

DOCKET

BOARD OF VISITORS

University of Virginia

Regular Meeting

October 5, 2007

DOCKET
BOARD OF VISITORS
OCTOBER 5, 2007

CONSENT ITEMS

1. DEMOLITION OF WEST GARAGE AND EAST END SUBSTATION
(approved by the Buildings and Grounds Committee on
October 4, 2007)

WHEREAS, The West Garage (Building Number 207-1144), and the East End Substation (Building Number 207-7139) must be demolished to facilitate the construction of the Emily Couric Clinical Cancer Center; and

WHEREAS, the Art and Architectural Review Board and the Department of Historic Resources, agencies of the Commonwealth, have approved the removal of these structures;

RESOLVED, the removal of structures 207-1144 and 207-7139 is approved by the Board of Visitors; and

RESOLVED FURTHER, the Executive Vice President and Chief Operating Officer is authorized to execute any and all documents pertaining to the removal of these buildings.

2. DEMOLITION OF FACULTY HOUSES AT THE UNIVERSITY OF VIRGINIA'S COLLEGE AT WISE
(approved by the Buildings and Grounds Committee on
October 4, 2007)

WHEREAS, two faculty houses (246-8373 and 246-8374) at The University of Virginia's College at Wise must be demolished to facilitate the construction of a new student residence hall; and

WHEREAS, the Art and Architectural Review Board and the Department of Historic Resources of the Commonwealth have approved the removal of these structures;

RESOLVED, the removal of structures 246-8373 and 246-8374 is approved by the Board of Visitors; and

RESOLVED FURTHER that the Executive Vice President and Chief Operating Officer is authorized to execute any and all documents pertaining to the removal of the aforementioned buildings.

3. APPROVAL OF A PERMANENT EASEMENT TO RELOCATE OVERHEAD ELECTRICAL WIRES FOR THE VALLEY ROAD CUL DE SAC (DOMINION VIRGINIA POWER)
(approved by the Buildings and Grounds Committee on October 4, 2007)

RESOLVED, the Board approves the granting of a permanent easement to Dominion Virginia Power to relocate overhead lines, poles, and equipment to facilitate the construction of the Valley Road cul de sac, in the vicinity of Valley Road, on property owned by The Rector and Visitors of the University of Virginia; and

RESOLVED FURTHER that appropriate officers of the University are authorized to execute said easement.

4. APPROVAL OF PERMANENT EASEMENT FOR A PEDESTRIAN WALKWAY TO CONNECT VALLEY ROAD AND BRANDON AVENUE (CITY OF CHARLOTTESVILLE)
(approved by the Buildings and Grounds Committee on October 4, 2007)

RESOLVED, the Board of Visitors approves the granting of a permanent easement to the City of Charlottesville for a permanent pedestrian walkway to connect Valley Road and Brandon Avenue, on property owned by The Rector and Visitors of the University of Virginia; and

RESOLVED, that appropriate officers of the University are authorized to execute said easements.

5. APPROVAL OF THE BOARD OF VISITORS REPRESENTATIVES TO THE GOVERNING BOARDS OF UNIVERSITY-RELATED FOUNDATIONS
(approved by the External Affairs Committee on October 5, 2007)

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	06/30/11
Curry School of Education	Lewis F. Payne	06/30/11 *
Darden School Foundation	Thomas F. Farrell, II	12/31/09
Foundation of the State Arboretum at Blandy Experimental Farm	Megan Raymond	12/31/10 *
Healthcare Partners, Inc.	E. Darracott Vaughan, Jr., M.D.	06/30/10
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 *
Jefferson Scholars Foundation	Thomas F. Farrell, II	06/30/11 *
Law School Alumni Association and Law School Foundation, University of Virginia	Gordon F. Rainey, Jr.	12/31/08
McIntire School of Commerce Foundation	Thomas F. Farrell, II	06/30/11 *
Medical School Alumni Association and Medical School Foundation, University of Virginia	Sam D. Graham, Jr., M.D.	05/31/09
Miller Center Foundation	W. Heywood Fralin	06/30/09 *
Patent Foundation, University of Virginia	G. Slaughter Fitz-Hugh, Jr.	06/30/11 *
Rare Book School	Karin Wittenborg	12/31/09
School of Architecture Foundation	Susan Y. Dorsey	06/30/11

<u>Foundation</u>	<u>Board of Visitors Representative</u>	<u>Term Ending</u>
University of Virginia Foundation and Subsidiaries	G. Slaughter Fitz-Hugh, Jr.	06/30/11 *
University of Virginia Health Foundation	E. Darracott Vaughan, Jr., M.D.	06/30/11
University of Virginia Investment Management Corporation	John O. Wynne	06/30/08
Virginia Engineering Foundation	Kenneth M. Humphries	12/31/09
Virginia Athletic Foundation	Daniel R. Abramson**	12/31/11*
Virginia Tax Foundation, Inc.	Joseph E. Gibson	12/31/08

* Denotes ratification required by the Board of Visitors

**Craig K. Littlepage will serve as the BOV Representative until 12/01/07

6. APPROVAL OF RESET OF ENDOWMENT SPENDING RATE
(approved by the Finance Committee on October 4, 2007)

WHEREAS, the University's current endowment spending policy, approved by the Board of Visitors in March 2005, calls for a percentage increase in the annual distribution from the endowment, unless such increase causes the distribution to fall outside a range defined as 3.5 percent on the low end and 5.5 percent on the high end of the market value of the Pooled Endowment Fund; and

WHEREAS, the policy specifies that if the distribution falls outside of this range, the Finance Committee may recommend either raising or lowering the rate of increase; and

WHEREAS, the distribution for fiscal year 2007-2008 as a percentage of market value at June 30, 2007, is 3.5 percent;

RESOLVED that for fiscal year 2007-2008, the endowment spending rate for all shares will be adjusted to 4.5 percent of the market value at June 30, 2007; and

RESOLVED FURTHER that the deans shall work jointly with the Executive Vice President and Provost to determine and carry out plans for expending these funds in ways that meet strategic school and institutional priorities and that are consistent with donor restrictions.

ACTION ITEMS

7. APPROVAL OF THE AUDIT CHARTER

(approved by the Audit and Compliance Committee on October 4, 2007)

RESOLVED that the Audit Charter is approved as recommended by the Audit and Compliance Committee.

8. APPROVAL TO EXPAND THE INFORMATION TECHNOLOGY ENGINEERING BUILDING, EXPAND THE IVY TRANSLATIONAL RESEARCH CENTER, AND CONSTRUCT A NEW PHYSICAL/LIFE SCIENCES FACILITY

(approved by the Buildings and Grounds Committee on October 4, 2007)

WHEREAS, the University of Virginia desires to increase available research and laboratory space to meet long-term objectives to increase research in medicine, engineering, and the sciences; and

WHEREAS, the University has developed a comprehensive science initiative to increase previously planned construction at the Information Technology Engineering Building to approximately 100,000 gross square feet and at the Ivy Translational Research Center to approximately 100,000 gross square feet and to construct a new approximately 100,000 gross square foot physical/life sciences facility; and

WHEREAS, the University intends to issue \$19.6 million in debt for the expansion of the Information Technology Engineering Building project; \$58.3 million in debt for the expansion of the Ivy Translational Research Center; and \$88.9 million in debt for the construction of the physical/life sciences facility;

RESOLVED, the Board of Visitors approves the addition of the projects to the University's capital program.

9. APPROVAL OF STATE OPERATING BUDGET REQUESTS FOR THE 2008-2010 BIENNIUM FOR THE ACADEMIC DIVISION, THE MEDICAL CENTER, AND THE UNIVERSITY OF VIRGINIA'S COLLEGE AT WISE

(approved by the Finance Committee on October 4, 2007)

WHEREAS, the instructions for submitting the 2008-2010 budget requests to the Governor have not yet been received; and

WHEREAS, the proposed 2008-2010 biennial budget requests have been reviewed carefully; and

WHEREAS, the proposed biennial budget requests represent the highest priority initiatives and are aligned with the mission of the institution;

RESOLVED that the Board of Visitors of the University of Virginia approves the 2008-2010 biennial budget requests accompanying this resolution and outlined in an attachment to this resolution; and

RESOLVED FURTHER that the Board of Visitors understands that to the extent these initiatives are not included in the Governor's 2008-2010 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.

10. APPROVAL OF PROJECT BUDGET AND SCOPE MODIFICATION AND INTENT TO ISSUE TAX EXEMPT DEBT TO EXPAND THE INFORMATION TECHNOLOGY ENGINEERING BUILDING, EXPAND THE IVY TRANSLATIONAL RESEARCH CENTER, AND CONSTRUCT A NEW PHYSICAL/LIFE SCIENCES FACILITY

(approved by the Finance Committee on October 4, 2007)

WHEREAS, the University of Virginia desires to increase available research and laboratory space to meet long-term objectives to increase research in medicine, engineering, and the sciences; and

WHEREAS, the University has developed a comprehensive science initiative to increase previously planned construction at the Information Technology Engineering Building to approximately 100,000 gross square feet and at the Ivy Translational Research Center to approximately 110,000 gross square feet and to construct a new approximately 100,000 gross square foot physical/life sciences facility; and

WHEREAS, the precise source of debt repayment is being developed and will be identified and confirmed with the Board of Visitors;

RESOLVED, the Board of Visitors approves in concept the issuance of tax exempt debt in the amounts of \$19.6 million for the expansion of the Information Technology Engineering Building; \$58.3 million for the expansion of the Ivy Translational Research Center; and \$88.9 million for the construction of the physical/life sciences facility.

11. APPROVAL OF PROJECT BUDGET MODIFICATION AND INTENT TO ISSUE TAX EXEMPT DEBT: STADIUM WATERPROOFING
(approved by the Finance Committee on October 4, 2007)

RESOLVED, as a result of further study, the Scott Stadium Waterproofing project budget, which has increased by \$2.3 million for a total of \$4.7 million, is approved.

RESOLVED FURTHER that the Board of Visitors approves the University's intent to issue tax-exempt debt, of up to \$4.7 million to be repaid over a period of not longer than five years from the distribution on the Scott Stadium Quasi-Endowment, for the purpose of funding the Scott Stadium Waterproofing project.

12. APPROVAL OF THE COLLEGE AT WISE STADIUM DEBT PLAN
(approved by the Finance Committee on October 4, 2007)

WHEREAS, in 1998, the University granted the College at Wise a four-year, \$3 million loan to provide temporary financing in anticipation of gift receipts for the construction of a new football stadium; and

WHEREAS, in April 2001 the Board of Visitors approved an amendment to this loan, extending its due date to December 2009; and

WHEREAS, the College has determined that available sources of funds will be insufficient to repay the remaining outstanding balance of \$1.56 million on the loan by its December 2009 due date and requests the University to restructure this loan to provide a solution that better matches the College's ability to repay and avoids placing the burden of this debt on students through tuition and fee increases; and

WHEREAS, the University and the College have drafted a solution calling for an immediate partial repayment of the outstanding loan in the amount of \$949,000 and the creation of a new 15-year, amortizing loan for the approximately \$611,000 remaining balance with annual debt service payments roughly equal to annual payments being made under the existing loan;

RESOLVED that the Board of Visitors approves a \$949,000 partial repayment of the Wise Stadium loan and the creation of a new 15-year, amortizing loan for the remaining balance of approximately \$611,000.

13. APPROVAL OF CASH MANAGEMENT AUTHORITY

(approved by the Finance Committee on October 4, 2007)

WHEREAS, the 2006 Restructuring Management Agreement grants the University the authority to invest all non-general fund cash if the performance metrics negotiated in the Agreement are met; and

WHEREAS, the 2007 investment legislation (23-76.1) allows the investment of local funds and all non-general fund reserves and balances in a variety of financial securities in addition to the instruments allowed by the Investment of Public Funds Act; and

WHEREAS, the University seeks to manage and invest cash in a prudent manner subject to the law, in order to obtain the best returns concomitant with acceptable risks that ensure liquidity requirements are met;

RESOLVED that the Vice President and Chief Financial Officer is authorized to invest the cash of and held by the University in the University of Virginia Investment Management Company (UVIMCO) long-term pool or in other investment vehicles as permitted by law, the cash to include but not be limited to working capital, operating reserves, employee health plan reserves, other academic division operating and capital reserves, and Medical Center working capital, operating and capital reserves including depreciation reserves;

RESOLVED FURTHER that the Vice President and Chief Financial Officer is granted the authority to distribute returns to major entities and to central reserves as appropriate.

14. APPROVAL OF PROPERTY ACQUISITION AND INTENT TO
ISSUE TAX EXEMPT DEBT

(approved by the Finance Committee on October 4, 2007)

WHEREAS, the University of Virginia finds it to be in its best interest to purchase 2400 Old Ivy Road and for this property to be occupied by the University of Virginia and related entities; and

WHEREAS, the University intends to issue tax exempt debt to fund the \$5,916,500 acquisition cost of the building;

RESOLVED that the Board of Visitors approves the acquisition of 2400 Old Ivy Road; 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 this property acquisition.

ATTACHMENT

**STATE OPERATING BUDGET REQUESTS FOR THE 2008-
2010 BIENNIUM FOR THE UNIVERSITY OF VIRGINIA
ACADEMIC DIVISION, MEDICAL CENTER, AND THE
UNIVERSITY'S COLLEGE AT WISE**

State Operating Budget Requests for the 2008-2010 Biennium for
the University of Virginia Academic Division, Medical Center, and
The University's College at Wise

AGENCY 207 - Academic Division:

Extension of Higher Education Research Initiative (\$6.725 million GF and \$3.75 million ETF in years one and two) - Originally appropriated in 2006-2007, the continuation of this appropriation as part of the base operating budget will allow the University to make continuing, strategic investments in the research enterprise, generating increased sponsored research funding of at least \$14.35 million in each year to match the Commonwealth's investment.

Produced in Virginia (\$1,500,000 GF in year one and \$1,658,000 GF in year two) - The University will partner with the Virginia Community College System to increase the number of undergraduate engineering degrees awarded in the Commonwealth. Students will complete the first two years of coursework at a community college, then enroll in the University of Virginia and complete an engineering bachelor's degree program through asynchronous technology. At full implementation in six years, the University projects to award an additional 400 degrees per year. These students, all of whom are expected to be Virginians, will be incremental to the number of students previously projected in discussions with the State Council of Higher Education. The request represents start-up costs (recruiting, course design, equipment) of \$1.5 million in the first year and \$1.3 million in the second year, plus the general fund's share of base budget adequacy funding per undergraduate engineering student for the incremental in-state students (32 FTE) who will join the University in the summer of 2009.

Batten School of Leadership and Public Policy (\$418,000 GF in year one and \$1,333,000 GF in year two) - The University has received a \$100 million gift from Mr. Frank Batten to create the Batten School of Leadership and Public Policy. These students in the school will be in excess of the number of students previously projected in discussions with the State Council of Higher Education. The request represents the average base budget adequacy funding per in-state student.

Safety and Security (\$1,000,000 GF in year one and \$500,000 GF in year two) - The University has created a new Office of Emergency Preparedness in order to respond quickly, appropriately, and effectively in the event of campus-wide emergency events; \$350,000 in ongoing state funds are requested to support this initiative. The

University has begun to implement new security measures to increase the level of security across the Grounds, particularly in classrooms. Given the number and complexity of University buildings and the size of the Grounds it will take time to effect all the needed changes. In addition, we are still evaluating the recommendations from the Governor's panel investigating the Virginia Tech tragedy. The University needs to be in a position to address those recommendations that are appropriate for our situation and institution. We estimate a one-time request of \$650,000 in the first year and \$150,000 in the second year to address these recommendations.

Provide Funding for Operations and Maintenance Costs at New Facilities (\$951,300 GF in year one and \$1,701,100 GF in year two) - Request support for operations and maintenance costs of new facilities scheduled to open in the 2008-2010 biennium.

Implementation of New Student Information System (\$1,500,000 GF in year one and \$3,000,000 GF in year two) - The University requests state support for the project implementation in 2008-2009 and 2009-2010; funding will be used for ongoing maintenance and support after implementation.

Supplement Library Collections (\$1,000,000 GF in year one and year two) - It is critical that the University invest in expensive electronic and print journal subscriptions, expand scientific and multi-cultural resources, and initiate necessary preservation and digitization efforts. The base budget adequacy formula does not appropriately address the needs of a research library that is also looked to as a state resource.

College Guides Program (\$240,000 GF in year one and year two) - Funding is requested for a joint venture, potentially with the College of William & Mary and Virginia Tech, to help more Virginia students enter college or other post-secondary training. Initially funded with a grant by the Jack Kent Cooke Foundation, the program will need on-going funding to be sustained.

Cancer Research Initiative (\$5,000,000 GF in year one and year two) - This is a joint venture request with Virginia Commonwealth University to increase cancer research funding in the Commonwealth.

Support the Virginia Folklife Program (\$100,000 GF in year one and year two) - This support will enable the Virginia Foundation for the Humanities to expand the Virginia Folklife Program, a long-standing program of the Foundation.

AGENCY 209 - Medical Center:

Adjust Indigent Care Guidelines - The Medical Center is considering a joint request with the VCU Health Authority to increase guidelines related to qualified indigent patients to 300 percent of poverty level versus the current definition of 200 percent of poverty level. The level of funding required will depend upon actual indigent care services provided by the Medical Center.

AGENCY 246 - University's College at Wise:

New Student Information System (\$1.5 million GF and 2.0 FTEs in year one and \$131,500 and 2.0 FTEs in year two) - The College's current Student Information System will no longer be supported after this year. Due to the less complex business requirements of the College and the estimated cost and timeline for implementing PeopleSoft Campus Solutions at Wise, it is not appropriate for the College to join the Academic Division's student system project. This funding will provide for system acquisition and implementation in year one and ongoing operational support in year two.

Critical Faculty Additions (\$316,400 GF and 4.0 FTEs in year one and year two) - The College requires four critical faculty positions to address shortfalls within Business (2.0 FTE), Chemistry (1.0 FTE), and Health and Fitness Management (1.0 FTE).

Science Renovation (\$2,263,118 GF)

Smiddy Hall Renovation/IT Building Construction (\$3,000,000)

These two requests are for supplemental funding due to construction cost escalation. The supplements were funded by the Governor during 2007 General Assembly session, but due to the final level of funding authorized by the General Assembly (only 90 percent of the system-wide construction project supplements requested) and the status of these two projects at that time (not yet designed or under contract), we must resubmit the requests.