed Budget for 2007-2008. The proposed Budget would be \$2,099.1million, a rise of 6.7% over last year. Within this figure, the Academic Division budget would be \$1,135.8million, a 5.3% rise, \$930million for the Medical Center (an increase of 8.4%), and \$33.3million (7.1% more than last year) for The University of Virginia's College at Wise.

Mr. Sandridge noted that since the Budget of 1989-90, when State support amounted to 26.2% of the total, State funds in the current proposed Budget have declined to 9% in the current budget year.

Ms. Sheehy reminded the Committee that there is very little that is "new" in the Budget, the Committee having been briefed at every step in the budget-making process.

After describing this process, she began a summary of the Budget. For the Budget as a whole, that is to say, the combined budgets of the Academic Division, the Medical Center and The University of Virginia's College at Wise, revenue from patients at the Hospital accounts for 44.3% of income. Tuition and fees account for 15.7%, income from grants and contracts 13%, general funds from the State come to 9%, private gifts 7.7%, income from auxiliary enterprises 7.5% and "other" 2.8%.

Academic Division

Ms. Sheehy then discussed the Academic Division budget in some detail. There are several critical issues: the operations of the Central Development Office continue to be funded from the appreciation of investment balances. Another is that state revenues are expected to be below the amount forecast for 2006-2007.

Pratt Fund

Ms. Sheehy reminded the Committee that according to the terms of John Lee Pratt's bequest, annual allocations from the Pratt Fund must be approved by the Board of Visitors. Mr. Pratt's will specified that funds from his bequest be used in the School of Medicine and in the Departments of Biology, Chemistry, Mathematics and Physics.

The allocations proposed would give \$5,300,000 to the School of Medicine and \$2,495,000 to the four departments in Arts & Sciences.

The University of Virginia's College at Wise

Ms. Sheehy told the Committee that the proposed budget for Wise is \$33million. Some 51.3% of Wise's support comes from State General Funds, 22.2% is derived from auxiliary enterprises, 17.3% comes from tuition and fees, 5.1% from grants and contracts, and 4.1% from "other."

The Medical Center

Mr. Howell, Vice President and Chief Executive Officer of the Medical Center, presented the proposed budget for the Medical Center - the budget presumes an operating margin of 4.3%. There was considerable discussion of the elements involved in the making of the budget.

The Committee considered the three budgets and the Pratt Fund distribution with great care, and then adopted resolutions approving the budgets of the Academic Division, The University of Virginia's College at Wise, and the Medical Center, as well as allocations from the Pratt Fund for the next fiscal year. All were recommended to the full Board for approval.

APPROVAL OF THE 2007-2008 OPERATING BUDGET AND ANNUAL RENOVATION AND INFRASTRUCTURE PLAN FOR THE ACADEMIC DIVISION

RESOLVED that the 2007-2008 Operating Budget and Annual Renovation and Infrastructure Plan for the Academic Division is approved, as recommended by the President and the Chief Financial Officer.

APPROVAL OF THE 2007-2008 OPERATING BUDGET FOR THE UNIVERSITY OF VIRGINIA'S COLLEGE AT WISE

RESOLVED that the 2007-2008 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 2007-2008 OPERATING AND CAPITAL BUDGETS AND ANNUAL RENOVATION AND INFRASTRUCTURE PLAN FOR THE UNIVERSITY OF VIRGINIA MEDICAL CENTER

RESOLVED that the 2007-2008 Operating and Capital Budget and the Annual Renovation and Infrastructure Plan for the University of Virginia Medical Center is approved, as recommended by the President, the Chief Financial Officer, and the Medical Center Operating Board.

APPROVAL OF PRATT FUND DISTRIBUTION FOR 2007-2008

RESOLVED that the budget for the expenditure of funds from the Estate of John Lee Pratt is approved to supplement appropriations made by the Commonwealth of Virginia for the School of Medicine and the Departments of Biology, Chemistry, Mathematics and Physics in the College of Arts and Sciences. Departmental allocations, not to exceed \$7,295,098 for 2007-2008, are suggested by the department chairs and recommended by the dean of each school. 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.

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Action Items - Project Budget and Scope Reviews

Mr. Sandridge reminded the Committee that in accord with a policy adopted by the Board in October 2004, all capital project budget increases in excess of ten percent, and all capital project scope increases in excess of ten percent, require the approval of the Finance Committee and the Buildings and Grounds Committee.

There are three projects which meet these criteria: the Emily C. Couric Clinical Cancer Center, the Hospital Bed Expansion project, and the renovation of Crocket Hall at The University of Virginia's College at Wise.

Emily C. Couric Clinical Cancer Center

The Board of Visitors in September, 2004, approved plans for a building of five floors at a budget of \$70.7million. On July 7, 2006, the Buildings and Grounds Committee approved a schematic design that included four floors and a budget of \$59million. The group of vice presidents who oversee capital planning recently concluded that it would be more cost effective to add a shelled fifth floor at \$8million. Site demolition costs and construction inflation, not previously accounted for, bring the total budget to \$74million. Although the revised budget is not greater than ten percent of the original budget, the new figure includes additional debt of \$3.305million, which requires Board approval.

Hospital Bed Expansion

In September, 2004, the Board of Visitors approved a \$78million budget for the Hospital Bed Expansion project, with \$60million to construct space for 70 beds and to fit-out 40 beds, and \$18million for infrastructure work.

Plans for the project have been refined by the Medical Center to add significantly more square footage to accommodate 72 beds and increased support space. The total revised budget will be \$80.2million.

Crockett Hall Renovation - The University of Virginia's College at Wise

The Board of Visitors in 2001 approved a \$4.75million budget for the planning and renovation of Crockett Hall at the College at Wise. It is now expected that the renovation will cost \$6,900,000, an increase of 45%. The delay in construction because of programming changes, and the higher than expected inflationary costs of construction, have caused the increase in cost.

The Buildings and Grounds Committee, at its meeting on May 8, 2007, reviewed and approved the budget and scope increases for all three projects.

The Committee adopted a resolution approving the changes on the three projects, and recommended it to the full Board for approval.

APPROVAL OF PROJECT SCOPE, BUDGET MODIFICATIONS, AND ADDITIONAL USE OF DEBT

RESOLVED that the \$3.305 million budget increase and use of additional University debt for the Emily C. Couric Clinical Cancer Center (bringing the total budget to \$74.0 million); the \$2.2 million budget increase and use of additional University debt for the Hospital Bed Expansion Project (bringing the total budget to \$80.178 million); and the \$2.15 million budget increase for the renovation of Crockett Hall at The University of Virginia's College at Wise (bringing the total budget to \$6.9 million) are approved.

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Action Agenda - Budget/Scope Adjustments to the Dining and Residence Hall Projects at the College at Wise

Mr. Sandridge told the Committee that adjustments to the dining hall and residence hall projects at The University of Virginia's College at Wise, approved by the Board of Visitors on September 20, 2005, very likely will have to be made. The adjustments would involve both the budgets and the scope of the two projects. The pricing will be confirmed during the summer and in order not to delay the start of construction on the two projects, Mr. Sandridge proposed that he be given the authority to approve the budget increases, with the concurrence of the Chairs of the Finance and the Buildings and Grounds Committees.

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

BUDGET/SCOPE ADJUSTMENTS TO THE DINING AND RESIDENCE HALL PROJECTS AT THE COLLEGE AT WISE

WHEREAS, the Board of Visitors on September 20, 2005, approved the construction of a dining hall and a residence hall at the College at Wise; and

WHEREAS, the concept, site and design guidelines for both projects were approved in May 2006 and the architectural firm of Hanbury, Evans, Wright, Vlattas was approved in September 2006; and

WHEREAS, the budget approved for the dining hall in 2005 was \$7,000,000, and the budget approved for the residence hall was \$8,000,000, but it is likely that the final budgets will be in excess of the \$7,000,000 for the dining hall and the \$8,000,000 for the residence hall; and

WHEREAS, more time is needed to confirm the pricing of both projects and to conduct a value management session this summer in order to identify potential cost savings;

RESOLVED, the Executive Vice President and Chief Operating Officer is authorized, as necessary, to approve an increase in the project budgets for the dining and residence halls, with the concurrence of the Chairs of the Finance and Buildings and Grounds Committees.

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Action Agenda - Intent to Issue Tax-Exempt Debt

Mr. Sandridge then proposed a resolution stating the University's intent to issue tax-exempt debt. The resolution, he said, is in response to federal tax regulations which require the Board to pass a resolution of this sort before issuing tax-exempt debt.

The intended debt will help finance the Emily C. Couric Clinical Cancer Center and the Hospital Bed Expansion project.

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

APPROVAL OF INTENT TO ISSUE TAX-EXEMPT DEBT

WHEREAS, the University intends to undertake the following capital projects utilizing tax-exempt debt as a funding source:

MEDICAL CENTER

- Emily C. Couric Clinical Cancer Center (supplement)
- Hospital Bed Expansion (supplement)

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 debt; 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 each 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 enter into financing arrangements exceeding sixty months in maturity for each project 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 debt, 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 debt to be issued by the University incurred for each project;

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

3. The maximum principal amount of debt expected to be issued for the purpose of reimbursing expenditures relating to each project is as follows:

MEDICAL CENTER

Emily C. Couric Clinical Cancer Center (requested) = \$3,305,000
(total of this and all prior approvals = \$40,300,000)

Hospital Bed Expansion (requested) = \$2,200,000
(total of this and all prior approvals = \$62,200,000)

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

RESOLVED FURTHER that funds may be borrowed for each project 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 debt issuance actually occurs.

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Action Agenda - Acquisition of New Student System

Prefacing his remarks on this item, Mr. Sandridge said that he and Mr. Block, the Provost, had discussed this individually with all Members of the Board, save one, over the previous three weeks.

He reminded the Committee of the complaints about ISIS, the student system, during the academic year just ended. ISIS, he said, is built on aging technology and cannot meet current or future administrative or programmatic needs of students, faculty, and administrators.

In 1999, the Board of Visitors authorized the Executive Vice President and Chief Financial Officer to initiate and complete the implementation of all phases of the Integrated System project. The student information system portion of the project could not be implemented at that time because it had not yet been fully developed by the software vendor. The other portions of the project were done in 2001 and 2002, respectively.

The University, after careful analysis and review, has selected PeopleSoft Campus Solutions as the new student information system. Mr. Sandridge proposed a resolution to cover the funding of the system.

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

APPROVAL OF STUDENT SYSTEM REVISED BUDGET

WHEREAS, in October 1999, the Board of Visitors of the University of Virginia authorized the then-Executive Vice President and Chief Financial Officer to initiate and complete the implementation of all phases of the Integrated System project and to approve and execute contracts with software vendors and consulting firms necessary for the successful implementation of the software during those phases; and

WHEREAS, the University successfully implemented the finance phase of the Integrated System Project in July 2001 and successfully implemented the human resource/payroll phase in October 2002, within the approved budget of \$39.3 million; and

WHEREAS, in October 1999 the cost of implementing the student information system was anticipated at \$15.6 million; and

WHEREAS, the University has completed rigorous selection and negotiation efforts for a software vendor, PeopleSoft Campus Solutions, and for a consulting firm, CedarCrestone, that will provide services to assist with the third phase of the Integrated System project, the implementation of a student information system at the University; and

WHEREAS, the University, with assistance from the consulting firms CedarCrestone and the Gartner Group, has prepared a business case, a revised project budget, and a project plan that includes methodologies to monitor progress, identify and mitigate risk, and to develop and maintain quality within the project; and

WHEREAS, the University recommends a comprehensive, revised budget of \$51.2 million; and

WHEREAS, the University anticipates the need for short-term financing; and

WHEREAS, the Board of Visitors has previously authorized up to \$20 million in short-term financing, to be repaid by June 2010, for the Integrated Systems Project;

RESOLVED that the Board of Visitors approves a project budget of \$51.2 million for the third phase of the Integrated System Project, bringing the total project budget for all three phases to \$90.5 million; and

RESOLVED FURTHER that the Board of Visitors increases the short-term financing approved in June 2001 to a maximum of \$30 million and extends the term from June 2010 until December 2019, ten years after the completion of the student system implementation; and

RESOLVED FURTHER that the Executive Vice President and Chief Operating Officer is authorized to execute all contract and loan documents; and

RESOLVED FURTHER that the Executive Vice President and Provost and the Executive Vice President and Chief Operating Officer shall provide reports to the Finance and Educational Policy Committees no less frequently than semi-annually describing progress on the project and compliance with the business plan.

Action Agenda - Defined Contribution Retirement Program Annual Report and Policy Revision

Mr. Sandridge explained that the University is the plan sponsor of a number of defined contribution retirement plans. On June 13, 1997, the Board delegated the oversight of the administration of these retirement plans to the Investment Subcommittee of the Finance Committee; the Investment Subcommittee subsequently was renamed the University of Virginia Investment Management Company (UVIMCO). When UVIMCO was established as a separate organization in 2004, oversight of the retirement plans reverted to the Finance Committee. Several other changes were implemented in 2004 - among them the formation of an Investment Subcommittee of the Retirement Administrative Committee, chaired by the CEO of UVIMCO.

Last November, the Rector appointed Messrs. Fralin and Fitz-Hugh from the Finance Committee to work with the University's Retirement Administrative Committee to oversee the retirement program and to report back to the Finance Committee annually.

Mr. Fralin and Mr. Fitz-Hugh met with representatives of the Retirement Administrative Committee on May 18th to review suggested policy changes. The Committee, including the representatives of the Finance Committee, agreed to these changes, which are embodied in a proposed resolution.

On motion, the Finance Committee agreed to the proposed resolution and recommended it to the full Board for approval.

Ms. Reynolds, Vice President for Finance, gave a brief explanation of the suggested changes and Messrs. Fralin and Fitz-Hugh commented that they approved.

APPROVAL OF REVISIONS TO THE INVESTMENT POLICY STATEMENT

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); and

WHEREAS, effective July 1, 2004 the University of Virginia Investment Management Company (UVIMCO) became a separate University-related foundation; and

WHEREAS, at its June, 2005 meeting, the Board of Visitors delegated to the Finance Committee the authority to monitor the administration of the defined contribution retirement plans on behalf of the Board; and

WHEREAS, the attached revised Retirement Program Policy incorporates this change in governance and other modifications, and is recommended by the Finance Committee appointees for approval;

RESOLVED that the Board of Visitors approves the Retirement Program Policy, included as an Attachment.

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Miscellaneous Reports

Mr. Sandridge called Members' attention to the written reports - including the Endowment Report - in the material previously distributed to them.

On motion, the meeting was adjourned at 4:00 p.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>

ATTACHMENT

UNIVERSITY OF VIRGINIA

**POLICY ON
QUALIFIED DEFINED CONTRIBUTION RETIREMENT PROGRAM
("Retirement Program Policy")**

**JULY 9, 1997
Revised MAY 18, 2007**

University of Virginia

Policy on Qualified Defined Contribution Retirement Program
("Retirement Program Policy ")

- I. Purpose
- II. Goals
- III. Program Provisions
- IV. Authority and Responsibility

I. Purpose

The Board of Visitors has overall responsibility for the University's Qualified Defined Contribution Retirement Program, which is administered by the Chief Human Resources Officer. The purpose of this Retirement Program Policy ("RPP") is to establish the roles of the Finance Committee of the Board of Visitors and the Retirement Administrative Committee in the oversight of this program to ensure program goals are met.

II. Program Goals

The University of Virginia Retirement Program sponsors several qualified retirement plans, including but not limited to the Faculty Retirement Plan and the Medical Center Retirement Plan (the "Plan" or "Plans"). Although not required to follow ERISA standards, ERISA Section 404(c) is used as a guideline. The Plans are designed to:

- Provide a retirement benefit attractive to current and prospective staff and faculty
- Provide flexibility to participants in directing and reallocating University contributions
- Maintain a limited but sufficient number of investment options to provide access to diversified investment alternatives
- Through plan providers and direct communications from the University, inform the participants about the benefits of the Plan and the characteristics of the investment choices
- Provide regular, accurate and concise participant statements

III. Program Provisions

The Plans are defined contribution plans.

Key Information

- Name of Plans:
 - The Defined Contribution Retirement Plan for the General Faculty of the University of Virginia
 - The Defined Contribution Retirement Plan for Employees of the University of Virginia Medical Center
 - The Commonwealth of Virginia Matching Contribution Retirement Plan for Salaried Employees of the University of Virginia

- The Matching Contribution Plan for the University of Virginia Medical Center
- The Defined Contribution Retirement Plan for Executive Employees of the University of Virginia
- The Supplemental Defined Contribution Benefit Plan for Physicians of Community Medicine
- The Supplemental Defined Contribution Benefit Plan for the General Faculty of the University of Virginia
- Program Fiduciary: The Rector and Visitors of the University of Virginia
- Program Administrator: Chief Human Resources Officer
- Retirement Administrative Committee ("RAC"): RAC members are appointed by the Executive Vice President and Chief Operating Officer
- Oversight Committee: The Finance Committee of the Board of Visitors
- Contracting Officer: Executive Vice President and Chief Operating Officer

Policy Provisions

- Plan Year: Twelve month period commencing January 1.
- Enrollment Dates: Within 60 days of becoming eligible, a faculty member must choose to participate in the Faculty Retirement Plan, or default to the Virginia Retirement System ("VRS"). Within 180 days of becoming eligible, a Medical Center employee with prior VRS service must choose between the VRS and Medical Center Retirement Plan, or default to the Medical Center Retirement Plan.
- Employee Eligibility: Varies depending on the plan.
- Transfers: The Plan shall accept no transfers of any kind on behalf of a Participant other than accrued benefits from the VRS.
- University Contribution:
 - Faculty Retirement Plan: 10.4 percent of compensation, or the greater of 10.4 percent of compensation or 11.5 percent of up to \$100,000 in compensation for Participants with uninterrupted participation since before January 1, 1991.
 - Medical Center Retirement Plan: for employees hired prior to October 1, 2002: eight percent of compensation, for employees hired October 1, 2002 or after: four percent of compensation.
 - Physicians of Community Medicine Retirement Plan: 11.9 percent of compensation or \$12,500, whichever is greater.

- In no event shall the University contribution exceed the limits established by Internal Revenue Code section 415.
- Investment Options: The Participant shall allocate the University's contribution among the various investment options offered by the Plan.

IV. Authority and Responsibility

The Board of Visitors has overall responsibility for the Program and delegates oversight to the Finance Committee of the Board of Visitors or its appointees, and Program administration to the Retirement Administrative Committee.

The Finance Committee or its Appointees will:

- Establish and maintain this Retirement Program policy
- At least annually:
 - Review the investment performance of the various investment funds offered to participants as reported by the Retirement Administrative Committee to ensure compliance with the Retirement Program Policy
 - Report to the Board of Visitors

The Retirement Administrative Committee will:

- Establish and maintain Investment Procedures (IP) to meet program goals for investment options
- Review the investment performance of the various investment funds offered to participants not less frequently than semi-annually
- At least annually:
 - Review the investment funds for compliance with the guidelines established in the Investment Procedures
 - Make deletions or changes in investment funds offered under the Program
 - Review expenses paid by the Plans to ensure that they are reasonable and necessary
 - Report to the Finance Committee or its Appointees
- Oversee:
 - The professionals whose expertise is deemed by the contracting officer to be appropriate and necessary
 - The communications provided to Plan participants regarding the investment alternatives offered by the Plan

- As necessary make revisions to the Investment Procedures to reflect changing conditions within the Plan, or to refine the Investment Procedures in order to make them more effective

The Program Administrator will generally be responsible for:

- Administration of the Program
- Oversight of the Plan Providers
- Service to potential and current participants including, but not limited to:
 - Identifying the name, address, and phone number of the plan providers
 - Providing a general description of the investment alternatives available under the plan, and a general description of the investment objectives and risk and return characteristics of each alternative, including information relating to the type and diversification of assets comprising the portfolio of the designated investment alternative
 - Providing a description of transaction fees and expenses connected to purchases and sales
 - Providing a description of procedures established to provide confidentiality of information relating to investments in the Plan and without providing advice, direct employees to plan providers to access information and full plan provisions and benefits