

**UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS  
MEETING OF THE  
FINANCE COMMITTEE  
FEBRUARY 7, 2008**

FINANCE COMMITTEE

Thursday, February 7, 2008

8:30 - 10:15 a.m.

Board Room, The Rotunda

Committee Members:

John O. Wynne, Chair

A. Macdonald Caputo

Hon. Alan A. Diamonstein

Thomas F. Farrell, II

G. Slaughter Fitz-Hugh, Jr.

Glynn D. Key

Austin Ligon

Vincent J. Mastracco, Jr.

Warren M. Thompson

W. Heywood Fralin, Ex-officio

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| B. Discussion of disposition of real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the University, as permitted by Section 2.2-3711 (A) (3) of the <u>Code of Virginia</u> .   |             |

UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 7, 2008

COMMITTEE: Finance

AGENDA ITEM: I.A. Student Housing Rates, 2008-2009

BACKGROUND: The Board of Visitors considers student housing rates at this time each year. The University's student housing rates were increased by approximately 9.6 percent in 2007-2008 (4.6 percent base plus five percent for a \$200 fee for replacement reserve). The University of Virginia's College at Wise student housing rates were increased seven percent in 2007-2008.

For the current fiscal year (2007-2008), the average double room rate at Virginia public colleges and universities is \$3,912. The comparable average at the University is \$4,015. The College at Wise charges an average of \$3,822. University housing rate increases over the past several years have supported the renovation, upgrade, and replacement of student housing facilities.

DISCUSSION: The University proposes a \$215 increase in the average housing double room rate to \$4,230 per nine-month academic year for 2008-2009. This increase is approximately 5.4 percent for 2008-2009. As with last year's increase, this increase will cover rising operating costs, including increases in salaries and fringe benefits, utilities, insurance, supplies, and overhead expenses; the increase also will enable contributions to capital reserves.

An increase of 4.1 percent, to \$19.00 per night, is proposed for the University's 2008 Summer School student housing rate to cover operating costs. There is no increase proposed for the student late-stay/early-arrival fee of \$25.00 per night.

The University of Virginia's College at Wise proposes a \$223 increase in the average housing double room rate to \$4,045 for 2008-2009. The proposed overall housing rates will increase by 5.8 percent.

The proposed resolution also addresses Summer 2008 housing rates for the Mountain Lake Biological Station.

**ACTION REQUIRED: Approval by the Finance Committee and by the Board of Visitors**

**APPROVAL OF STUDENT HOUSING RATES FOR 2008-2009**

**RESOLVED** that rental increases for student housing facilities be approved as shown below, effective beginning with the 2008-2009 session:

| <u>Facility</u>                      | <u>Actual<br/>2007-2008<br/>Per Student<br/>Per Session</u> | <u>Amount<br/>of<br/>Increase</u> | <u>Percent<br/>Increase</u> | <u>Proposed<br/>2008-2009<br/>Per Student<br/>Per Session</u> |
|--------------------------------------|---|-----------------------------------|-----------------------------|---|
| <u>Academic Division</u>             |   |                                   |                             |   |
| Dormitories                          |   |                                   |                             |   |
| <u>Alderman/Observatory Houses</u>   |   |                                   |                             |   |
| Double Room                          | \$3,980   | \$210                             | 5.28%                       | \$4,190   |
| <u>Brown College</u>                 |   |                                   |                             |   |
| Double Room                          | \$4,680   | \$240                             | 5.13%                       | \$4,920   |
| <u>McCormick Road</u>                |   |                                   |                             |   |
| Double Room                          | \$3,830   | \$200                             | 5.22%                       | \$4,030   |
| Small Double Room                    | \$3,590   | \$190                             | 5.29%                       | \$3,780   |
| Single                               | \$3,990   | \$210                             | 5.26%                       | \$4,200   |
| <u>Lawn</u>                          |   |                                   |                             |   |
| Single                               | \$4,520   | \$230                             | 5.09%                       | \$4,750   |
| Single (no fireplace)                | \$4,410   | \$230                             | 5.22%                       | \$4,640   |
| <u>Range</u>                         |   |                                   |                             |   |
| Regular Single                       | \$4,520   | \$230                             | 5.09%                       | \$4,750   |
| Twelve Month Rate:                   |   |                                   |                             |   |
| Regular Single (new 2008-2009)       | n/a   | n/a                               | n/a                         | \$6,630   |
| <u>Crackerbox</u>                    |   |                                   |                             |   |
| Single Room (discontinued 2008-2009) | \$4,520   | n/a                               | n/a                         | n/a   |
| Twelve Month Rate:                   |   |                                   |                             |   |
| Single Room (new 2008-2009)          | n/a   | n/a                               | n/a                         | \$6,630   |
| <u>Mary Munford/Roberta Gwathmey</u> |   |                                   |                             |   |
| Double Room                          | \$3,980   | \$210                             | 5.28%                       | \$4,190   |
| Single Room                          | \$4,520   | \$230                             | 5.09%                       | \$4,750   |
| <u>Sprigg (Lewis/Hoxton)</u>         |   |                                   |                             |   |
| Double Room                          | \$4,370   | \$230                             | 5.26%                       | \$4,600   |
| Small Double Room                    | \$4,160   | \$220                             | 5.29%                       | \$4,380   |
| Single Room                          | \$4,730   | \$240                             | 5.07%                       | \$4,970   |
| Single Room (with bathroom)          | \$4,930   | \$250                             | 5.07%                       | \$5,180   |
| <u>Gooch/Dillard</u>                 |   |                                   |                             |   |
| Double Room                          | \$4,370   | \$230                             | 5.26%                       | \$4,600   |
| Single Room                          | \$4,730   | \$240                             | 5.07%                       | \$4,970   |
| Twelve Month Rate:                   |   |                                   |                             |   |
| Single Room                          | \$6,230   | \$400                             | 6.42%                       | \$6,630   |

| <u>Facility</u>                            | <u>Actual<br/>2007-2008<br/>Per Student<br/>Per Session</u> | <u>Amount<br/>of<br/>Increase</u> | <u>Percent<br/>of<br/>Increase</u> | <u>Proposed<br/>2008-2009<br/>Per Student<br/>Per Session</u> |
|--|---|-----------------------------------|------------------------------------|---|
| <u>Hereford College</u>                    |   |                                   |                                    |   |
| Double Room                                | \$4,370   | \$230                             | 5.26%                              | \$4,600   |
| Single Room                                | \$4,680   | \$240                             | 5.13%                              | \$4,920   |
| <u>French House</u>                        |   |                                   |                                    |   |
| Large Double Room                          | \$4,500   | \$230                             | 5.11%                              | \$4,730   |
| Double Room                                | \$4,370   | \$230                             | 5.26%                              | \$4,600   |
| Single Room                                | \$4,820   | \$250                             | 5.19%                              | \$5,070   |
| <u>Russia House</u>                        |   |                                   |                                    |   |
| Double Room                                | \$4,350   | \$230                             | 5.29%                              | \$4,580   |
| Single Room                                | \$4,750   | \$240                             | 5.05%                              | \$4,990   |
| <u>Spanish House</u>                       |   |                                   |                                    |   |
| Double Room                                | \$4,370   | \$230                             | 5.26%                              | \$4,600   |
| Single Room                                | \$4,820   | \$250                             | 5.19%                              | \$5,070   |
| <u>Shea House</u>                          |   |                                   |                                    |   |
| Double Room                                | \$4,370   | \$230                             | 5.26%                              | \$4,600   |
| Single Room                                | \$4,820   | \$250                             | 5.19%                              | \$5,070   |
| Apartments - Single Student                |   |                                   |                                    |   |
| <u>Copeley Hill III, IV, Lambeth Field</u> |   |                                   |                                    |   |
| Two Bedroom (double occupancy)             | \$4,400   | \$230                             | 5.23%                              | \$4,630   |
| Three Bedroom (double occupancy)           | \$4,290   | \$220                             | 5.13%                              | \$4,510   |
| <u>Bice House</u>                          |   |                                   |                                    |   |
| Two Bedroom (double occupancy)             | \$4,400   | \$230                             | 5.23%                              | \$4,630   |
| Three Bedroom (double occupancy)           | \$4,290   | \$220                             | 5.13%                              | \$4,510   |
| Single                                     | \$4,800   | \$250                             | 5.21%                              | \$5,050   |
| <u>Faulkner (Hench, Mitchell, Younger)</u> |   |                                   |                                    |   |
| Single                                     | \$4,800   | \$250                             | 5.21%                              | \$5,050   |
| Large Single                               | \$5,600   | \$280                             | 5.00%                              | \$5,880   |
| Apartments - Family (per month)            |   |                                   |                                    |   |
| <u>Copeley Hill I &amp; II</u>             |   |                                   |                                    |   |
| One Bedroom (furnished)                    | \$695   | \$10                              | 1.44%                              | \$705   |
| One Bedroom (unfurnished)                  | \$670   | \$5                               | 0.75%                              | \$675   |
| Two Bedroom (furnished)                    | \$845   | \$10                              | 1.18%                              | \$855   |
| Two Bedroom (unfurnished)                  | \$809   | \$16                              | 1.98%                              | \$825   |
| Three Bedroom (furnished)                  | \$909   | \$36                              | 3.96%                              | \$945   |
| Three Bedroom (unfurnished)                | \$872   | \$35                              | 4.01%                              | \$907   |
| <u>University Gardens</u>                  |   |                                   |                                    |   |
| One Bedroom (furnished)                    | \$674   | \$27                              | 4.01%                              | \$701   |
| One Bedroom (unfurnished)                  | \$644   | \$26                              | 4.04%                              | \$670   |
| Two Bedroom (furnished)                    | \$810   | \$32                              | 3.95%                              | \$842   |
| Two Bedroom (unfurnished)                  | \$773   | \$31                              | 4.01%                              | \$804   |
| <u>Summer School</u>                       |   |                                   |                                    |   |
| Per Night                                  | \$18.25   | \$0.75                            | 4.11%                              | \$19  |

| <u>Facility</u>  | <u>Actual<br/>2007-2008<br/>Per Student<br/>Per Session</u> | <u>Amount<br/>of<br/>Increase</u> | <u>Percent<br/>Increase</u> | <u>Proposed<br/>2008-2009<br/>Per Student<br/>Per Session</u> |
|--|---|-----------------------------------|-----------------------------|---|
| <u>College at Wise</u>   |   |                                   |                             |   |
| McCraray   | \$3,456   | \$208                             | 6.02%                       | \$3,664   |
| Asbury, Thompson, Henson<br>Randolph, Townhouses,<br>Theme Housing, Culbertson | \$3,994   | \$230                             | 5.76%                       | \$4,224   |

Notes:

1. Family Housing apartments are approaching or at market.
2. Summer School stay is a 21-night minimum.
3. The rate for a double room used as a single is 135% of the double rate.
4. The rate for a double room used as a triple is 85% of the double rate.

| <u>MOUNTAIN LAKE BIOLOGICAL STATION</u> |                              |                                |                             |
|---|------------------------------|--------------------------------|-----------------------------|
| <u>Housing</u>                          | <u>Actual<br/>Daily 2007</u> | <u>Proposed<br/>Daily 2008</u> | <u>Percent<br/>Increase</u> |
| Dormitories                             | \$4.00                       | \$4.10                         | 2.50%                       |
| Cabins                                  | \$6.10                       | \$6.20                         | 1.64%                       |
| Apartments                              | \$6.10                       | \$6.20                         | 1.64%                       |

NOTES:

1. Apartments and cabins fees change when used as dormitories.
2. Rates for apartments and cabins were adjusted to be the same rate in 2007.

UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 7, 2008

COMMITTEE: Finance

AGENDA ITEM: I.B. 2008-2009 Tuition and Fees for Special Programs

BACKGROUND: The University has four programs whose academic year begins in May or June rather than in August. For that reason, the Finance Committee considers their tuition proposals each year at this meeting rather than in the spring.

DISCUSSION: All programs are priced according to program cost, market rates, and program demand.

Tuition and fees for the McIntire School of Commerce's Executive Program are proposed to remain unchanged in 2008-2009. The tuition portion of the price is proposed to increase by \$1,300 for Virginians and non-Virginians after an evaluation of market rates and to cover increasing program costs. At the same time, however, the McIntire School proposes to eliminate the \$1,300 cost of leasing a computer from the fees paid by students.

Tuition and fees for the School of Engineering and Applied Science's Accelerated Master's Program in Systems Engineering is proposed to increase by \$500 for all students, a 1.5 percent increase for Virginians and a 1.3 percent increase for non-Virginians. The proposed increase reflects increased cost of the program, as well as current market conditions.

Tuition and fees for the Darden School's MBA for Executives program is proposed to increase 6.25 percent for Virginians and non-Virginians to \$102,000 for the 22-month program after an evaluation of market rates and to cover increasing program costs.

Tuition and fees for the School of Continuing and Professional Studies' Post-Baccalaureate Pre-Medical Certificate Program is proposed to increase by six percent for Virginians (\$1,150) and non-Virginians (\$1,450) because of increasing program costs. The proposed tuition rates keep the program competitive with similar programs offered by peer institutions.

**ACTION REQUIRED: Approval by the Finance Committee and by the Board of Visitors**

**APPROVAL OF 2008-2009 TUITION AND FEES FOR CERTAIN PROGRAMS**

RESOLVED that the tuition and fees applicable to the following programs be approved as shown below, effective May 1, 2008:

|  | Virginian           |                       |                     |                     | Non-Virginian       |                       |                     |                     |
|--|---------------------|-----------------------|---------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|
|  | 2007-08<br>Approved | Amount<br>of Increase | Percent<br>Increase | 2008-09<br>Proposed | 2007-08<br>Approved | Amount<br>of Increase | Percent<br>Increase | 2008-09<br>Proposed |
| MBA for Executives   | \$96,000            | \$6,000               | 6.25%               | \$102,000           | \$96,000            | \$6,000               | 6.25%               | \$102,000           |
| The price is all inclusive for the 22 months of the full program. The price includes fees of approximately \$24,500, including estimated 2008-2009 and 2009-2010 special session mandatory fees, books, materials, computer leasing, software licenses, group meals, and lodging over the 22 month period. |                     |                       |                     |                     |                     |                       |                     |                     |
| MIT  | \$34,900            | \$0                   | 0%                  | \$34,900            | \$39,900            | \$0                   | 0%                  | \$39,900            |
| The price includes fees of approximately \$9,600, including the estimated 2008-2009 for special session mandatory fees, books, materials, software licenses, group meals, and lodging.   |                     |                       |                     |                     |                     |                       |                     |                     |
| Systems Eng.   | \$32,500            | \$500                 | 1.54%               | \$33,000            | \$37,500            | \$500                 | 1.33%               | \$38,000            |
| The price includes fees of approximately \$12,500, including the estimated 2008-2009 special session mandatory fee, books, materials, technology, group meals, and lodging.  |                     |                       |                     |                     |                     |                       |                     |                     |
| Post-Bac,<br>Pre-Med   | \$19,100            | \$1,150               | 6.02%               | \$20,250            | \$24,100            | \$1,450               | 6.02%               | \$25,500            |
| The price includes the estimated 2008-2009 full-time mandatory fees.   |                     |                       |                     |                     |                     |                       |                     |                     |

UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 7, 2008

COMMITTEE: Finance

AGENDA ITEM: I.C. Capital Project Reviews  
1. Financial Plans  
2. Intent to Issue Tax Exempt Debt  
3. Budget and Scope Reviews

FINANCIAL PLANS FOR NEW CAPITAL PROJECTS

BACKGROUND: Normally, the Board of Visitors approves major capital projects every two years as part of the Six Year Major Capital Project program. When the University identifies new capital projects outside the Six Year Major Capital Project cycle, the projects require approval by the Finance and Buildings and Grounds Committees. In addition, the Finance Committee is responsible for the review of the financial plans. Recently several new projects have been identified, particularly in conjunction with the December update of the Medical Center's Long Range Plan. The Finance Committee will review financial plans for these new projects and the Buildings and Grounds Committee will review the projects for inclusion in the Major Capital Projects Plan.

DISCUSSION: The proposed projects include projects for which the University will request general funds and use self-generated funds, such as utility recoveries, gifts, and Medical Center operating funds; and projects to be financed with University debt. The Administration reviewed the preliminary business plans for each of the proposals and found them acceptable. Project budgets have been developed using current cost benchmarks for the particular type of construction escalated to an expected midpoint of construction. On the following page is a description of the financial plan for each proposed project, including identified fund sources, the repayment of debt service, and how any incremental operating and maintenance costs will be funded.

The project proposed by the College at Wise, a revision from a similar project approved by the Board of Visitors in February 2007 as part of the 2008-2014 Six Year Capital Outlay Plan, is dependent upon state general funds and private fundraising; if these funds are not forthcoming, the projects

will not proceed. If approved by the Board of Visitors, the College at Wise will forward this revised project to the General Assembly for consideration in the current session.

*Overall Debt Assessment*

The University's Director of Treasury Operations has conducted a debt assessment to evaluate the impact of these new projects on the University's key debt ratios as outlined in the Board of Visitors approved debt policy. It is the University's assessment that increasing our current debt load by the total of \$66.55 million sought for these projects will not jeopardize internal guidelines for financial ratios in the short run.

ACADEMIC DIVISION

*Replace Field at The Park*                      *University Debt: \$1,400,000*

The proposed project will replace an existing outdoor natural grass playing field at The Park, the large intramural field near the Law School, with an artificial playing surface. The new field will provide a more durable playing surface to address issues related to significant wear that occurs each year, as well as during times of drought. The project will be financed with short-term debt (no more than three years) to be repaid from auxiliary revenues. There will not be an incremental operating and maintenance cost related to this project.

*Renovate Garrett Hall*                      *University Debt: \$11,000,000*  
*Maintenance Reserve: \$ 3,000,000*  
*Total: \$14,000,000*

This project preserves and stabilizes the 1907-1908 building, renews building systems, addresses code compliance, and renovates space to meet the core functional requirements of the Batten School for Leadership and Public Policy. If fundraising is successful, the project could be expanded to either (1) upgrade and renovate the Annex or (2) demolish the Annex and construct 6,000 gross square foot wings at the east and west sides of the building. The project will be financed with debt to be repaid from the endowment income from the Batten gift and a \$3 million contribution from maintenance reserve. There will not be an incremental operating and maintenance cost related to this project unless new space is added.

*Acquire Montesano*

*University Local Funds: \$1,500,000  
to \$1,700,000*

This project acquires Montesano, located at 465 Crestwood Drive, off the Old Ivy Road, and approximately three acres from the University of Virginia Foundation. The University of Virginia Foundation has relocated to the former Amvest Building recently given to the University; the University's Center for Politics will be housed in Montesano. The University will fund the project with investment earnings; operating and maintenance costs are expected to be funded from state general funds and tuition.

*Expand and Replace Science/  
Engineering Chiller Plant*

*Utility Recoveries: \$12,750,000  
University Debt: \$8,250,000  
Total: \$21,000,000*

This project replaces the chillers located in Olsson Hall and expands the cooling capacity of the McCormick Road central chilled water system. This is critical to serve new facilities planned for the precinct, including Bavaro Hall, the Information Technology Engineering Building, the College of Arts and Sciences Research Building and the new Alderman Road residence halls. The debt service will be repaid from utility recoveries. Incremental operating and maintenance costs will be funded from state general funds, tuition, and utility recoveries.

UNIVERSITY OF VIRGINIA'S COLLEGE AT WISE

*Renovate Greear Gym and  
Construct Convocation Center*

*General Funds: \$30,000,000  
Gifts: \$5,000,000  
Total: \$35,000,000*

This revised project will renovate and modernize the 1961 Greear Gym for \$5 million and construct a convocation center (\$30 million) to ease the burden of planning large indoor gatherings for both the College and community. This project is dependent upon attaining state general funds and private funding, and the Administration will not allow construction of this project to begin until funding has been identified and confirmed. Previously the Board of Visitors approved a \$46.7 million (\$16.8 million general fund request) project to renovate Greear Gym and construct an addition to the Recreation Center. The College has replaced that project with this revised proposal and will forward this revised project to the General Assembly for consideration in the 2008 session. It is expected that incremental operation and maintenance costs for the Convocation Center will be funded from state general funds and tuition.

MEDICAL CENTER

University Hospital (UH) - University Debt: \$14,500,000  
Renovate Heart Center Hospital Operating Funds: \$1,083,000  
Total: \$15,583,000

This project will reconfigure current space, add additional catheter labs, add a stereotaxis room, enclose an open mezzanine, and add a hallway. The project adds 1,100 gross square feet and renovates 20,500 gross square feet. The debt service will be repaid from hospital operating funds.

UH - Add Two Operating Rooms University Debt: \$14,200,000  
and a Magnetic Resonance Hospital Operating Funds: \$94,000  
Imaging Room Total: \$14,294,000

This project replaces two rooms with two operating rooms (ORs) and adds a Magnetic Resonance Imaging (MRI) room situated in between the two ORs. The project budget also includes approximately \$6.7 million in equipment needed for the new rooms. These additions are needed to meet the critical care requirements of the region. The debt service will be repaid from hospital operating funds.

UH - Renovate Surgical University Debt: \$6,500,000  
Pathology Laboratory Hospital Operating Funds: \$81,250  
Total: \$6,581,250

This project renovates 8,800 gross square feet to develop a larger surgical pathology lab in order to accompany the volume of work that goes along with 26 operating rooms, plus four additional planned operating rooms. The debt service will be repaid from hospital operating funds.

UH - Add Elevators University Debt: \$7,500,000  
Hospital Operating Funds: \$94,000  
Total: \$7,594,000

The Medical Center has elevator wait times that are longer than acceptable. A consultant has advised the addition of a bank of two elevators across the elevator lobby from the existing West visitor elevators. The debt service will be repaid from hospital operating funds.

UH - Renovate Hospital Operating Funds: \$21,212,000  
Radiology Department

This project will improve and upgrade the radiology department including circulation, patient preparation and holding, the front entrance, and reading areas. The plan is the result of a review by external consultants.

*Primary Care Center Hospital Operating Funds: \$6,581,000*  
*Repair Brick/Replace Roof*

This project replaces the exterior brick façade of the Primary Care Center and the roof.

*Construct Moser Vault Hospital Operating Funds: \$2,507,000*  
*Addition*

This project adds 1,500 gross square feet for a second linear accelerator and 1,500 gross square feet for additional support space. It will be located at the Moser Radiation Therapy Center on the Ivy Road.

*Upgrade West Main Street University Debt: \$3,300,000*  
*Streetscape and Utilities Grants: \$700,000*  
*Total \$4,000,000*

This project upgrades the area along the south side of West Main Street from the Patton house/Core Lab Building to the intersection of West Main Street and Jefferson Park Avenue. The scope includes increasing the capacity of utilities and placing them underground, executing intersection improvement, widening the sidewalk, and adding site furnishings and landscaping. The debt service will be repaid from hospital operating funds. The City of Charlottesville is contributing \$700,000 as a partial match in funding.

**ACTION REQUIRED:** Approval by the Finance Committee and by the Board of Visitors

**APPROVAL OF FINANCIAL PLANS FOR NEW CAPITAL PROJECTS AND BUDGET AMENDMENT TRANSMISSION TO GENERAL ASSEMBLY**

WHEREAS, the University proposes that the following new capital projects be added to the University's Major Capital Projects Program:

|  |              |
|--|--------------|
| Replace Field at The Park  | \$1,400,000  |
| Renovate Garrett Hall  | \$14,000,000 |
| Acquire Montesano  | \$1,700,000  |
| Upgrade Science/Engineering Chiller Plant                              | \$21,000,000 |
| College at Wise - Renovate Greear Gym and Construct Convocation Center | \$35,000,000 |
| University Hospital (UH) - Renovate Heart Center                       | \$15,583,000 |
| UH - Add Operating and MRI Rooms                                       | \$14,294,000 |
| UH - Renovate Surgical Pathology Lab                                   | \$6,581,250  |
| UH - Add Elevators   | \$7,594,000  |
| UH - Renovate Radiology Department                                     | \$21,212,000 |
| Primary Care Center - Repair Brick/Replace Roof                        | \$6,581,000  |

|  |                    |
|--|--------------------|
| Construct Moser Vault Addition                   | \$2,507,000        |
| Upgrade W. Main Street Streetscape and Utilities | <u>\$3,300,000</u> |
| TOTAL  | \$150,752,250      |

RESOLVED, the Board of Visitors deems the financial plans for the new capital outlay projects proposed to be added to the University's Major Capital Projects Program to be reasonable and complete, and approves them; and

RESOLVED FURTHER, the Executive Vice President and Chief Operating Office is authorized to transmit the revised budget amendment for the College at Wise for the Renovate Greear Gym/Construct Convocation Center capital project to the General Assembly.

INTENT TO ISSUE TAX-EXEMPT DEBT

BACKGROUND: Under federal tax regulations, the Board of Visitors must pass an intent-to-issue resolution prior to the University issuing tax-exempt debt to reimburse itself for certain qualified expenditures.

This resolution will also allow the University to provide short-term financing for the projects through the University's commercial paper program, where appropriate. Short-term financing may be provided for capital projects only after a project's business plan, including documentation of the project's fiscal soundness, has been approved by senior management.

This resolution does not authorize the University to issue long-term debt. Prior to the University issuing long-term debt, the Board of Visitors will be asked to approve a separate issuance resolution.

DISCUSSION: The University is presenting the capital projects listed below for the Board of Visitors' consideration under this intent-to-issue resolution. Approval of the intent-to-issue for each project listed is contingent upon Board of Visitors approval of the related project.

| Project  | Requested Intent to Issue Authorization | Total of Requested and Previous Intent to Issue Authorizations |
|--|---|--|
| <b>ACADEMIC DIVISION:</b>                                      |   |  |
| Claude Moore Medical Education Building                        | \$10,300,000                            | \$10,300,000   |
| Renovate Garrett Hall  | \$11,000,000                            | \$11,000,000   |
| "Rugby Road Administrative Building" Renovation                | \$17,200,000                            | \$17,200,000   |
| Replace Field at The Park                                      | \$1,400,000                             | \$1,400,000  |
| Expand and Replace Science/Engineering Chiller Plant           | \$8,250,000                             | \$8,250,000  |
| Printing and Copying Services Addition                         | \$300,000                               | \$1,300,000  |
| Upgrade of Central Grounds Medium Temperature Hot Water Piping | \$10,100,000                            | \$10,100,000   |
| <b>MEDICAL CENTER</b>  |   |  |
| Balcony(Bed) Expansion   | \$18,000,000                            | \$80,200,000   |
| Bed Remodeling Project   | \$25,800,000                            | \$25,800,000   |
| Fontaine Clinical Office Building Third Floor Fit-out          | \$4,000,000                             | \$21,325,000   |
| Upgrade West Main Street Streetscape and Infrastructure        | \$3,300,000                             | \$3,300,000  |
| University Hospital - Heart Center                             | \$14,500,000                            | \$14,500,000   |
| Renovate University Hospital - Elevators                       | \$7,500,000                             | \$7,500,000  |
| University Hospital - Surgical Pathology Lab                   | \$6,500,000                             | \$6,500,000  |
| University Hospital - Two Operating Rooms and MRI Room         | \$14,200,000                            | \$14,200,000   |
| <b>COLLEGE AT WISE</b>   |   |  |
| New Dining Hall  | \$2,600,000                             | \$9,600,000  |
| New Residence Hall   | \$1,000,000                             | \$9,000,000  |

**ACTION REQUIRED:** Approval by the Finance Committee and by the Board of Visitors

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:

ACADEMIC DIVISION

Claude Moore Medical Education Building  
Renovate Garrett Hall  
"Rugby Road Administrative Building" Renovation  
Replace Field at The Park  
Expand and Replace Science/Engineering Chiller Plant  
Printing and Copying Services Addition  
Upgrade of Central Grounds Medium Temperature Hot  
Water Piping

MEDICAL CENTER

Balcony(Bed) Expansion  
Bed Remodeling Project  
Fontaine Clinical Office Building Third Floor Fit-out  
Upgrade West Main Street Streetscape and Infrastructure  
University Hospital - Heart Center  
Renovate University Hospital - Elevators  
University Hospital - Surgical Pathology Lab  
University Hospital - Two Operating Rooms and MRI Room

COLLEGE AT WISE

New Dining Hall  
New 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 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 provides debt financing for a particular project, the appropriate school or unit remains responsible for repaying the incurred debt, even if the project is not ultimately completed;

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 incurred for each project 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:

ACADEMIC DIVISION

Claude Moore Medical Education Building = \$10,300,000

Renovate Garrett Hall = \$11,000,000

"Rugby Road Administration Building" Renovation = \$17,200,000

Replace Field at The Park = \$1,400,000

Expand and Replace Science/Engineering Chiller Plant =  
\$8,250,000

Printing and Copying Services Additions = \$300,000 (total of  
this and all prior approvals = \$1,300,000)

Upgrade of Central Grounds Medium Temperature Hot Water Piping = \$10,100,000

MEDICAL CENTER

Balcony (Bed) Expansion = \$18,000,000 (total of this and all prior approvals = \$80,200,000)

Bed Remodeling Project = \$25,800,000

Fontaine Clinical Office Building Third Floor Fit-out = \$4,000,000 (total of this and all prior approvals = \$21,325,000)

Upgrade West Main Street Streetscape and Infrastructure = \$3,300,000

University Hospital - Heart Center = \$14,500,000

Renovate University Hospital - Elevators = \$7,500,000

University Hospital - Surgical Pathology Lab = \$6,500,000

University Hospital - Two Operating Rooms and MRI Room = \$14,200,000

COLLEGE AT WISE

New Dining Hall (requested) = \$2,600,000 (total of this and all prior approvals = \$9,600,000)

New Residence Hall (requested) = \$1,000,000 (total of this and all prior approvals = \$9,000,000); and

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

RESOLVED FURTHER, 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 to and approved by senior management;
3. Short-term financing shall not exceed sixty months in maturity; and

4. The school or unit remains responsible for repaying any debt obligation incurred regardless of the status of the capital project.

#### BUDGET AND SCOPE REVIEWS FOR CAPITAL PROJECTS

BACKGROUND: In accordance with the policy adopted by the Board of Visitors in October 2004, all capital project budget increases in excess of ten percent require the approval of the Finance and Buildings and Grounds Committees. In addition, the administration will occasionally provide information refining or modifying the scope which will be achieved within the approved budget.

DISCUSSION: The University administration has three capital projects for review at this meeting.

- (1) Hospital Bed Remodeling Project (previously approved as the General Clinical Research Center/Psychiatry Beds Relocation) - In 2006, a \$25.73 million capital project was approved to renovate space in the Medical Center to consolidate psychiatric beds and relocate the General Clinical Research Center (GCRC). The purpose of the project was to increase available inpatient beds. Recently the scope of the project, but not the budget or the purpose, has been revised to include the renovation of the University Hospital Eighth Floor 9 Bed Acuity Adaptable Unit and GCRC, the Third Floor 7 Bed Critical Care Unit, and the Short Stay Unit. Additionally, the University requests a change in the fund source from hospital operating revenues to University debt. The University debt will be repaid from hospital operating revenues.
- (2) Clinical Office Building Third Floor Build-Out - This project builds out 21,600 gross square feet in the Clinical Office Building at 415 Ray C. Hunt Drive in the Fontaine Research Park. The building was designed and built by the Health Services Foundation and acquired by the University in 2004. The original approved scope and budget of the project included a completed third floor; however the third floor was eventually shelled rather than completed. The Medical Center has now determined that the third floor will house a newly created multidisciplinary spine center, Sports Medicine (relocating from the McCue Building), and Radiology Services to support both clinics. Completing the third floor build-out at this time will require a budget

increase of \$4 million on the original \$17.325 million project budget, an increase of 23 percent. The increase will be funded from University debt. The University debt will be repaid from hospital operating revenues.

- (3) Printing and Copying Services Addition - At its September 29, 2007 meeting, the Board of Visitors approved a 15,000 gross square foot, \$2.6 million addition to the existing Printing and Copying Services facility at 2474 Old Ivy Road. The addition provides much needed additional production and storage space and replaces an existing scissor-lift with a loading dock. It is now expected that the budget for this facility will be \$3.3 million, an increase of 17.8 percent over the approved budget. The increase is related to 1) changing the facility construction from pre-fabricated metal construction to a concrete masonry with brick veneer in order to be both structurally and architecturally congruent; 2) site requirements, including utilities and storm water management; and 3) costs for Leadership in Energy and Environmental Design (LEED) certification. The increase in the project budget will be funded from auxiliary revenues and debt.

#### *Overall Debt Assessment*

The University's Director of Treasury Operations has conducted a debt assessment to evaluate the impact of these budget amendments to the University's key debt ratios as outlined in the Board of Visitors approved debt policy. It is the University's assessment that the total new debt funding of \$30.03 million sought for these project budget amendments will not jeopardize internal guidelines for financial ratios. By accepting this assessment, the Board of Visitors does not authorize the issuance of debt or any other long-term financial obligation; rather the Board of Visitors approves the use of debt for these budget increases.

ACTION REQUIRED: Approval by the Finance Committee and by the Board of Visitors

APPROVAL OF PROJECT SCOPE AND BUDGET MODIFICATIONS

RESOLVED, the Board of Visitors approves the scope modification and change in funding to University debt for the Hospital Bed Remodeling Project (previously approved as the General Clinical Research Center/Psychiatry Beds Relocation to be funded from hospital operating revenues); the budget increases for the Clinical Office Building Third Floor Fit-out (increase of \$4 million to \$21.325 million); and the Printing and Copying Services Addition (increase of \$700,000 to \$3.3 million).

UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 7, 2008

COMMITTEE: Finance

AGENDA ITEM: I.D. Medical Center Quasi-Endowment

BACKGROUND: In June 1996, the Board of Visitors authorized the Executive Vice President and Chief Operating Officer to approve individual quasi-endowment transactions, including establishments and divestments, which are less than \$2 million. Individual quasi-endowment transactions of \$2 million or more require the approval of the Board of Visitors.

DISCUSSION: The State Treasurer has held in trust for many years a Medical Center depreciation reserve required under prior bond issues that were specific to the Medical Center. In May 2005, we applied for and received an opinion from external bond counsel that the regulations and agreements would permit the University to withdraw those funds to spend or manage. Because the University, like the State Treasurer, was governed strictly by the state's Investment of Public Funds Act (IPFA), there was no economic benefit to transferring the funds to University management at that time. We would not have been able to improve on the investment return earned by the State given its larger scale.

The 2007 General Assembly approved a legislative amendment that allows the University to invest most of its reserves in instruments beyond those allowed by the IPFA, including the UVIMCO Long-Term Pool. It is now beneficial to transfer the depreciation reserve funds from the State Treasurer to be managed by the University.

The Medical Center wishes to create a quasi-endowment with the funds withdrawn. The purpose of the quasi-endowment would be to fund the costs of future acquisition or construction of hospital capital assets. Endowment distributions would be reinvested until the funds were needed. The initial withdrawal from the depreciation reserve would be \$87 million, and is proposed to be invested immediately in the Long-Term Pool as a quasi-endowment. Establishing a quasi-endowment in excess of \$2 million requires consideration and approval by the Board of Visitors.

ACTION REQUIRED: Approval by the Finance Committee and by the Board of Visitors

APPROVAL OF MEDICAL CENTER QUASI-ENDOWMENT

WHEREAS, the Board of Visitors must approve the creation of any quasi-endowment greater than \$2 million; and

WHEREAS, the Medical Center has a long-range plan that provides for acquisition or construction of capital assets;

RESOLVED, the Board of Visitors authorizes the establishment of a quasi endowment to fund costs of future acquisition or construction of hospital capital assets; and

RESOLVED FURTHER, the Vice President and Chief Financial Officer is authorized to deposit subsequent amounts of up to an additional \$300 million over the next three years without further Board of Visitors approval.

UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 7, 2008

COMMITTEE: Finance

AGENDA ITEM: I.E. Collaborative Educational and Research Initiatives with Rolls-Royce

BACKGROUND: Following months of negotiations with several states, Rolls-Royce in November announced its decision to locate a jet engine manufacturing facility in Virginia; the facility is to be built on a 1,050-acre parcel in Prince George County, to the east of Petersburg. It is estimated that the manufacturing facility and related business will bring approximately 500 jobs to Prince George County and another 100 jobs to northern Virginia. An integral part of the decision to relocate this manufacturing operation to Virginia was Rolls-Royce's interest in creating a partnership with the Commonwealth of Virginia, the University of Virginia, Virginia Polytechnic Institute and State University and the Virginia Community College System for a number of joint research and education initiatives related to business, mechanical engineering and aerospace technology.

DISCUSSION: The parties (University of Virginia, Virginia Tech, Virginia Community College System, Rolls-Royce, Prince George County, and the Commonwealth) signed a Memorandum of Understanding on November 20, 2007. The Board of Visitors must ratify the University's participation and authorize the University or its affiliate (the University of Virginia Foundation), as appropriate, to accept approximately ten acres in Prince George County and to construct and manage the Commonwealth Center for Advanced Manufacturing facility on the property.

The educational and research initiatives with Rolls-Royce are summarized as follows:

1. The Commonwealth Center for Advanced Manufacturing

The University of Virginia (or its affiliate) will build a facility on the 1,050-acre site in Prince George County to house the Commonwealth Center for Advanced Manufacturing. The facility will include office space, research labs, and training facilities. Rolls-Royce will transfer approximately ten acres of land to the University and the University

will construct and own the building. The University will develop a business plan that will identify revenues and sources of funds necessary to cover the capital and operating costs of the Center, which may include charges to the tenants in the form of rent and/or subscription fees. Other tenants may include Rolls-Royce industry partners and other academic institutions.

The Commonwealth Center will integrate experience and academics from across Engineering- and Business-related subjects to meet the growing needs for research in advanced manufacturing. Rolls-Royce, the University of Virginia, and Virginia Tech will be founding members of the Center and will have seats on the Board of Directors, with the University of Virginia and Virginia Tech taking the lead on day-to-day management through a full-time Director.

2. The Commonwealth Center for Aerospace Propulsion Systems (CAPS). The University and Virginia Tech will create a Center for Aerospace Propulsion Systems (CAPS), bringing together existing disciplines at the University and Virginia Tech to collaborate on specific research activities with Rolls-Royce. The Director will be jointly aligned with Virginia Tech and the University through appropriate appointments at both universities, and will work with an advisory board which will include the deans of Engineering at both institutions and a Rolls-Royce representative.
3. Educational Partnership. Educational collaboration among the Commonwealth, the University of Virginia, Virginia Tech and the Virginia Community College System will include K-12 initiatives, community college programs, and enhancements to undergraduate and graduate engineering and business education at the University of Virginia and Virginia Tech. The two institutions together receive a tremendous benefit from this partnership. The Commonwealth will fund the following over a period of five years beginning in fiscal year 2009-2010: \$23.5 million for professorships; \$2.5 million for sponsored research; \$4 million for mechanical engineering lab renovations; \$5 million for graduate student support; \$2 million for an internship endowment; and \$1 million for engineering programs. The table below shows the plan for the universities to receive the Commonwealth's funding on this project. In addition, Rolls-Royce is obligated to spend \$25 million with the universities over ten years. The University of Virginia will hire eight faculty members in the School of

Engineering, over a five year period, with a value of \$4,800,000, as its contribution to the collaboration.

| Item                       | State Fiscal Year  |                    |                    |                    |                    | Total               |
|----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
|                            | 2009-2010          | 2010-2011          | 2011-2012          | 2012-2013          | 2013-2014          |                     |
| Chaired Professorships     | \$5,500,000        | \$3,000,000        | \$5,000,000        | \$5,000,000        | \$5,000,000        | \$23,500,000        |
| Sponsored Research         | \$500,000          | \$500,000          | \$500,000          | \$500,000          | \$500,000          | \$2,500,000         |
| Community College Programs | \$400,000          | \$400,000          | \$400,000          | \$400,000          | \$400,000          | \$2,000,000         |
| Lab Renovations            | \$2,000,000        | 2,000,000          |                    |                    |                    | \$4,000,000         |
| Graduate Student Endowment |                    | \$2,000,000        | \$1,000,000        | \$1,000,000        | \$1,000,000        | \$5,000,000         |
| Internship Endowment       |                    | \$1,000,000        |                    | \$1,000,000        |                    | \$2,000,000         |
| Engineering Programs (UVa) | \$200,000          | \$200,000          | \$200,000          | \$200,000          | \$200,000          | \$1,000,000         |
| <b>TOTAL</b>               | <b>\$8,600,000</b> | <b>\$9,100,000</b> | <b>\$7,100,000</b> | <b>\$8,100,000</b> | <b>\$7,100,000</b> | <b>\$40,000,000</b> |

**ACTION REQUIRED:** Approval by the Finance Committee and by the Board of Visitors

**APPROVAL OF COLLABORATIVE EDUCATIONAL AND RESEARCH INITIATIVES WITH ROLLS-ROYCE**

RESOLVED, the Board of Visitors supports an educational and research collaboration among the University of Virginia, the Commonwealth of Virginia, Virginia Polytechnic Institute and State University, the Virginia Community College System, Rolls-Royce North America (USA) Holdings Co., and related parties as set forth in the Memorandum of Understanding dated November 20, 2007, and signed by all parties; and

RESOLVED FURTHER, the Board of Visitors authorizes the University, or the University of Virginia Foundation, as appropriate, to accept approximately ten acres of land in Prince George County and to own and build on the property the Commonwealth Center for Advanced Manufacturing (CCAM), the construction and operating costs to be funded through charges to the tenants in the form of rent and/or subscription fees; and

RESOLVED FURTHER, the Executive Vice President and Chief Operating Officer is authorized to execute any and all documents necessary or desirable to effect the transfer of the property for the CCAM to the University or the University of Virginia Foundation, to construct and operate the CCAM facility,

to undertake and implement the collaborative initiatives enumerated in the Memorandum of Understanding executed by all parties on November 20, 2007, and to report periodically to the Board of Visitors on the progress of the foregoing.

UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 7, 2008

COMMITTEE: Finance

AGENDA ITEM: I.F. Approval to Form a Limited Liability Company and to Transfer Real Estate Owned by the University of Virginia and Located in Louisiana to that Entity

BACKGROUND: The University owns an undivided 1/6<sup>th</sup> interest in approximately 7,000 acres of property in Louisiana, specifically in the Parishes of Orleans, St. Bernard, and Richland. The other owners include Tulane University (1/6<sup>th</sup>); Trinity Church, New Orleans (1/6<sup>th</sup>); and members of the Hayne Family (1/2). The University received the real estate in a bequest from Mr. Hugh Vincent in 1972. The real estate is mostly swampland which restricts business and development opportunities. The property is unimproved and there are no active wells on the property; however, there are two active pipelines owned by private companies (Collins Pipeline Company and MOEM Pipeline, LLC) that traverse the property.

DISCUSSION: The owners of the property have agreed to form a limited liability company governed by Louisiana law to own, operate and manage the Louisiana property. On advice of local counsel, an LLC will better protect the owners from potential liability and also provide the several co-owners with a structure for making efficient and timely decisions on the utilization and disposition of the property. That structure should also avoid impediments to successful contract negotiations with potential third parties who may in the future be interested in the property. Virginia law, for example, prohibits the University as a state agency from accepting certain indemnification and arbitration provisions that are fairly customary in the private sector.

Although risk is negligible, theoretically all of the University's assets are exposed to claim or lawsuit arising out of the ownership or use of property where the University is for all practical purposes an absentee and minority owner. In the proposed LLC arrangement, the University's exposure would be limited to its ownership interest in the LLC.

Members will transfer their ownership interests to the LLC. A Management Committee composed of three institutional members and three members of the Hayne family will manage the LLC. The current economic benefit of owning this property also appears negligible and working with the other members to streamline and execute decisions should hopefully increase the earning potential of the asset.

ACTION REQUIRED: Approval by the Finance Committee and by the Board of Visitors

APPROVAL TO FORM A LOUISIANA LIMITED LIABILITY COMPANY AND  
TRANSFER THE HUGH VINCENT PROPERTY TO THAT ENTITY

WHEREAS, the University of Virginia owns a 1/6<sup>th</sup> undivided interest in approximately 7,000 acres in the Parishes of Orleans, St. Bernard, and Richland in Louisiana, this being the same real estate transferred to the University in a 1972 bequest by Mr. Hugh Vincent; and

WHEREAS, the University desires to better insulate itself from possible liability and exposure that may arise from owning a 1/6<sup>th</sup> interest in the property and also provide a structure for management of the property;

RESOLVED, the University's proposed transfer of its undivided interest in the said property to a Limited Liability Company is approved; and

RESOLVED FURTHER, the Executive Vice President and Chief Operating Officer is authorized to execute all documents pertaining to the creation and operation of the Limited Liability Company and the transfer of the real estate to the Limited Liability Company; and

RESOLVED FURTHER, the Executive Vice President and Chief Operating Office is authorized to appoint the University member to the Management Committee of the Limited Liability Company.

UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 7, 2008

COMMITTEE: Finance

AGENDA ITEM: II.A. Vice President's Remarks

ACTION REQUIRED: None

The Executive Vice President and Chief Operating Officer will inform the Board of Visitors of recent events that do not require formal action, but of which it should be made aware.

UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 7, 2008

COMMITTEE: Finance

AGENDA ITEM: II.B. Review of Debt Program and Policy

ACTION REQUIRED: None

BACKGROUND: In 2002, the University, with the assistance of third-party financial advisors, investment bankers, and bond counsel, developed a debt portfolio management program to provide external financing for its capital projects. In January 2003, the Board of Visitors received a report on the planned debt strategy and structure, and draft debt policy. Bonds were issued in connection with this program in March 2003 and June 2005.

In 2003, the University also (1) launched a commercial paper program to meet bridge-financing needs and (2) finalized master agreements with five potential counter-parties for debt derivatives.

At its April 2004 meeting, the Board of Visitors approved a policy to limit the reliance on variable rate debt to a maximum of 40 percent of total debt financing for construction projects.

The Vice President and Chief Financial Officer has responsibility for implementing the University's debt policies, developing debt strategy and structure, and managing the University's debt portfolio. A variety of oversight and monitoring mechanisms are in place.

DISCUSSION: An update will be provided on the University's debt portfolio management program, including a review of outcomes to date. The Board of Visitors will have the opportunity to discuss debt strategy and planning, future debt requirements and the allocation of debt capacity, and the oversight and monitoring processes currently in place. The following pages provide additional information to set the context for the discussion.

University of Virginia Debt Portfolio Management Program  
2008 Review by Board of Visitors' Finance Committee

I. INTRODUCTION

The chair of the Finance Committee has asked for a discussion of our debt program and capacity for future expansion. At the February 2008 meeting, we will highlight the key features of the program, report on current status and seek guidance from the Finance Committee on program and policy changes and issues for further research. Section IV lists suggested topics for discussion. At the April 2008 Finance Committee meeting, we will continue the review, in the context of long-term projections of future debt requirements. We will also seek approval for specific 2008 debt financing transactions.

II. HISTORY OF DECISIONS

A. Prior to 2002:

1. For new construction and major renovations, UVa began to move from dependence on the State for capital appropriations, to increasing the use of private gifts and debt financing.
2. Code of Virginia authorizes the Board of Visitors to issue debt on its own or through the Virginia College Bond Authority (VCBA). Debt service payments on such debt are UVa's responsibility. The balance on such debt at June 30, 2001, was \$351 million, or 7 percent of total assets.
3. Ninety-nine percent of the outstanding debt was fixed-rate level-amortization bonds, generally 20-year maturity; 1 percent was variable rate bonds.
4. UVa had AAA ratings from Moody's and Fitch rating agencies; and AA+ from S&P.

B. 2002 Initiative:

1. Executive Vice President (EVP/COO) assigned debt management responsibilities to Vice President and Chief Financial Officer (VP/CFO).
2. VP/CFO performed an analysis of debt financing costs through VCBA and proposed a new University program to reduce costs and increase flexibility.
3. The proposed University debt portfolio management program would use a diversified mix of debt instruments, create greater flexibility for debt management, and reduce borrowing costs by taking on

measured and acceptable risks. Included in the proposal were risk mitigation tools.

4. In October 2002, EVP/COO and VP/CFO obtained Finance Committee chair's support for the new program with two conditions:
  - a) apply the program going forward (leave the pre-2002 debt outside the new pool), and
  - b) limit the use of floating rate debt to 40 percent of total debt.

C. Debt Transactions under the New Program:

1. January 2003: Board of Visitors authorized a commercial paper program (the first in State government) of \$100 million for short-term bridge financing, instead of using internal funds. First draw occurred in November 2003.
2. February 2003: obtained upgrade from S&P to AAA.
3. March 2003: issued \$200 million of bonds, consisting of \$82 million variable rate bonds and \$118 million fixed rate bonds with varying maturities.
4. March 2003: began negotiating master agreements with five counter-parties for future derivative transactions as a risk management tool.
5. June 2005: issued \$200 million bonds (included refunding of outstanding commercial paper); all fixed rate, with a portfolio of maturities.
6. June 2005: obtained Board of Visitors approval to expand the commercial paper program to \$175 million.
7. Fall 2005: hired seasoned and talented debt manager from private sector into new position of Director of Treasury Operations. His primary responsibilities are to manage debt and to expand the debt pooling approach to working capital management.
8. December 2006: tax-exempt interest rates fall to all-time low; January 2007, we requested bids for our first derivative: locking in fixed interest rates for our anticipated 2008 bonds. Four of the five counter-parties bid, using the master agreements negotiated in 2003-2004. We accepted bids from two counter-parties for three tranches of \$50 million each.

D. Current Debt Status:

1. At 6/30/07, Outstanding commercial paper of \$64 million. Outstanding long-term debt of \$508 million. Total debt (\$572 million) is 9 percent of total assets of \$6.475 billion.

2. The University expects to issue around \$200 million of bonds between April 1 and June 30, 2008.
3. We have begun discussions about a consolidated debt strategy with the University of Virginia Foundation, which had outstanding debt at June 30, 2007 of \$269 million.

### III. OVERSIGHT AND MONITORING

- A. Debt strategy and transactions are governed by policies approved by the Board of Visitors.
- B. Regular debt reports are provided by VP/CFO to the Finance Committee.
- C. President's Critical Functions annual report requires benchmarking to best practices.
- D. Audit by Auditor of Public Accounts (APA).
- E. Periodic rating agency reviews.
- F. Audit by Internal Revenue Service.

### IV. DISCUSSION TOPICS FOR FINANCE COMMITTEE

- A. Have the objectives of the 2002 Debt Portfolio Management Program been met? What are the metrics for success? Are they appropriate? Should they be changed?
- B. Have the risk management tools been effective? Does the board have suggestions for additional or better risk management approaches?
- C. Are current oversight and monitoring practices adequate? How could they be improved?
- D. Could we increase our risk tolerance? For example, should we raise the board-imposed cap on variable-rate bonds?
- E. What is the optimal leveraging for UVa? What are the constraints and limits on borrowing?
- F. Internally, how should we allocate debt capacity among the various divisions, e.g., Medical Center, Athletics, Utilities, the schools, the other auxiliaries, etc.? Currently it is not a critical issue and VP/CFO has been performing informal assessments of divisional debt capacity since 2002. However, based on the size and timing of debt required for all planned capital projects, our policy limits on debt capacity may be reached as early as 2012.

UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 7, 2008

COMMITTEE: Finance

AGENDA ITEM: II.C. Enterprise Risk Management (Written Report)

ACTION REQUIRED: None

BACKGROUND: The University currently does not have a formal Enterprise Risk Management (ERM) program, but significant efforts toward risk assessment and management have been in place for several years. The Board of Visitors has continued to support these efforts and has demonstrated an interest in expanding the University's ERM initiatives.

The University has addressed risks in a variety of areas, including information technology risk planning, non-IT emergency preparedness, insurance for property and liability, and regulatory compliance, with the most advanced risk management programs in the area of hazard risk, including IT risk planning and emergency preparedness. The Information Technology Security Risk Management Program was approved in November 2004 and has been implemented. Every unit at the University is required to complete an IT security risk management plan at least once every three years. In addition, the new position of Director of Emergency Preparedness was filled in August 2007.

Thus, important hazard risks have been evaluated and strategies developed, but it is likely that there are operational and strategic risks that have not been analyzed.

DISCUSSION: In taking steps toward the implementation of a more formal ERM program, the University has launched a process to hire a consultant to assist in evaluating the University's current framework for risk assessment and efforts to manage strategic and operational risk.

UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 7, 2008

COMMITTEE: Finance

AGENDA ITEM: II.D. Endowment Report - Market Value and Performance as of September 30, 2007  
(Written Report)

ACTION REQUIRED: None

BACKGROUND: The University of Virginia Investment Management Company (UVIMCO) provides investment management to the Rector and Visitors and to the University's related Foundations. Assets deposited in UVIMCO are held in the custody and control of UVIMCO on behalf of the University and Foundations within a long-term co-mingled investment pool.

UVIMCO's primary objective in managing the pool is to maximize long-term real return commensurate with the risk tolerance of the University. To achieve this objective, UVIMCO actively manages the pool in an attempt to achieve returns that consistently exceed the returns on a passively managed benchmark with similar asset allocation and risk. Recognizing that the University must attract outstanding students, faculty, and staff and provide them appropriate resources, UVIMCO attempts to manage pool assets to provide long-term real returns that compare favorably with the returns of endowments of other outstanding schools. UVIMCO does not set spending rates. UVIMCO communicates the Pool's risk and return estimates to the University and Foundations for their consideration in setting spending rates.

DISCUSSION:

*PERFORMANCE*

During the quarter ended September 2007, the value of our long-term pool rose by \$550 million to \$4.9 billion. Most of this increase came from new contributions, primarily from the University's new internal bank. Investment return was \$150 million. This 3.3 percent return trailed both the 3.9 percent return of our policy benchmark and the 3.7 percent return of a passive mix of global stocks and bonds. The strong returns provided by our equity managers were partially offset by losses

incurred by some of our absolute return and credit managers. An unusually high cash balance also detracted from our return relative to benchmark. This summer proved to be a difficult period for investing the additional \$400 million we received from the University. Our policy portfolio indicates that we are approximately at our target for equities but significantly below our targets for real estate, credit, and absolute return. Because these were the asset classes most affected by the summer's liquidity crisis, we were cautious about making new investments. We studied markets and evaluated many opportunities but invested little. Only now in October have we begun to invest the past quarter's contributions.

### Opportunistic

During the quarter, several of our absolute return and credit managers incurred substantial losses. The proximate cause was the abrupt end of sub-prime mortgage refinancing. As house prices stopped rising, lower credit quality borrowers found it impossible to refinance their low teaser rates into new loans before their reset date. As the music stopped the prices of structured vehicles backed by these and other loans fell precipitously, liquidity evaporated, and distress rippled into other areas of the market. Many strategies that relied on leverage experienced losses. While none of our managers had exposure to sub-prime mortgages, some were nonetheless affected by this summer's de-leveraging. Our absolute return portfolio was down 4.6 percent, and our credit portfolio was down 0.5 percent, both faring worse than our benchmarks for these strategies. This ongoing readjustment of security prices presents new opportunities. Providing liquidity to the market during periods of distress is the essence of opportunistic investing. We have recently made meaningful new allocations to funds focused on purchasing distressed sub-prime mortgages. These commitments will be drawn over the next year or two as opportunities arise.

### Public Equity

For the equity investor leaving his portfolio on June 30 and revisiting its status on September 30, the quarter delivered a picture of placid and agreeable appreciation. For the intra-quarter observer, markets offered a far more turbulent story before ultimately reaching their satisfying quarter-end crescendo. The summer's liquidity crisis seems largely forgotten by equity markets. The global equity market rose by four percent during the quarter and 25 percent over the past year, largely driven by emerging markets, which rose by 15 percent for the quarter and an incredible 59 percent over the

year. This pace of capital appreciation in emerging markets is far more rapid than reported earnings growth and seems economically unsustainable. India and China, in particular, are exhibiting valuations that appear to be heavy on optimism and light on prudence. Our public equity portfolio experienced strong absolute and relative returns for the quarter, up 5.4 percent versus 3.6 percent for MSCI All Country World index, and 4.6 percent for our custom benchmark that overweights emerging markets. Our portfolio benefited from an intentional skew towards large cap growth and excellent stock selection by several concentrated managers.

### Long/Short Equity

Long/short equity manager returns varied widely this quarter as a result of an unusually wide divergence in performance across various segments of the global equity market. Within the US, large cap growth stocks rose by five percent while small cap value stocks fell by six percent. Geographically, the 15 percent return for emerging markets far outpaced the two percent return for the broad US market. Add to these diverse equity segment moves a melt-down in sub-prime credit in July and a shorter-term implosion of quantitatively managed equity funds in August, and the quarter provided a rich opportunity set for profiting both long and short.

Our best performing managers profited on both their long and short books. Many had net long exposure to the emerging markets, long positions in high quality growth companies, and short positions in smaller value companies. Our long/short portfolio was up 4.4 percent for the quarter, which outpaced both the 1.2 percent gain on the Tremont Long/Short Equity index and the 3.6 percent return on the MSCI All Country World index.

### Private Equity

Turmoil in the credit market has dramatically slowed the pace of public to private leveraged buyouts. This effect has been muted in the middle market, where we have made most of our commitments. In contrast to the syndicated loans that finance public to private deals, middle market buyouts are typically financed by regional banks who can keep the loans on their balance sheets. Financing still appears to be available for our buyout managers, though in somewhat lesser quantities and at higher interest rates.

This fiscal year we changed our private equity benchmark to a global index, recognizing the increasing globalization of the private equity opportunity set. The addition of the universe of

non-US funds to the database has elevated the backward looking reported performance of our private equity benchmark, partly as a result of foreign currency appreciation. Our recent private equity returns trail this new benchmark. Because of our high level of recent commitments, 40 percent of our private equity stems from the 2005-2006 vintages, twice the proportion reflected in the benchmark. These younger funds' returns are depressed by the normal private equity J-curve effect. Our returns match or exceed our benchmark over longer time periods.


#### Real Assets

We continue to find attractive investment opportunities in real estate and natural resources. We are investing with managers who generate returns primarily through development and improving asset value, not through merely leveraging stable cash flow. Our real asset managers typically develop new assets or acquire and reposition underperforming properties, with a significant value-added component to their activities. Like our private equity portfolio, the immature nature of our growing real assets portfolio depresses short-term returns relative to the mature portfolios represented in the Cambridge benchmarks. We expect this effect to dissipate in the coming years as our real assets portfolio matures.

#### Bonds and Cash

In response to the sub-prime mortgage related liquidity crisis this summer, bonds rallied, and the Fed cut the federal funds rate by 50 basis points. Yields on all government bonds declined, with short-term yields falling more than long-term yields. Our portfolio was well positioned for this steepening yield curve. We hold a government bond portfolio with equal price sensitivity to interest rates as our benchmark but with securities concentrated in short-term maturities; in other words, we hold a levered portfolio of two-year Treasury notes with duration equal to the Lehman Treasury Index. This portfolio returned 4.7 percent during the quarter versus a 3.8 percent return for the benchmark.

We plan to include the report for the quarter ended December 31, 2007, in your notebooks for the February 7, 2008 Finance Committee meeting.

  
**UNIVERSITY of VIRGINIA**  
 Investment Management Company  
**Investment Report**  
**September 30, 2007**  
**UVIMCO Long-Term Pool**

**Investment Activity**

|                                      | Month              | Fiscal Year to Date 2008 |
|--------------------------------------|--------------------|--------------------------|
| Beginning Investment                 | \$4,671,650,537.71 | \$4,342,439,947.24       |
| Beginning Shares                     | 970,415.02         | 907,377.41               |
| NAV Per Share at Beginning of Period | \$4,814.07         | \$4,785.70               |
| + Contributions                      | \$104,046,986.49   | \$418,664,206.97         |
| - Redemptions                        | (\$3,195,937.95)   | (\$11,593,081.57)        |
| + Investment Return                  | \$127,278,919.17   | \$151,772,722.85         |
| - UVIMCO Fees                        | (\$778,608.41)     | (\$2,281,898.48)         |
| Ending Investment                    | \$4,899,001,897.01 | \$4,899,001,897.01       |
| Ending Shares                        | 990,651.16         | 990,651.16               |
| NAV Per Share at End of Period       | \$4,945.23         | \$4,945.23               |

**Position Summary**

|                  | Portfolio | Target | Difference |
|------------------|-----------|--------|------------|
| Equity           | 68.8%     | 67.0%  | 1.8%       |
| Real Assets      | 4.9%      | 8.0%   | (3.1)%     |
| Opportunistic    | 9.4%      | 15.0%  | (5.6)%     |
| Government Bonds | 9.6%      | 10.0%  | (0.4)%     |
| Cash             | 7.3%      | 0.0%   | 7.3%       |
| Total            | 100.0%    | 100.0% | 0.0%       |

**Performance Summary**

|                              | Portfolio | Benchmark <sup>(1)</sup> | Difference |
|------------------------------|-----------|--------------------------|------------|
| Month Return                 | 2.7 %     | 4.8 %                    | (2.0)%     |
| 3-Month Return               | 3.3 %     | 3.9 %                    | (0.6)%     |
| Calendar Year-to-Date Return | 17.7 %    | 14.5 %                   | 3.2 %      |
| 1-Year Return                | 25.1 %    | 22.0 %                   | 3.1 %      |
| 3-Year Return                | 18.4 %    | 17.9 %                   | 0.5 %      |
| 5-Year Return                | 16.1 %    | 17.0 %                   | (0.9)%     |
| 10-Year Return               | 14.5 %    | 9.8 %                    | 4.7 %      |
| 20-Year Return               | 13.5 %    | 10.4 %                   | 3.1 %      |
| Fiscal Year 2007 Return      | 25.2 %    | 21.0 %                   | 4.3 %      |
| Fiscal Year 2006 Return      | 14.6 %    | 17.7 %                   | (3.2)%     |
| Fiscal Year 2005 Return      | 14.3 %    | 12.6 %                   | 1.6 %      |

**Investment Report**  
**September 30, 2007**  
**UVIMCO Long-Term Pool**

**Investment Performance**

|  |            |              |             |             | Annualized  |             |             |             |
|--|------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
|  | MO         | 3MO          | CYTD        | 1 YR        | 3 YR        | 5 YR        | 10 YR       | 20 YR       |
| <b>Total Pool</b>                            | <b>2.7</b> | <b>3.3</b>   | <b>17.7</b> | <b>25.1</b> | <b>18.4</b> | <b>16.1</b> | <b>14.5</b> | <b>13.5</b> |
| <i>Target Benchmark<sup>(2)</sup></i>        | <i>4.8</i> | <i>3.9</i>   | <i>14.5</i> | <i>22.0</i> | <i>17.9</i> | <i>17.0</i> | <i>9.8</i>  | <i>10.4</i> |
| <i>65% Equity / 35% Bonds<sup>(3)</sup></i>  | <i>3.7</i> | <i>3.7</i>   | <i>10.9</i> | <i>17.7</i> | <i>14.3</i> | <i>14.7</i> | <i>7.4</i>  | <i>8.5</i>  |
| <b>Equity<sup>(4)</sup></b>                  | <b>3.4</b> | <b>4.5</b>   | <b>21.8</b> | <b>30.1</b> | <b>21.8</b> | <b>18.2</b> | <b>17.4</b> | <b>15.5</b> |
| <i>Blended Benchmark<sup>(5)</sup></i>       | <i>5.7</i> | <i>4.3</i>   | <i>17.4</i> | <i>26.3</i> | <i>21.1</i> | <i>18.8</i> | <i>12.3</i> | --          |
| Public Equity                                | 6.1        | 5.4          | 23.0        | 36.3        | 29.7        | 30.0        | 13.4        | 13.7        |
| <i>Public Equity Benchmark<sup>(6)</sup></i> | <i>5.9</i> | <i>4.6</i>   | <i>16.2</i> | <i>28.3</i> | <i>23.3</i> | <i>24.0</i> | <i>8.9</i>  | --          |
| Long / Short Equity                          | 3.1        | 4.4          | 17.5        | 24.6        | 16.5        | 13.4        | 14.5        | --          |
| <i>Tremont Long/Short Equity</i>             | <i>3.3</i> | <i>1.2</i>   | <i>11.0</i> | <i>18.8</i> | <i>14.4</i> | <i>13.1</i> | <i>11.7</i> | --          |
| Private Equity (IRR <sup>7</sup> )           | --         | --           | --          | 32.4        | 25.7        | 19.5        | 68.6        | 34.9        |
| <i>Cambridge Benchmark<sup>(8)</sup></i>     | <i>--</i>  | <i>--</i>    | <i>--</i>   | <i>36.4</i> | <i>29.7</i> | <i>20.3</i> | <i>18.9</i> | <i>17.7</i> |
| <b>Real Assets (IRR<sup>7</sup>)</b>         | <b>--</b>  | <b>--</b>    | <b>--</b>   | <b>28.5</b> | <b>24.8</b> | <b>22.2</b> | <b>12.9</b> | <b>--</b>   |
| <i>Blended Benchmark<sup>(3)</sup></i>       | <i>--</i>  | <i>--</i>    | <i>--</i>   | <i>35.6</i> | <i>38.6</i> | <i>27.6</i> | <i>18.6</i> | <i>16.6</i> |
| Real Estate (IRR <sup>7</sup> )              | --         | --           | --          | 21.3        | 17.8        | 13.6        | 9.8         | --          |
| <i>Cambridge Real Estate</i>                 | <i>--</i>  | <i>--</i>    | <i>--</i>   | <i>35.7</i> | <i>32.9</i> | <i>22.5</i> | <i>16.9</i> | <i>13.9</i> |
| Resources (IRR <sup>7</sup> )                | --         | --           | --          | 34.1        | 31.7        | 31.8        | --          | --          |
| <i>Cambridge Resources</i>                   | <i>--</i>  | <i>--</i>    | <i>--</i>   | <i>35.4</i> | <i>44.4</i> | <i>32.8</i> | <i>20.2</i> | <i>19.2</i> |
| <b>Opportunistic</b>                         | <b>2.0</b> | <b>(4.3)</b> | <b>2.6</b>  | <b>8.8</b>  | <b>7.3</b>  | <b>11.2</b> | <b>5.9</b>  | <b>--</b>   |
| <i>Blended Benchmark<sup>(5)</sup></i>       | <i>2.7</i> | <i>0.8</i>   | <i>6.8</i>  | <i>12.2</i> | <i>10.1</i> | <i>12.2</i> | <i>7.7</i>  | --          |
| Absolute Return                              | 2.7        | (4.6)        | 2.2         | 8.4         | 6.9         | 7.6         | 6.3         | --          |
| <i>Tremont Hedge Fund</i>                    | <i>2.7</i> | <i>1.1</i>   | <i>9.9</i>  | <i>16.3</i> | <i>12.5</i> | <i>11.7</i> | <i>9.3</i>  | --          |
| Credit                                       | (0.5)      | (0.5)        | 5.2         | 12.0        | 9.1         | 17.0        | 7.5         | --          |
| <i>Lehman High Yield</i>                     | <i>2.6</i> | <i>0.3</i>   | <i>3.2</i>  | <i>7.5</i>  | <i>7.4</i>  | <i>12.7</i> | <i>5.9</i>  | <i>8.7</i>  |
| <b>Government Bonds</b>                      | <b>1.2</b> | <b>4.7</b>   | <b>6.3</b>  | <b>5.8</b>  | <b>5.3</b>  | <b>5.8</b>  | <b>7.8</b>  | <b>8.4</b>  |
| <i>Lehman U.S. Treasury</i>                  | <i>0.5</i> | <i>3.8</i>   | <i>4.9</i>  | <i>5.6</i>  | <i>3.7</i>  | <i>3.4</i>  | <i>5.8</i>  | <i>7.5</i>  |
| <b>Cash<sup>(9)</sup></b>                    | <b>0.8</b> | <b>1.6</b>   | <b>4.0</b>  | <b>--</b>   | <b>--</b>   | <b>--</b>   | <b>--</b>   | <b>--</b>   |

**Market Indices**

|                                      |              |              |              |              | Annualized   |              |              |              |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                      | MO           | 3MO          | CYTD         | 1 YR         | 3 YR         | 5 YR         | 10 YR        | 20 YR        |
| <i>MSCI All Country World</i>        | <i>5.4</i>   | <i>3.6</i>   | <i>14.1</i>  | <i>24.6</i>  | <i>20.2</i>  | <i>21.0</i>  | <i>7.8</i>   | <i>8.7</i>   |
| <i>S&amp;P 500</i>                   | <i>3.7</i>   | <i>2.0</i>   | <i>9.1</i>   | <i>16.4</i>  | <i>13.1</i>  | <i>15.5</i>  | <i>6.6</i>   | <i>10.6</i>  |
| <i>Russell 3000</i>                  | <i>3.6</i>   | <i>1.5</i>   | <i>8.8</i>   | <i>16.5</i>  | <i>13.7</i>  | <i>16.2</i>  | <i>6.8</i>   | <i>10.6</i>  |
| <i>Russell 2000</i>                  | <i>1.7</i>   | <i>(3.1)</i> | <i>3.2</i>   | <i>12.3</i>  | <i>13.4</i>  | <i>18.8</i>  | <i>7.2</i>   | <i>9.7</i>   |
| <i>MSCI World ex-USA</i>             | <i>5.7</i>   | <i>2.8</i>   | <i>14.7</i>  | <i>26.4</i>  | <i>24.2</i>  | <i>24.6</i>  | <i>8.7</i>   | <i>7.5</i>   |
| <i>MSCI Emerging Markets</i>         | <i>11.1</i>  | <i>14.5</i>  | <i>34.8</i>  | <i>58.6</i>  | <i>41.3</i>  | <i>39.1</i>  | <i>11.9</i>  | --           |
| <i>Lehman Aggregate Bond</i>         | <i>0.8</i>   | <i>2.8</i>   | <i>3.8</i>   | <i>5.1</i>   | <i>3.9</i>   | <i>4.1</i>   | <i>6.0</i>   | <i>7.7</i>   |
| <i>Goldman Sachs Commodity Index</i> | <i>10.2</i>  | <i>11.5</i>  | <i>18.8</i>  | <i>13.5</i>  | <i>4.2</i>   | <i>13.1</i>  | <i>6.6</i>   | <i>9.5</i>   |
| <i>U.S. Dollar</i>                   | <i>(3.8)</i> | <i>(5.1)</i> | <i>(7.1)</i> | <i>(9.7)</i> | <i>(3.8)</i> | <i>(6.2)</i> | <i>(2.2)</i> | <i>(1.2)</i> |

**Investment Report**  
**September 30, 2007**  
**UVIMCO Long-Term Pool**

**Manager Allocations**

|                             | Actual Pool  |               | Policy Target | Relative to Target | Peer Group <sup>(10)</sup> | Relative to Peers |
|-----------------------------|--------------|---------------|---------------|--------------------|----------------------------|-------------------|
|                             | \$ millions  | %             |               |                    |                            |                   |
| <b>Equity<sup>(4)</sup></b> | <b>3,369</b> | <b>68.8%</b>  | <b>67.0%</b>  | <b>1.8%</b>        | <b>68.2%</b>               | <b>0.6%</b>       |
| Public Equity               | 1,107        | 22.6%         | 25.0%         | (2.4)%             | 44.6%                      | (22.0)%           |
| Long / Short Equity         | 1,459        | 29.8%         | 27.0%         | 2.8%               | 13.9%                      | 15.9%             |
| Private Equity              | 790          | 16.1%         | 15.0%         | 1.1%               | 9.7%                       | 6.4%              |
| <b>Real Assets</b>          | <b>240</b>   | <b>4.9%</b>   | <b>8.0%</b>   | <b>(3.1)%</b>      | <b>9.9%</b>                | <b>(5.0)%</b>     |
| Real Estate                 | 95           | 1.9%          | 4.0%          | (2.1)%             | 5.3%                       | (3.4)%            |
| Resources                   | 145          | 3.0%          | 4.0%          | (1.0)%             | 4.6%                       | (1.6)%            |
| <b>Opportunistic</b>        | <b>459</b>   | <b>9.4%</b>   | <b>15.0%</b>  | <b>(5.6)%</b>      | <b>10.0%</b>               | <b>(0.6)%</b>     |
| Absolute Return             | 349          | 7.1%          | 8.0%          | (0.9)%             | 6.7%                       | 0.4%              |
| Credit                      | 110          | 2.3%          | 7.0%          | (4.7)%             | 3.3%                       | (1.0)%            |
| <b>Government Bonds</b>     | <b>471</b>   | <b>9.6%</b>   | <b>10.0%</b>  | <b>(0.4)%</b>      | <b>10.2%</b>               | <b>(0.6)%</b>     |
| <b>Cash<sup>(11)</sup></b>  | <b>359</b>   | <b>7.3%</b>   | <b>0.0%</b>   | <b>7.3%</b>        | <b>1.6%</b>                | <b>5.7%</b>       |
| <b>Total Pool</b>           | <b>4,899</b> | <b>100.0%</b> | <b>100.0%</b> | <b>0.0%</b>        | <b>100.0%</b>              | <b>0.0%</b>       |

**Market and Currency Exposures<sup>(12)</sup>**

| Net Exposure                 | Target Range     | Target      | Total Exposure | North America | Europe        | Asia          | LAMA          |
|------------------------------|------------------|-------------|----------------|---------------|---------------|---------------|---------------|
| Equity                       | 50 - 70%         | 60%         | <b>54.5 %</b>  | 25.1 %        | 13.1 %        | 10.8 %        | 5.4 %         |
| Real Assets                  | 5 - 20%          | 10%         | <b>4.7 %</b>   | 3.8 %         | 0.1 %         | 0.5 %         | 0.3 %         |
| Credit                       | 0 - 20%          | 10%         | <b>3.9 %</b>   | 2.3 %         | 0.2 %         | 0.2 %         | 1.2 %         |
| Government Bonds             | 5 - 20%          | 10%         | <b>8.6 %</b>   | 8.6 %         | (0.6)%        | 0.5 %         | 0.0 %         |
| <b>Total Market Exposure</b> | <b>80 - 100%</b> | <b>90%</b>  | <b>71.7 %</b>  | <b>39.8 %</b> | <b>12.9 %</b> | <b>12.0 %</b> | <b>6.9 %</b>  |
| Regional Targets             | --               | --          | --             | 45.0 %        | 20.0 %        | 20.0 %        | 5.0 %         |
| & Ranges                     | --               | --          | --             | 40 - 60%      | 15 - 25%      | 15 - 25%      | 0 - 10%       |
| <b>Cash &amp; Currency</b>   | <b>0 - 20%</b>   | <b>10%</b>  | <b>28.3 %</b>  | <b>36.5 %</b> | <b>(1.9)%</b> | <b>(3.3)%</b> | <b>(3.0)%</b> |
| <b>Currency Exposure</b>     | <b>--</b>        | <b>100%</b> | <b>100.0 %</b> | <b>76.3 %</b> | <b>11.0 %</b> | <b>8.7 %</b>  | <b>4.0 %</b>  |
| Currency Targets             | --               | --          | --             | 75.0 %        | 10.0 %        | 10.0 %        | 5.0 %         |
| & Ranges                     | --               | --          | --             | 65 - 85%      | 5 - 20%       | 5 - 20%       | 0 - 10%       |

**Investment Report**  
**September 30, 2007**  
**UVIMCO Long-Term Pool**

**Endnotes**

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- (1) Non Fiscal Year Returns contain preliminary data and may be subject to change.
- (2) Contains preliminary data and may be subject to change.
- (3) 65% MSCI All-Country World / 35% Lehman U.S. Treasury.
- (4) Equity includes Terminating Side Pockets and derivative overlay positions.
- (5) Blended Benchmarks are the average of underlying asset classes' benchmarks, weighted by policy target allocations.
- (6) 40% Russell 3000 / 40% MSCI World ex-USA / 20% MSCI Emerging Markets.
- (7) Internal rate of return (IRR) reported on a one quarter lag. Associated Cambridge benchmark also reported on a one quarter lag. IRRs for time periods under one year not reported.
- (8) Pooled mean of Cambridge Associates US Venture Capital, US Private Equity, and Global Private Equity Indices.
- (9) Return on Investable Cash.
- (10) Represents equally-weighted average asset allocation of Colleges & Universities Over \$1 Billion universe, as reported by Cambridge Associates. Data as of June 30, 2007.
- (11) Investable cash, receivables from liquidated managers, and accrued shareholder transactions, net of repo liability and other direct borrowing.
- (12) Represents look-through net exposure to asset classes, regions and foreign currency. Manager exposures are aggregated quarterly and updated monthly where possible.

UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 7, 2008

COMMITTEE: Finance

AGENDA ITEM: II.E. State Budget and 2008-2009  
Preliminary Budget Assumptions (Written  
Report)

ACTION REQUIRED: None

Governor's Budget

BACKGROUND: On December 17th, Governor Kaine presented to the Legislature his 2008-2010 biennial budget. The General Assembly will consider the Governor's Budget Bill during its long session, which began January 9th. The Academic Division and the College at Wise submitted requests for the Governor's consideration last October.

DISCUSSION: Governor Kaine's operating budget for higher education includes \$62.5 million in new general funds for the biennium to support base budget adequacy and undergraduate student financial aid. The Governor has reserved funds for a three percent faculty and staff salary increase on July 1, 2009. Governor Kaine continued his investment in higher education research and increased ETF funding.

The Governor also allocated \$1.65 billion in new capital outlay funding through the Virginia College Building Authority and a proposed general obligation bond; \$26.5 million for capital outlay project cost-overruns, and \$61.4 million for equipment in previously funded projects.

For the Academic Division, the Governor allocated an additional \$3.95 million for the biennium in new general fund operating dollars for base adequacy and undergraduate financial aid and \$6.725 million in the first year for research support. For Wise, the Governor allocated \$0.5 million in new general fund operating dollars. Specific actions can be found in Appendix A.

In the General Obligation Bond proposal, the Governor included \$37.9 million for the Information Technology Engineering Building; \$77.6 million for the renovation of New

Cabell Hall, and \$41.7 million for a new library at the College at Wise. In addition, Wise has two projects that are eligible for cost overrun funding - Smiddy Hall and the Science Building. Specific actions can be found in Appendix A.

#### Budget Amendments Transmitted to General Assembly

BACKGROUND: Each January, the University may propose operating and capital budget amendments to the General Assembly.

DISCUSSION: The action taken by the Board of Visitors in October 2007 to approve the budget amendment requests to the Governor permitted the resubmission of requests not addressed by the Budget Bill to the General Assembly for its consideration. On January 18<sup>th</sup>, the Academic Division resubmitted four amendments and the College at Wise resubmitted three amendments, previously approved by the Board of Visitors, to the General Assembly for consideration. Specific actions can be found in Appendix B.

#### Preliminary 2008-2009 Budget Assumptions

BACKGROUND: Each year at this time, we develop preliminary budget assumptions that will be used to formulate the target budget for the subsequent fiscal year.

DISCUSSION: The following budget assumptions will be used in the development of the 2008-2009 budget, which will be presented to the Board of Visitors for action in June 2008:

1. The 2008-2009 state appropriation will reflect any budget changes as approved by the Governor and the 2008 General Assembly, including the permanent budget reduction of \$9.2 million. The impact of these actions on the Academic Division's state appropriation will be reflected in the budget presented to the Board of Visitors in June. Any partial year amounts are annualized, and the targets are adjusted accordingly.
2. Tuition revenues will reflect rates approved by the Board of Visitors as received at the April 2008 meeting.
3. The 2008-2009 state budget will reflect the following:

- Faculty salary, faculty wage, classified salary, and graduate teaching assistant base budgets (including fringe benefits) will be increased to fund the annual cost of the salary increases granted November 25, 2007.
  - New available resources will be allocated to meet previously established institutional priorities and benchmarks, such as faculty and staff compensation, financial aid programs, research initiatives, and major maintenance, as well as initiatives identified in the report from the Commission on the Future of the University.
  - Vice presidents may reallocate existing funding and positions among units within their areas of responsibility.
  - State and local targets will be adjusted to reflect any changes in the fringe benefit rates for 2008-2009.
  - Reserves will be budgeted to fund any classified and faculty salary increases for the 2008-2009 fiscal year that may be approved by the 2008 General Assembly session.
  - Base budgets for non-personnel costs will not be increased for inflation.
  - Recoveries and transfer budgets will be adjusted as needed.
  - The Darden School and Law School financial self-sufficiency models will continue.
7. Revenue from endowment income will be budgeted based upon the 2008-2009 distribution rates as calculated per the Endowment Income Distribution and Spending Policy approved by the Board of Visitors. Related expenditures are based on historical spending patterns and will emphasize institutional and school priorities.
8. Revenue and related expenditures from private gifts and other sales and services are budgeted based upon historical spending patterns and emphasize institutional and school priorities.

9. Revenue and related expenditures from sponsored programs are budgeted based on historical spending patterns, sponsored program awards, and expected indirect cost recoveries.
10. Revenue and related expenditures from auxiliaries are budgeted based on fees approved by the Board of Visitors in February (housing) and April (dining and mandatory student fees) and anticipated activity.

UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 7, 2008

COMMITTEE: Finance

AGENDA ITEM: II.F. Student System Project (Written Report)

ACTION REQUIRED: None

BACKGROUND: The Board of Visitors approved the budget for the Student System Project (the third phase of the Integrated System Project) on June 7, 2007, and agreed to receive reports no less frequently than semi-annually describing progress on the project, and on compliance with the business plan no less frequently than semi-annually.

DISCUSSION: The Student System Project is on time and on budget. Following are several updates on key aspects of the project implementation.

*Project Timeline and Budget*

The Student System Project is on schedule and within budget. The project is transitioning from the *Analyze and Design* phase, during which team members and key stakeholders reviewed PeopleSoft functionality and made configuration decisions, to the *Configure and Develop* phase, during which the system will be configured to reflect University of Virginia policy and practice and preliminary testing will occur.

*Independent Validation and Verification*

The Student System Project has contracted with Gartner, Inc. to perform a risk analysis as the end of each project phase is reached. The first review occurred on-site December 3-6, 2007. Two Gartner, Inc. consultants reviewed over 50 documents provided to them by the Student System Project team, and they interviewed over 20 individuals during their time on the Grounds.

The assessment from Gartner noted that, "Overall, this risk assessment reflects one of the strongest results Gartner has observed at this stage in a project of this magnitude. This Gartner team has never conducted a design phase assessment that resulted in no 'red' risk ratings."

The Student System Project will continue the work already begun in areas of potential risk that are both urgent and important in the Gartner methodology: user training, overall testing, organizational change management, and system rollout/planning.

The Gartner team will be at the University for the next evaluation in April.

### Key Deliverables

Several deliverables from the Analyze and Design phase were approved by the Core Advisors to the Student System:

- User Training Plan
- Admissions and Campus Community system design documents—functionality for these two modules will be deployed first
- Admissions security matrix—outlines user roles and responsibilities in terms of access to the specific elements of the system

Remaining deliverables (system design documents and security matrices for Financial Aid, Student Financials, and Student Records) are on schedule for review in February 2008.

### Milestones

The following milestones have been accomplished:

- Data conversion has been completed for undergraduate prospect and faculty/staff data.
- Conversion mapping has been completed for student bio-demo and residency data, instructor/advisor data, and Bachelor of Interdisciplinary Studies prospect data.
- A hardware vendor was selected; hardware has been configured for the PeopleSoft environments; a first prototype test, without UVA-specific configuration, was completed successfully in December.
- System and policy issues have been resolved by project governance groups in accordance with the project Charter and project plan: e.g., the University has agreed to implement delivered "careers" within PeopleSoft Academic Structure—the overarching organizational structure at the foundation of the system.
- A formal process for submission of requests for exception from or changes to delivered functionality has been established and utilized to ensure that a cost and impact analysis is completed.
- Navigation Fundamentals training has been developed and delivered to Admission users.

### Upcoming Activities

During the next three months, project staff will:

- Complete system design documents and security matrices for Student Records, Advisement, Student Financials, and Financial Aid
- Create to-be process maps to be incorporated in user training and testing materials
- Continue to develop training materials
- Complete system and user acceptance testing for prospect functionality
- Train Admission staff on prospect/student recruitment functionality
- Begin processing all admission prospects in PeopleSoft
- Complete intermediate integration testing

MISCELLANEOUS FINANCIAL REPORTS  
Finance Committee  
University of Virginia

February 7, 2008

UNIVERSITY OF VIRGINIA ACADEMIC DIVISION

FINANCIAL REPORT

ACCOUNTS AND LOANS RECEIVABLE AS OF SEPTEMBER 30, 2007

Summary of Accounts Receivable:

The University's Academic Division's total accounts receivable at September 30, 2007 was \$30,320,000 as compared to \$15,022,000 at June 30, 2007. The major sources of receivables at September 30, 2007 were student accounts of \$11,663,000 and sponsored programs of \$11,439,000.

The past due receivables over 120 days old were \$1,538,000 as of September 30, 2007 or 5.07 percent of total receivables, which is below the Commonwealth's management standard of ten percent.

|  | <u>Student<br/>Accounts</u> | <u>Sponsored<br/>Programs</u> | <u>Other<br/>Receivables</u> | <u>Total</u>         |
|--|-----------------------------|-------------------------------|------------------------------|----------------------|
| Gross Accounts Receivable                          | \$ 11,663,000               | \$ 11,439,000                 | \$ 7,218,000                 | \$ 30,320,000        |
| Less: Allowance for Doubtful Accounts              | 47,000                      | 575,000                       | 0                            | 622,000              |
| Net Accounts Receivable                            | <u>\$ 11,616,000</u>        | <u>\$ 10,864,000</u>          | <u>\$ 7,218,000</u>          | <u>\$ 29,698,000</u> |
| Accounts Receivable Greater than 120 Days Past Due | <u>\$ 117,000</u>           | <u>\$ 1,292,000</u>           | <u>\$ 129,000</u>            | <u>\$ 1,538,000</u>  |

SOURCE: Financial Administration

DATE: November 13, 2007

UNIVERSITY OF VIRGINIA ACADEMIC DIVISION

FINANCIAL REPORT

ACCOUNTS AND LOANS RECEIVABLE AS OF SEPTEMBER 30, 2007

Summary of Loans Receivable:

The default rate for the Perkins Student Loan Program decreased by 3.45 percent to 2.64 percent. This is based on the cohort default calculation and is well below the 15 percent threshold set by federal regulations. The Health Professions Loan Program default rate remained the same at zero percent. The Nursing Undergraduate Student Loan Program default rate increased by 0.77 percent to 2.19 percent. Both medical loan programs are well below the five percent federal threshold. The University Loan Program default rate decreased by 0.02 percent to 4.21 percent.

|                                   | <u>Gross Loans<br/>Receivable</u> | <u>Current<br/>Default Rate</u> | <u>Inc./ (Dec)<br/>From Last<br/>Quarter</u> |
|-----------------------------------|-----------------------------------|---------------------------------|--|
| Perkins Student<br>Loans          | \$ 17,437,000                     | 2.64%                           | (3.45%)                                      |
| Health Professions<br>Loans       | 42,000                            | 0.00%                           | 0.00%  |
| Undergraduate<br>Nursing Loans    | 950,000                           | 2.19%                           | 0.77%  |
| University Loans                  | <u>10,240,000</u>                 | 4.21%                           | (0.02%)                                      |
| Total Student Loan<br>Outstanding | <u>\$ 28,669,000</u>              |                                 |  |

SOURCE: Financial Administration  
DATE: November 13, 2007

**UNIVERSITY OF VIRGINIA  
INTERNAL LOANS TO UNIVERSITY DEPARTMENTS AND ACTIVITIES  
As of September 30, 2007**

| <b>PURPOSE</b>  | <b>DATE OF<br/>LOAN</b> | <b>INTEREST<br/>RATE <sup>2</sup></b> | <b>ORIGINAL<br/>LOAN AMOUNT</b> | <b>PRINCIPAL<br/>PAYMENTS<br/>MADE TO DATE</b> | <b>OUTSTANDING<br/>PRINCIPAL</b> | <b>APPROXIMATE<br/>FINAL PAYMENT</b> |
|---|-------------------------|---------------------------------------|---------------------------------|--|----------------------------------|--------------------------------------|
| Astronomy Large<br>Binocular Telescope  | 02/06/06                | 4.75%                                 | \$ 400,000                      | \$ 130,240                                     | \$ 269,760                       | January 2009                         |
| Cocke Hall  | 06/30/06                | 4.75%                                 | 1,941,787                       | 445,661  | 1,496,126                        | June 2011                            |
| ITC ISIS Software   | 06/30/06                | 4.75%                                 | 1,575,000                       | 586,531  | 988,469                          | July 2010                            |
| National Radio<br>Astronomy Observatory<br>Piping                                     | 09/01/06                | 6.25%                                 | 706,833                         | 135,811  | 571,022                          | August 2011                          |
| Varsity Hall  | 06/30/07                | 4.75%                                 | 1,517,726                       | 138,023  | 1,379,703                        | June 2012                            |
| Wilsdorf Hall   | 11/01/06                | 4.75%                                 | 3,311,328                       | 236,647  | 3,074,681                        | November 2011                        |
| Wise Football Facility  | 12/22/98                | Fed.Funds +60 pts.                    | 3,000,000                       | 1,440,272                                      | 1,559,728                        | June 2009                            |
| <b>Total Internal Loans Subject to<br/>\$15M Limit Established by BOV<sup>1</sup></b> |                         |                                       | <b>\$ 12,452,674</b>            | <b>\$ 3,113,185</b>                            | <b>\$ 9,339,489</b>              |                                      |

- NOTE: 1. Per January 1990 Board of Visitors resolution establishing the internal loan pool at \$10 million and per April 2003 Board of Visitors resolution approving the expansion of the internal loan pool from \$10 million to \$15 million. All internal loans are subject to the approval of the Executive Vice President and Chief Operating Officer.
2. The University's blended borrowing rate for tax exempt financing is 4.75%. A taxable rate of 6.25% was charged for the National Radio Astronomy Observatory Piping project.

**SOURCE: Financial Administration  
DATE: November 9, 2007**

Capital Campaign Update Report  
As of 11/30/07

All Units

|                                 | Expendable    | Endowment     | Total         |
|---------------------------------|---------------|---------------|---------------|
| Gifts and Pledge Payments       | 567,263,318   | 224,114,446   | 791,377,764   |
| Outstanding Pledge Balances     | 211,747,618   | 159,825,406   | 371,573,024   |
| Deferred Gifts                  | 84,850,768    | 18,669,630    | 103,520,398   |
| Private Grants                  | 91,330,620    | 0             | 91,330,620    |
| Gifts in Kind                   | 59,459,461    | 895,124       | 60,354,585    |
| Subtotal                        | 1,014,651,785 | 403,504,606   | 1,418,156,391 |
| Additional Amounts To Be Raised | 357,298,215   | 1,224,545,394 | 1,581,843,609 |
| Total                           | 1,371,950,000 | 1,628,050,000 | 3,000,000,000 |
|                                 |               |               |               |
| Future Support                  | 86,316,145    | 30,464,233    | 116,780,378   |

Rector & Visitors Gift Accounts Only

|                                 | Expendable  | Endowment   | Total       |
|---------------------------------|-------------|-------------|-------------|
| Gifts and Pledge Payments       | 216,333,277 | 122,245,884 | 338,579,161 |
| Outstanding Pledge Balances     | 46,565,685  | 103,392,724 | 149,958,409 |
| Deferred Gifts                  | 53,981,200  | 4,671,464   | 58,652,664  |
| Private Grants                  | 0           | 0           | 0           |
| Gifts in Kind                   | 23,742,494  | 85,000      | 23,827,494  |
| Subtotal                        | 340,622,656 | 230,395,072 | 571,017,728 |
| Additional Amounts To Be Raised | TBD         | TBD         | TBD         |
| Total                           | 340,622,656 | 230,395,072 | 571,017,728 |
|                                 |             |             |             |
| Future Support                  | 52,746,868  | 3,064,701   | 55,811,569  |

Rector & Visitors Unrestricted Giving

|                             |           |   |           |
|-----------------------------|-----------|---|-----------|
| Gifts and Pledge Payments   | 2,155,096 | 0 | 2,155,096 |
| Outstanding Pledge Balances | 313,421   | 0 | 313,421   |
| Total                       | 2,468,517 | 0 | 2,468,517 |

SOURCE: Office of Development and Public Affairs

DATE:

December 27, 2007

UNIVERSITY OF VIRGINIA  
 QUASI-ENDOWMENT ACTIONS  
 July 1, 2007 to September 30, 2007

The quasi-endowment actions listed below were approved by either (1) the Executive Vice President and Chief Operating Officer, under the following Board of Visitors' resolutions, or (2) the Vice President for Management and Budget, under the delegation of authority from the Executive Vice President and Chief Operating Officer:

In October 1990 and June 1996 the Board of Visitors approved resolutions delegating to the Executive Vice President and Chief Operating Officer the authority to approve quasi-endowment actions, including establishments and divestments of less than \$2,000,000, with regular reports on such actions.

In February 2006, the Board of Visitors approved a resolution permitting approval of quasi-endowment transactions, regardless of dollar amount, in cases in which it is determined to be necessary as part of the assessment of the business plan for capital projects. Additionally, 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.

| <u>Additions</u>   | <u>Amount</u>            |
|--|--------------------------|
| Carter, Beirne B. Center Quasi-Endowment Fund                | \$ 25,542.25             |
| Jones, D. Lung Cancer Research Quasi-Endowment               | 152,503.84               |
| McIntire School of Commerce Bequest Gifts Quasi-Endowment*   | 157,991.37               |
| President's Fund for Excellence Unrestricted Quasi-Endowment | 62,594.66                |
| University Quasi-Endowment Fund (1)                          | 155,105.57               |
| Whitener, Ellen Quasi-Endowment Fund                         | <u>1,000.00</u>          |
| <br>Total Additions from Gifts to Quasi-Endowments           | <br><u>\$ 554,737.69</u> |

**Additions from Endowment Income (Capitalizations)**

|   |               |
|---|---------------|
| Antrim, Lottie C. Income Capitalization Quasi-Endowment           | \$ 5,168.45   |
| Carter, Beirne B. Center Quasi-Endowment Fund                     | 12,438.97     |
| Dean's Discretionary Research Fund for Infectious Disease         | 10,273.46     |
| Guerry, Dupont III Professorship in Ophthalmology Investment*     | 100,000.00    |
| Jones, D. Lung Cancer Research Quasi-Endowment                    | 3,879.82      |
| Moyston, Vernah Scott Professorship in Ophthalmology Investment*  | 150,000.00    |
| Pratt, Lillian T. Unrestricted School of Medicine Quasi-Endowment | 22,161.58     |
| Smith, D. C. Memorial Fund - Income Capitalization                | 41,904.53     |
| Surgery Transplant Quasi-Endowment                                | 24,540.65     |
|   | <hr/>         |
| Total Additions from Endowment Income to Quasi-Endowments         | \$ 370,367.46 |
|   | <hr/>         |

**Divestments**

|   |                 |
|---|-----------------|
| Dean's Adenosine Patent Quasi-Endowment - Unrestricted Income | \$ 1,000,000.00 |
| Gastroenterology Advancement Fund Quasi-Endowment             | 882,119.51      |
| Hecht-Cruachem-Chemistry Quasi-Endowment                      | 323,918.19      |
| Hecht-Cruachem-Chemistry Quasi-Endowment #2                   | 50,000.00       |
| Jessup, Claude A. Fund  | 275,000.00      |
| McIntire School of Commerce Operations Fund                   | 1,079,469.13    |
| Thaler, Myles H. Quasi-Endowment for HIV Research             | 30,000.00       |
|   | <hr/>           |
| Total Divestments from Quasi-Endowments                       | \$ 3,640,506.83 |
|   | <hr/>           |

**NOTES:**

\*Quasi-endowment newly established or originally funded since July 1, 2007.

(1) Includes current unrestricted gifts to the University which, under a standing Board of Visitors resolution, are required to be added to the University's Unrestricted Endowment Fund.

SOURCE: Financial Administration  
DATE: September 30, 2007

## QUARTERLY BUDGET REPORT

As of September 30, 2007

This report compares the actual results for the sources and uses of funds to the Academic Division annual budget (excluding the Medical Center and the University of Virginia's College at Wise). At the end of the first quarter of 2007-08, 46.3 percent of the budgeted sources were collected and 29.7 percent of the budgeted uses were expended.

The operating budget is developed using differing rules and conventions from the audited financial statements, which are developed in accordance with generally accepted accounting principles (GAAP). In some cases, similar descriptions are used in both reports even though the precise definitions and the specific amounts are not identical. However, both sets of figures are accurate for their particular purposes, and both are drawn from the University's financial applications. Outlined below are several of the differing conventions used in the operating budget and the actual results presented on the accompanying statement:

- The operating budget is prepared on a cash basis.
- The operating budget presents tuition and fees as gross income and the full amount of student aid as an expense.
- In the operating budget, depreciation is not funded and non-capital outlay purchases are recognized as expensed rather than spread over the useful life of the purchase. Debt service, major repair or renovation expenditures occur within the capital outlay accounts - and off the operating budget.
- The Federal Family Education Loan Program is excluded from the operating budget.
- Sources of funds are shown net of transfers to capital reserves/projects in the operating budget.
- Fringe benefit expenditures are included in the operating budget using pooled benefit rates.
- The operating budget recognizes recoveries of indirect costs only upon distribution of those revenues, and not when billed to granting agencies.

A definition of terms is included to explain the categories for the sources and uses of funds.

SOURCE: University Budget Office  
DATE: January 3, 2008

**University of Virginia Academic Division**  
**2007-08 Operating Budget Report**  
**As of September 30, 2007**

(in thousands)

|   | 2007-08<br>Original<br>Budget | 9/30/2007<br>Actual<br>Results | Variance           | 9/30/2007<br>Results<br>Percentage |
|---|-------------------------------|--------------------------------|--------------------|------------------------------------|
| <b>Sources of Available Funds, net of transfers to capital reserves</b> |                               |                                |                    |                                    |
| Tuition & Fees for Operating Plan                                       | \$324,172                     | \$152,271                      | \$171,901          | 47.0%                              |
| State General Fund Appropriation for Operating Plan                     | 170,874                       | 161,921                        | 8,953              | 94.8%                              |
| Sponsored Research for Operating Plan                                   | 277,877                       | 84,389                         | 193,488            | 30.4%                              |
| Endowment Distribution  | 94,947                        | 1,082                          | 93,865             | 1.1%                               |
| Net Gifts Available for Operating Plan                                  | 98,453                        | 26,299                         | 72,154             | 26.7%                              |
| Sales, Investment & Other   | 34,015                        | 35,414                         | (1,399)            | 104.1%                             |
| Net Auxiliary Enterprises for Operating Plan                            | 150,104                       | 71,565                         | 78,539             | 47.7%                              |
| <b>Total Sources of Available Funds</b>                                 | <b>1,150,442</b>              | <b>532,941</b>                 | <b>617,501</b>     | <b>46.3%</b>                       |
| <b>Uses of Available Funds</b>  |                               |                                |                    |                                    |
| Direct Instruction  | \$290,381                     | \$51,656                       | \$238,725          | 17.8%                              |
| Research and Public Service   | 270,906                       | 92,088                         | 178,818            | 34.0%                              |
| Library, Information Tech., & Academic Administration                   | 113,791                       | 39,850                         | 73,941             | 35.0%                              |
| Student Services  | 25,694                        | 7,875                          | 17,819             | 30.7%                              |
| General Administration  | 74,338                        | 25,827                         | 48,511             | 34.7%                              |
| Operation & Maintenance of Physical Plant                               | 67,050                        | 21,251                         | 45,799             | 31.7%                              |
| Scholarships, Fellowships, & Other Graduate Support                     | 113,464                       | 48,272                         | 65,192             | 42.5%                              |
| Athletics   | 41,343                        | 10,743                         | 30,600             | 26.0%                              |
| Bookstore   | 33,864                        | 15,466                         | 18,398             | 45.7%                              |
| Housing and Conference Services   | 20,417                        | 5,915                          | 14,502             | 29.0%                              |
| Other Auxiliary Operations  | 53,972                        | 14,351                         | 39,621             | 26.6%                              |
| <b>Total Operating Expenses</b>   | <b>1,105,220</b>              | <b>333,296</b>                 | <b>771,924</b>     | <b>30.2%</b>                       |
| <b>Total Operating Reserves and Temporary Allocations</b>               | <b>30,549</b>                 | <b>3,571</b>                   | <b>26,978</b>      | <b>11.7%</b>                       |
| <b>Total Uses of Available Funds</b>                                    | <b>1,135,769</b>              | <b>336,867</b>                 | <b>798,902</b>     | <b>29.7%</b>                       |
| <b>Net Sources and Uses of Operating Funds</b>                          | <b>\$14,673</b>               | <b>\$196,074</b>               | <b>(\$181,401)</b> |                                    |

## DEFINITION OF TERMS

*Sponsored Research* -- primarily research projects, but also includes activities restricted to institutional and service programs.

*Auxiliary Enterprises* -- those activities which are supported entirely through fees charged to users, such as housing, athletics, dining services, the telephone system and the bookstore.

*Instruction* -- expenditures for the primary mission of the University, which includes teaching faculty, support staff, instructional equipment, and related routine operating costs.

*Research* -- includes expenditures for activities such as support for research faculty and sponsored research. Activities include the Center for Public Service, the State Climatologist, and the Center for Liberal Arts.

*Public Service* -- includes activities such as the Miller Center of Public Affairs, the Virginia Foundation for the Humanities, and that portion of the medical school's clinical physicians' salaries and fringe benefits related to patient care.

*Library, Information Technology and Academic Administration* - - encompasses the libraries, the activities of the deans of the schools, and other related expenditures.

*Student Services* -- activities whose primary purpose is to contribute to the students' emotional and physical well-being and to their intellectual, cultural, and social development outside the classroom.

*General Administration* -- includes the financial, administrative, logistical, and development activities of the University.

*Operation and Maintenance of Physical Plant* -- includes expenditures for activities related to the operation and maintenance of the physical plant, net of amounts charged to auxiliary enterprises and the Medical Center.

**Endowment/Long Term Investments for UVa and Related Foundations  
September 30, 2007**

Unaudited  
(in thousands)

|   | Rector and<br>Visitors Funds | Related<br>Foundation<br>Funds Invested<br>by UVIMCO | Alumni<br>Association<br>Funds Invested<br>by UVIMCO | Related<br>Foundation Funds<br>Invested by<br>Direction of<br>Foundation Board | Total        |
|---|------------------------------|--|--|--|--------------|
| The University of Virginia Medical School and related foundations | \$ 846,235                   | \$ 35,530  | \$ 6,257   | \$ 1,515   | \$ 889,537   |
| The College of Arts and Sciences and related foundations          | 346,662                      | 35,841   | 9,910  | 21,619   | 414,032      |
| Darden School and related foundation                              | 121,688                      | 242,242  | -  | 6,535  | 370,465      |
| The University of Virginia Law School and related foundation      | 47,885                       | 146,265  | -  | 149,532  | 343,682      |
| The McIntire School of Commerce and related foundation            | 82,495                       | -  | 34,406   | 526  | 117,427      |
| School of Engineering and related foundation                      | 83,008                       | 139  | 4,203  | 2,350  | 89,700       |
| Graduate School of Arts and Sciences                              | 51,255                       | -  | -  | -  | 51,255       |
| University of Virginia's College at Wise and related foundation   | 38,783                       | 1,580  | 2,248  | 5,849  | 48,460       |
| School of Nursing   | 38,893                       | -  | 1,668  | -  | 40,561       |
| Curry School of Education and related foundation                  | 13,866                       | 8,772  | -  | 9,973  | 32,611       |
| School of Architecture  | 17,890                       | -  | 445  | 34   | 18,369       |
| School of Continuing and Professional Studies                     | 80                           | -  | 54   | -  | 134          |
| Alumni Association*   | -                            | -  | 296,808  | 12,987   | 309,795      |
| University of Virginia Medical Center and related foundations     | 174,671                      | 43,037   | -  | 46,779 **  | 264,487      |
| Centrally Managed University Scholarships                         | 161,870                      | -  | -  | -  | 161,870      |
| Provost   | 106,950                      | -  | -  | -  | 106,950      |
| Athletics and related foundation                                  | 42,979                       | 63,321   | 410  | -  | 106,710      |
| University of Virginia Foundation and related entities            | -                            | 76,503   | -  | -  | 76,503       |
| Miller Center and related foundation                              | 58,148                       | 5,586  | -  | -  | 63,734       |
| Alumni Board of Trustees  | -                            | 54,310   | -  | -  | 54,310       |
| University Libraries  | 49,685                       | -  | 49   | -  | 49,734       |
| University - Unrestricted but designated                          | 337,501                      | -  | -  | -  | 337,501      |
| University - Unrestricted Quasi and True Endowment                | 204,309                      | -  | -  | -  | 204,309      |
| University - Unrestricted Other                                   | 164,240                      | -  | -  | -  | 164,240      |
| All Other   | 197,658                      | 9,096  | -  | -  | \$ 206,754   |
|   | \$ 3,186,751                 | \$ 722,222   | \$ 356,458   | \$ 257,699   | \$ 4,523,130 |

\*Includes funds on deposit for other areas/schools not individually listed.

\*\*Excludes approximately \$26.4 million of board designated pension funds.

SOURCE: Financial Administration  
DATE: September 30, 2007

**SUMMER CONFERENCE RATES REPORT  
2008 and 2009**

On June 16, 2001, the Board of Visitors approved the Signatory Authority Policy which delegates the "[e]stablishment of summer conference rates for housing facilities and for meals, overnight accommodation rates for the Birdwood Pavilion, and room rates for the International Center" to the "President, the Executive Vice President and Chief Operating Officer and the Vice President for Finance". Any approved transaction must be reported to the Board of Visitors at its next meeting following the action.

The rates below have been approved by Yoke San Reynolds, Vice President and Chief Financial Officer, on November 14, 2007 and are hereby being reported to the Board of Visitors as required.

**SUMMER CONFERENCE RATES - HOUSING**

| <b>Economy Service (Common areas cleaned only; no linens)</b> | <u>Actual<br/>Summer<br/>2007</u> | <u>Proposed<br/>Summer<br/>2008</u> | <u>%<br/>Increase<br/>2008</u> | <u>Proposed<br/>Summer<br/>2009</u> | <u>%<br/>Increase<br/>2009</u> |
|---|-----------------------------------|-------------------------------------|--------------------------------|-------------------------------------|--------------------------------|
| <i>Air Conditioned</i>  |                                   |                                     |                                |                                     |                                |
| <i>Bice/Copeley III &amp; IV/Faulkner/Lambeth</i>             |                                   |                                     |                                |                                     |                                |
| Per person, per night, double                                 | \$23.00                           | \$24.00                             | 4.3%                           | \$25.00                             | 4.2%                           |
| Per person, per night, single                                 | \$33.00                           | \$34.50                             | 4.5%                           | \$36.00                             | 4.3%                           |
| <i>Gooch/Dillard</i>  |                                   |                                     |                                |                                     |                                |
| Per person, per night, single                                 | \$23.00                           | \$24.00                             | 4.3%                           | \$25.00                             | 4.2%                           |
| <i>Lewis/Hoxton</i>   |                                   |                                     |                                |                                     |                                |
| Per person, per night, double                                 | \$23.00                           | \$24.00                             | 4.3%                           | \$25.00                             | 4.2%                           |
| Per person, per night, single                                 | \$33.00                           | \$34.50                             | 4.5%                           | \$36.00                             | 4.3%                           |
| <i>Alderman/McCormick GA Suites</i>                           |                                   |                                     |                                |                                     |                                |
| Per suite, per night rate, single                             | \$24.00                           | \$25.00                             | 4.2%                           | \$26.00                             | 4.0%                           |
| <i>Cauthen/Woody/Shea/French/Russian/Spanish</i>              |                                   |                                     |                                |                                     |                                |
| Per person, per night, double                                 | \$23.00                           | \$24.00                             | 4.3%                           | \$25.00                             | 4.2%                           |
| Per person, per night, single                                 | \$30.00                           | \$31.50                             | 5.0%                           | \$33.00                             | 4.8%                           |
| <i>Hereford</i>   |                                   |                                     |                                |                                     |                                |
| Per person, per night, single                                 | \$23.00                           | \$24.00                             | 4.3%                           | \$25.00                             | 4.2%                           |
| <i>Non-Air Conditioned</i>                                    |                                   |                                     |                                |                                     |                                |
| <i>Alderman/McCormick/Munford/Gwathmey</i>                    |                                   |                                     |                                |                                     |                                |
| Per person, per night, double                                 | \$17.00                           | \$18.00                             | 5.9%                           | \$19.00                             | 5.6%                           |
| Per person, per night, single                                 | \$23.00                           | \$24.00                             | 4.3%                           | \$25.00                             | 4.2%                           |
| <b>Average Economy Service Increase</b>                       |                                   |                                     |                                |                                     |                                |
|   |                                   |                                     | 4.57%                          |                                     | 4.36%                          |

Note: Rates vary according to accommodations, amenities, and facility type

**Premium Service (all  
linens provided; six  
day housekeeping  
included)**

|   | <u>Actual<br/>Summer<br/>2007</u> | <u>Proposed<br/>Summer<br/>2008</u> | <u>%<br/>Increase<br/>2008</u> | <u>Proposed<br/>Summer<br/>2009</u> | <u>%<br/>Increase<br/>2009</u> |
|---|-----------------------------------|-------------------------------------|--------------------------------|-------------------------------------|--------------------------------|
| <b><u>Apartments and Suites</u></b>   |                                   |                                     |                                |                                     |                                |
| <i>Air Conditioned</i>  |                                   |                                     |                                |                                     |                                |
| <b>Bice/Copeley/Faulkner/Lambeth</b>  |                                   |                                     |                                |                                     |                                |
| Per person, per night, double   | \$33.00                           | \$34.50                             | 4.5%                           | \$36.00                             | 4.3%                           |
| Per person, per night, single   | \$46.00                           | \$48.00                             | 4.3%                           | \$50.00                             | 4.2%                           |
| <b>Brown College</b>  |                                   |                                     |                                |                                     |                                |
| Per person, per night, double   | \$33.00                           | \$34.50                             | 4.5%                           | \$36.00                             | 4.3%                           |
| Per person, per night, single   | \$46.00                           | \$48.00                             | 4.3%                           | \$50.00                             | 4.2%                           |
| <b>Gooch/Dillard</b>  |                                   |                                     |                                |                                     |                                |
| Per person, per night, single   | \$36.00                           | \$37.50                             | 4.2%                           | \$39.00                             | 4.0%                           |
| <b>Lewis/Hoxton</b>   |                                   |                                     |                                |                                     |                                |
| Per person, per night, double   | \$33.00                           | \$34.50                             | 4.5%                           | \$36.00                             | 4.3%                           |
| Per person, per night, single   | \$46.00                           | \$48.00                             | 4.3%                           | \$50.00                             | 4.2%                           |
| <b><u>Residence Halls</u></b>   |                                   |                                     |                                |                                     |                                |
| <i>Air Conditioned</i>  |                                   |                                     |                                |                                     |                                |
| <b>Cauthen/Woody</b>  |                                   |                                     |                                |                                     |                                |
| Per person, per night, double   | \$33.00                           | \$34.50                             | 4.5%                           | \$36.00                             | 4.3%                           |
| Per person, per night, single   | \$43.00                           | \$45.00                             | 4.7%                           | \$47.00                             | 4.4%                           |
| <b>Hereford</b>   |                                   |                                     |                                |                                     |                                |
| Per person, per night   | \$36.00                           | \$37.50                             | 4.2%                           | \$39.00                             | 4.0%                           |
| <i>Non-Air Conditioned</i>  |                                   |                                     |                                |                                     |                                |
| <b>Lawn/Range</b>   |                                   |                                     |                                |                                     |                                |
| Per person, per night, single   | \$36.00                           | \$37.50                             | 4.2%                           | \$39.00                             | 4.0%                           |
| <b>Average Premium Service<br/>Increase</b>   |                                   |                                     | <b>4.40%</b>                   |                                     | <b>4.21%</b>                   |
| <br><b>Note: Rates vary according<br/>to accommodations, amenities,<br/>and facility type</b> |                                   |                                     |                                |                                     |                                |
| <b><u>Graduation Housing</u></b>  |                                   |                                     |                                |                                     |                                |
| <i>Graduation Package</i>   |                                   |                                     |                                |                                     |                                |
| With blankets included in<br>rate   | \$120.00                          | \$125.00                            | 4.2%                           |                                     |                                |
|   | \$125.00                          | \$130.00                            | 4.0%                           | \$135.00                            | 3.8%                           |
| <b>Average All Services Increase</b>  |                                   |                                     | <b>4.45%</b>                   |                                     | <b>4.27%</b>                   |

SUMMER CONFERENCE RATES - DINING

|                                | <u>Actual<br/>2007</u> | <u>Amount of<br/>Increase</u> | <u>Approved<br/>2008</u> |
|--------------------------------|------------------------|-------------------------------|--------------------------|
| <u>Casual Meal Rates</u>       |                        |                               |                          |
| Breakfast - Youth              | \$5.00                 | \$0.00                        | \$5.00                   |
| Lunch - Youth                  | \$6.75                 | \$0.00                        | \$6.75                   |
| Dinner - Youth                 | \$8.00                 | \$0.00                        | \$8.00                   |
| Breakfast - Adult              | \$6.75                 | \$0.00                        | \$6.75                   |
| Lunch - Adult                  | \$8.00                 | \$0.00                        | \$8.00                   |
| Dinner - Adult                 | \$8.75                 | \$0.00                        | \$8.75                   |
| <u>Summer Conference Rates</u> |                        |                               |                          |
| Breakfast - Youth              | \$4.75                 | \$0.00                        | \$4.75                   |
| Lunch - Youth                  | \$6.50                 | \$0.00                        | \$6.50                   |
| Dinner - Youth                 | \$7.75                 | \$0.00                        | \$7.75                   |
| Breakfast - Adult              | \$6.50                 | \$0.00                        | \$6.50                   |
| Lunch - Adult                  | \$7.75                 | \$0.00                        | \$7.75                   |
| Dinner - Adult                 | \$8.50                 | \$0.00                        | \$8.50                   |

SOURCE: Business Operations  
DATE: November 14, 2007

**APPENDIX A**

**SUMMARY OF BUDGET REQUESTS AND  
GOVERNOR'S BUDGET**

APPENDIX A

UNIVERSITY OF VIRGINIA - ACADEMIC DIVISION  
 SUMMARY OF BUDGET REQUESTS AND GOVERNOR'S BUDGET BILL  
 (in 000s)

|  | 2008-09  |          |                   |         | 2009-10  |          |                   |         |
|--|----------|----------|-------------------|---------|----------|----------|-------------------|---------|
|  | Request  |          | Governor's Budget |         | Request  |          | Governor's Budget |         |
|  | GF       | NGF      | GF                | NGF     | GF       | NGF      | GF                | NGF     |
| Operating                                  |          |          |                   |         |          |          |                   |         |
| Research Initiatives                       | \$17,475 | \$13,725 | \$6,725           | \$ -    | \$17,475 | \$13,725 | \$ -              | \$ -    |
| Produced In Virginia                       | 1,500    | 100      | -                 | -       | 1,658    | 753      | -                 | -       |
| Batten School                              | 418      | 792      | -                 | -       | 1,333    | 2,067    | -                 | -       |
| Safety and Security                        | 1,769    | 206      | -                 | -       | 1,718    | 206      | -                 | -       |
| Operations and Maintenance, New Facilities | 1,362    | 2,720    | -                 | -       | 2,112    | 4,343    | -                 | -       |
| Student Information System                 | 1,500    | -        | -                 | -       | 3,000    | -        | -                 | -       |
| University Library Collections             | 1,000    | -        | -                 | -       | 1,000    | -        | -                 | -       |
| College Guides Program                     | 240      | -        | -                 | -       | 240      | -        | -                 | -       |
| Virginia Foundation for Humanities         | 100      | -        | -                 | -       | 100      | -        | -                 | -       |
| Base Budget Adequacy                       | -        | -        | 1,906             | 2,929   | -        | -        | 1,906             | 2,929   |
| Undergraduate Financial Aid                | -        | -        | 70                | -       | -        | -        | 70                | -       |
| Subtotal Operating                         | \$25,364 | \$17,543 | \$8,701           | \$2,929 | \$28,636 | \$21,094 | \$1,976           | \$2,929 |

APPENDIX A (CONTINUED)

UNIVERSITY OF VIRGINIA - ACADEMIC DIVISION  
 SUMMARY OF BUDGET REQUESTS AND GOVERNOR'S BUDGET BILL  
 (in 000s)

|   | 2008-09          |                  |                   |                 | 2009-10         |                 |                   |                |
|---|------------------|------------------|-------------------|-----------------|-----------------|-----------------|-------------------|----------------|
|   | Request          |                  | Governor's Budget |                 | Request         |                 | Governor's Budget |                |
|   | GF               | NGF              | GF                | NGF             | GF              | NGF             | GF                | NGF            |
| <b>Capital</b>                                  |                  |                  |                   |                 |                 |                 |                   |                |
| Maintenance Reserve                             | \$17,000         | \$ -             | \$9,976           | \$ -            |                 |                 |                   |                |
| ITE Building                                    | 40,210           | 33,840           | 37,921            | -               |                 |                 |                   |                |
| New Cabell Hall                                 | 80,000           | -                | 77,600            | -               |                 |                 |                   |                |
| Central Grounds Medium Temperature Water Piping | 10,226           | -                | -                 | -               |                 |                 |                   |                |
| Arts Gateway to the University                  | 25,100           | 93,900           | -                 | -               |                 |                 |                   |                |
| Ruffner Hall                                    | 20,048           | -                | -                 | -               |                 |                 |                   |                |
| Carter Harrison Furniture                       | 765              | -                | 765               | -               |                 |                 |                   |                |
| South Lawn Furniture                            | 716              | -                | -                 | -               |                 |                 |                   |                |
| Ivy Stacks 2                                    | 21,806           | 3,000            | -                 | -               |                 |                 |                   |                |
| North Chiller Plant Chillers                    | 22,900           | 22,900           | -                 | -               |                 |                 |                   |                |
| Blandy Arboretum                                | 1,400            | 800              | -                 | -               |                 |                 |                   |                |
| Rugby Road Admin Building                       | 8,858            | 15,542           | -                 | -               |                 |                 |                   |                |
| Construct ITC Data Center                       | -                | 13,061           | -                 | 13,061          |                 |                 |                   |                |
| Expand Central Grounds Chiller                  | -                | 5,700            | -                 | 5,700           |                 |                 |                   |                |
| Subtotal Capital                                | 249,029          | 188,743          | 126,262           | 18,761          |                 |                 |                   |                |
| <b>Total</b>                                    | <b>\$274,393</b> | <b>\$206,286</b> | <b>\$134,963</b>  | <b>\$21,690</b> | <b>\$28,636</b> | <b>\$21,094</b> | <b>\$1,976</b>    | <b>\$2,929</b> |

UNIVERSITY OF VIRGINIA'S COLLEGE AT WISE  
 SUMMARY OF BUDGET REQUESTS AND GOVERNOR'S BUDGET BILL  
 (in 000s)

|                                  | 2008-09          |                  |                   |              | 2009-10       |             |                   |              |
|----------------------------------|------------------|------------------|-------------------|--------------|---------------|-------------|-------------------|--------------|
|                                  | Request          |                  | Governor's Budget |              | Request       |             | Governor's Budget |              |
|                                  | GF               | NGF              | GF                | NGF          | GF            | NGF         | GF                | NGF          |
| <b>Operating</b>                 |                  |                  |                   |              |               |             |                   |              |
| Replace Current Student System   | \$ 884           | \$ -             | \$ -              | \$ -         | \$ 231        | \$ -        | \$ -              | \$ -         |
| Additional Faculty               | 330              | -                | -                 | -            | 330           | -           | -                 | -            |
| Base Budget Adequacy             | -                | -                | 132               | 75           | -             | -           | 132               | 75           |
| Undergraduate Financial Aid      | -                | -                | 119               | -            | -             | -           | 119               | -            |
| Subtotal Operating               | 1,214            | -                | 251               | 75           | 561           | -           | 251               | 75           |
| <b>Capital</b>                   |                  |                  |                   |              |               |             |                   |              |
| Maintenance Reserve              | \$ 800           | \$ -             | \$ 528            | \$ -         |               |             |                   |              |
| Smiddy Hall Renovation/IT Bldg   | 3,000            | -                | 3,000             | -            |               |             |                   |              |
| Science Bldg Renovation          | 2,263            | -                | 2,263             | -            |               |             |                   |              |
| New Library                      | 43,000           | -                | 41,710            | -            |               |             |                   |              |
| Greear Gym & Pool and Rec Center | 16,780           | 29,920           | -                 | -            |               |             |                   |              |
| Accessibility                    | 600              | -                | -                 | -            |               |             |                   |              |
| Subtotal Capital                 | 66,443           | 29,920           | 47,501            | -            |               |             |                   |              |
| <b>Total</b>                     | <b>\$ 67,657</b> | <b>\$ 29,920</b> | <b>\$ 47,752</b>  | <b>\$ 75</b> | <b>\$ 561</b> | <b>\$ -</b> | <b>\$ 251</b>     | <b>\$ 75</b> |

**APPENDIX B**

**2008-2010  
PROPOSED AMENDMENTS**

UNIVERSITY OF VIRGINIA - ACADEMIC DIVISION  
2008-2010 PROPOSED AMENDMENTS  
(in 000s)

|                                 | 2008-2009       |               | 2009-2010        |               |
|---------------------------------|-----------------|---------------|------------------|---------------|
|                                 | <u>GF</u>       | <u>NGF</u>    | <u>GF</u>        | <u>NGF</u>    |
| <b>Operating</b>                |                 |               |                  |               |
| 1. PRODUCED in Virginia         | \$ 1,500        | \$ 100        | \$ 1,658         | \$ 753        |
| 2. Research Continuation        | -               | -             | 7,725            | -             |
| 3. Safety and Security          | 1,769           | 207           | 1,719            | 207           |
| 4. Graduate Aid Language Change | n/a             | n/a           | n/a              | n/a           |
| Subtotal Operating              | 3,269           | 307           | 11,102           | 960           |
| <b>Capital</b>                  |                 |               |                  |               |
| None                            |                 |               |                  |               |
| <b>Total</b>                    | <b>\$ 3,269</b> | <b>\$ 307</b> | <b>\$ 11,102</b> | <b>\$ 960</b> |

Patrons: Senator Houck and Delegate May (PRODUCED in Virginia)  
Senator Quayle and Delegate Putney (all others)

UNIVERSITY OF VIRGINIA'S COLLEGE AT WISE  
 2008-2010 PROPOSED AMENDMENTS  
 (in 000s)

|   | 2008-2009        |                 | 2009-2010     |             |
|---|------------------|-----------------|---------------|-------------|
|   | <u>GF</u>        | <u>NGF</u>      | <u>GF</u>     | <u>NGF</u>  |
| Operating   |                  |                 |               |             |
| 1.Replace Current Student System                          | \$ 884           | \$ -            | \$ 231        | \$ -        |
| 2.Additional Faculty                                      | 330              | -               | 330           | -           |
| Subtotal Operating  | 1,114            | -               | 561           | -           |
| Capital   |                  |                 |               |             |
| 1.Renovate Greear Gym and<br>Construct Convocation Center | \$ 30,000        | \$ 5,000        |               |             |
| Subtotal Capital  | 30,000           | 5,000           |               |             |
| <b>TOTAL</b>  | <b>\$ 31,114</b> | <b>\$ 5,000</b> | <b>\$ 561</b> | <b>\$ -</b> |

Patrons: Senator Wampler and Delegate Phillips