

**DOCKET**

**BOARD OF VISITORS**

**University of Virginia**

**Regular Meeting**

**October 4, 2008**

DOCKET  
BOARD OF VISITORS  
OCTOBER 4, 2008

CONSENT ITEMS

1. APPROVAL TO ACQUIRE A PERMANENT EASEMENT AT THE UNIVERSITY AVENUE DUCT BANK FROM THE CITY OF CHARLOTTESVILLE

(approved by the Buildings and Grounds Committee on October 2, 2008)

RESOLVED, the acquisition of a permanent easement across University Avenue, near the intersection of Rugby Road and University Avenue adjacent to Carr's Hill, and in the approximate location shown on that certain map entitled "Request for Easement, from the City of Charlottesville, for University Avenue Duct Bank" dated August 7, 2008, and prepared by Facilities Management, for a duct bank located in the right-of-way of the City of Charlottesville is approved; and

RESOLVED FURTHER, the Executive Vice President and Chief Operating Officer is authorized, on behalf of the University, to approve and execute a deed of easement and related documents, to incur reasonable and customary expenses, and to take such other actions as deemed necessary and appropriate to acquire such permanent easement; and

RESOLVED FURTHER, all prior acts performed by the Executive Vice President and Chief Operating Officer, and other officers and agents of the University, in connection with the acquisition of such permanent easement, are in all respects approved, ratified and confirmed.

2. APPROVAL OF PERMANENT EASEMENTS IN FONTAINE RESEARCH PARK TO THE ALBEMARLE COUNTY SERVICE AUTHORITY

(approved by the Buildings and Grounds Committee on October 2, 2008)

RESOLVED, the granting of permanent easements in the approximate locations shown on the plat entitled "Subdivision Plat Showing Parcel J Being a Portion of Tax Map 76 Parcel 17B also Showing Parcel K Being a Combination of Portions of Tax Map 76 Parcels 17B and 17BW Located on Ray C. Hunt Drive Samuel

Miller District Albemarle County, Virginia" dated March 10, 2008, and prepared by Thomas B. Lincoln Land Surveyor, Inc., to the Albemarle County Service Authority, for utilities located on property owned by the Rector and Visitors of the University of Virginia, is approved; and

RESOLVED FURTHER, the Executive Vice President and Chief Operating Officer is authorized, on behalf of the University, to approve and execute a deed of easement and related documents, to approve revisions to the Plat (including, without limitation, revisions to change the locations of the permanent easements), to incur reasonable and customary expenses, and to take such other actions as deemed necessary and appropriate to grant such permanent easements; and

RESOLVED FURTHER, all prior acts performed by the Executive Vice President and Chief Operating Officer, and other officers and agents of the University, in connection with the acquisition of such permanent easement, are in all respects approved, ratified and confirmed.

3. APPROVAL TO ACQUIRE A PERMANENT EASEMENT AT STADIUM ROAD FROM THE CITY OF CHARLOTTESVILLE  
(approved by the Buildings and Grounds Committee on October 2, 2008)

RESOLVED, the acquisition of a permanent easement, along Stadium Road in the approximate locations shown on the certain plat entitled "Exhibit Plat Showing a Proposed Utility Easement Within the Right of Way of Stadium, City of Charlottesville, Virginia" dated August 21, 2008, and prepared by Dewberry and Davis LLC, to facilitate the construction of water and sanitary lines, is approved; and

RESOLVED FURTHER, the Executive Vice President and Chief Operating Officer is authorized, on behalf of the University, to approve and execute a deed of easement and related documents, to approve revisions to the Plat (including, without limitation, revisions to change the locations of the permanent easements), to incur reasonable and customary expenses, and to take such other actions as deemed necessary and appropriate to acquire such permanent easement; and

RESOLVED FURTHER, all prior acts performed by the Executive Vice President and Chief Operating Officer, and other officers and agents of the University, in connection with the acquisition of such permanent easement, are in all respects approved, ratified and confirmed.

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

(approved by the External Affairs Committee on October 3,  
2008)

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

<u>Foundation</u>	<u>Board of Visitors Representative</u>	<u>Term Ending</u>
Alumni Association of the University of Virginia	Glynn D. Key	06/30/12 *
Alumni Board of Trustees of the University of Virginia Endowment Fund	J. Davis Hamlin	12/31/08
The College Foundation of the University of Virginia	Timothy B. Robertson	12/31/08
The University of Virginia's College at Wise Alumni Association	Don R. Pippin	06/30/11
The University of Virginia's College at Wise Foundation	Don R. Pippin	06/30/11
Curry School of Education	The Hon. Lewis F. Payne	06/30/11
Darden School Foundation	Thomas F. Farrell, II	12/31/09
Foundation of the State Arboretum at Blandy Experimental Farm	Megan Raymond	12/31/10
Healthcare Partners, Inc.	E. Darracott Vaughan, Jr., M.D.	06/30/10
University of Virginia Health Services Foundation	E. Darracott Vaughan, Jr., M.D.	12/31/08
Jefferson Scholars Foundation	Thomas F. Farrell, II	06/30/11
Law School Alumni Association and Law School Foundation, University of Virginia	Gordon F. Rainey, Jr.	12/31/08
McIntire School of Commerce Foundation	Thomas F. Farrell, II	06/30/11
Medical School Alumni Association and Medical School Foundation, University of Virginia	Sam D. Graham, Jr., M.D.	05/31/09

<u>Foundation</u>	<u>Board of Visitors Representative</u>	<u>Term Ending</u>
Miller Center Foundation	W. Heywood Fralin	06/30/09
Osher Lifelong Learning Institute (OLLI)	Alexander G. Gilliam, Jr.	12/31/09
Patent Foundation, University of Virginia	G. Slaughter Fitz-Hugh, Jr.	06/30/11
Rare Book School	Karin Wittenborg	12/31/09
School of Architecture Foundation	Susan Y. Dorsey	06/30/11
University of Virginia Foundation and Subsidiaries	G. Slaughter Fitz-Hugh, Jr.	06/30/11
University of Virginia Health Foundation	E. Darracott Vaughan, Jr., M.D.	06/30/11
University of Virginia Investment Management Corporation	A. Macdonald Caputo	12/31/11 *
Virginia Engineering Foundation	Kenneth M. Humphries	12/31/09
Virginia Athletic Foundation	Daniel R. Abramson	12/31/11
Virginia Tax Foundation, Inc.	Joseph E. Gibson	12/31/08

\* Denotes ratification required by the Board of Visitors.

**5. APPROVAL TO CREATE A QUASI-ENDOWMENT TITLED THE "GREENSLADE FUND FOR INTERNATIONAL STUDIES IN ARTS AND SCIENCES"**

(approved by the Finance Committee on October 4, 2008)

WHEREAS, the College and Graduate School of Arts & Sciences has received a bequest for approximately \$8.6 million and wishes to create a quasi-endowment account with the funds; and

WHEREAS, consistent with the donor's preference as stated in the trust from which the bequest was conveyed, the funds are to be "used to support international studies in the departments in the social sciences and the humanities in the College of Arts and Sciences and the Graduate School of Arts and Sciences at the University of Virginia";

RESOLVED, the Board authorizes the creation of a quasi-endowment account by the College and Graduate School of Arts & Sciences to be called - after Gertrude S. Greenslade, the donor - the Greenslade Fund for International Studies in Arts and Sciences; and

RESOLVED FURTHER, annual budgets for the proposed use of these funds shall be provided to the Executive Vice President and Provost for review and approval prior to the beginning of each fiscal year and on the schedule proscribed by the University's budget development. Similarly, annual reports demonstrating actual expenditure of these funds shall be provided to the Executive Vice President and Provost at the conclusion of each fiscal year.

## ACTION ITEMS

### 6. APPROVAL OF THE AUDIT CHARTER

(approved by the Audit and Compliance Committee on October 3, 2008)

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

### 7. APPROVAL OF ADDITIONS TO THE MAJOR CAPITAL PROJECTS PROGRAM

(approved by the Buildings and Grounds Committee on October 2, 2008)

WHEREAS, the University proposes four new capital projects at the University of Virginia:

1) Renovation of the Bayly Building for the UVa Art Museum, with a budget range of \$2 million to \$2.5 million to be funded from gifts;

2) Retrofit of the Ivy Stacks Shelving, with a budget range of \$6.7 million to \$7.5 million to be funded from state general funds;

3) Acquisition of a Modular Vivarium Unit, with a budget of \$2.7 million to be funded from Facilities and Administrative Recoveries; and

4) Redevelopment of a portion of the Health System's Northridge site, with a budget of \$3.1 million to \$3.2 million to be funded from University debt, with debt service to be provided from hospital operating revenues; and

RESOLVED, the Buildings and Grounds Committee approves the addition of these projects to the University's Major Capital Projects Program.

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

(approved by the Finance Committee on October 4, 2008)

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

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

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

RESOLVED FURTHER, the Board of Visitors understands that to the extent these initiatives are not included in the Governor's 2008-2010 biennial budget, the Academic Division, the Medical Center, and The University of Virginia's College at Wise may want to pursue similar requests to the Legislature; and

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

9. APPROVAL OF FINANCIAL PLANS FOR PROJECTS TO BE ADDED TO THE UNIVERSITY OF VIRGINIA'S MAJOR CAPITAL PROJECTS PROGRAM

(approved by the Finance Committee on October 4, 2008)

RESOLVED, the Board of Visitors endorses the financial plans for four new projects at the University of Virginia:

Renovation of the Bayly Building for the University of Virginia Art Museum, with an expected budget of \$2 million to \$2.5 million to be funded from gifts;

Retrofit of the Ivy Stacks, with an expected budget of \$6.7 million to \$7.5 million to be funded from state general funds;

Acquisition of a Modular Vivarium Unit, with an expected budget of \$2.7 million to be funded from Facilities and Administrative recoveries;

Development of the Northridge site to be financed with University debt of \$3.1 million to \$3.2 million, to be serviced with Medical Center operating funds; and

RESOLVED FURTHER, that these projects will be added to the University's Major Capital Projects Program.

10. APPROVAL OF INTENT TO ISSUE TAX EXEMPT DEBT  
(approved by the Finance Committee on October 4, 2008)

WHEREAS, the University of Virginia intends to undertake the following capital project(s) utilizing tax-exempt debt as a funding source:

Northridge Development Project

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 of Virginia 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 of Virginia 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 of Virginia 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 of Virginia arranges short-term financing for a particular project, and if the project is not ultimately completed, or if the project utilizes funding sources other than debt, then the appropriate school or unit remains responsible for refunding the short-term obligation;

RESOLVED that, pursuant to the terms of the Treasury Regulations, the Board of Visitors of the University of Virginia declares its intent to reimburse expenditures in accordance with the following:

1. The University of Virginia reasonably expects to reimburse expenditures from the issuance of tax-exempt debt to be issued by the University of Virginia incurred for the 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 the project is as follows:

Northridge Development Project = \$3,230,000  
(total of this and all prior requests = \$3,230,000)

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

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

1. The Board of Visitors approves the current resolution;

2. A comprehensive and detailed financial plan for the school/unit project is submitted;

3. Short-term financing shall not exceed sixty months in maturity; and

4. The school or unit remains responsible for any debt obligation incurred regardless of the status of the capital project or whether or not a debt issuance actually occurs.

11. REPORT ON THE ACTION OF THE EXECUTIVE COMMITTEE  
ON SEPTEMBER 3, 2008

The Rector will report on the following action taken by the Executive Committee on September 3, 2008:

RESOLVED, the lease on Pavilion IX, West Lawn, presently held by Ms. Karen Van Lengen, Dean of the School of Architecture, be extended from August 31, 2009, to February 28, 2010.

**ATTACHMENT**

**2008-2010 BIENNIAL BUDGET  
REQUESTS**

AGENCY 207 - Academic Division:

*Produced in Virginia (\$1.7 million (need to develop updated proposal) GF in year two)* - The University has partnered with the Virginia Community College System to increase the number of undergraduate engineering degrees awarded in the Commonwealth. Students complete the first two years of coursework at a community college, then enroll in the University of Virginia and complete an engineering bachelor's degree program through both on-site and asynchronous technology. At full implementation in six years, the University projects to award an additional 400 degrees annually. These students, all of whom are expected to be Virginians, will be incremental to the number of students previously approved by the Board of Visitors in the University's official enrollment projections. The request represents start-up costs (recruiting, course design, equipment) of \$1.3 million, plus the ongoing general fund's share of base budget adequacy funding per undergraduate engineering student for the incremental in-state students (32 FTE) who will join the University in the summer of 2009.

*Operations and Maintenance Costs for New Facilities (\$1.5 million GF in year one and \$3.7 million GF in year two)* - The University requests ongoing support for operations and maintenance costs of new facilities scheduled to open in the 2008-2010 biennium.

*E&G Utility Cost Increases (\$1.6 million GF in both years)* - The cost of electricity, natural gas, coal, and oil has increased far in excess of inflation over the past three years, particularly with the lifting of the rate cap on electricity. As a result, the University has been compelled to direct a sizable share of discretionary base budget adequacy funding to pay the cost of utilities rather than invest in core educational programs and support enrollment growth. This request will allow the University to appropriately fund utility costs and appropriately invest in educational programs on an ongoing basis.

*UVa Health Plan Cost Increases (\$1.1 million GF in year two)* - We request ongoing support to maintain the state's funding of the University-sponsored health care plan at a comparable level to the state funding provided for other state-sponsored health plans.

*Graduate Financial Support (\$2.0 million GF in year two)* - This additional ongoing support will enhance our ability to compete for the most promising graduate students by improving the competitive position of our most prestigious graduate fellowships, creating first-year fellowships, increasing the number of dissertation year fellowships to reward innovative research, and providing competitive enhancements to recipients of prominent national fellowships, such as those from the National Science Foundation and the National Institutes of Health.

*Graduate Financial Aid Restriction for In-State Students (Language Only)* - We request removal of the existing requirement that 50 percent of general funds allocated to graduate student financial assistance be made to Virginia residents. High quality graduate students play a vital role in recruiting world class faculty, attracting external grant support, and improving the stature of the University's research enterprise. One no-cost measure of support for graduate students would be the elimination of this requirement. Increasingly our highest quality applicants are from out-of-state and require a higher level of commitment from the University. Many graduate students remain in the Commonwealth after graduation, even becoming the faculty of our public and private colleges and universities. Out-of-state graduate students frequently bring spouses and families to the region to have a settled life here. Allowing the University to award state support to the highest quality graduate students, regardless of their residency, will provide the University additional flexibility in building a world-renown research enterprise.

*New Cabell Hall Renovation (\$76.12 million in year two)* - \$3.9 million in planning funds was provided in 2008-2009. Construction funds are needed in 2009-2010 in order to be prepared to proceed with this project upon the completion of the South Lawn project. The project will include abatement of asbestos and other hazardous materials, needed repairs, code and accessibility compliance modifications, updates to building systems to provide modern functionality, and upgrades to finishes and furniture. The major building system updates will include adding sprinklers, adding HVAC and removing the old heating system, modernizing the elevators, and renovating electrical, alarm, and telephone/data distribution systems.

*Ruffner Hall Renovation (\$19.8 million in year two)* - \$250,000 was provided in 2008-2009 for pre-planning. Construction funds are needed in 2009-2010 in order to be prepared to proceed upon

the completion of Bavaro Hall. This project repairs and/or replaces major infrastructure systems in Ruffner Hall, constructed in 1973. The project includes a structural evaluation and replaces building systems including HVAC, flooring, electrical, fire alarm system, sprinklers, masonry, roofing, skylights, doors, windows, hardware, interiors, signage, furnishings, site work, and plumbing. It also removes asbestos and lead based paint.

*Ivy Stacks Shelving Retrofit (\$7.5 million in year two)* - The University's Ivy Stacks remote shelving facility provides cost-effective storage space for the University's library collections, but is nearing capacity. Replacing the current shelving system (high-rise, human retrieval) with a state-of-the-art robotic retrieval system will increase the capacity of the current facility from 800,000 volumes to 1.5 million volumes and defer the need for a second facility for ten years. These funds will cover the procurement and installation of the system, as well as retrofitting the facility to accommodate the new system.

AGENCY 209 - Medical Center:

*Increase Medicaid Prospective Inpatient Payment Rates (\$1.3 million GF and \$1.3 million NGF in year two)* - The 2008-2010 Appropriation Act reduced the level of reimbursement to the Commonwealth's academic medical centers, also leaving federal cost matching dollars on the table.

AGENCY 246 - University's College at Wise:

*Expanded Student Access through the AIMS Scholars Program (\$682,400 GF and 5 FTE in the second year)* - The College at Wise continues to have a student body which demonstrates the highest financial need in the Commonwealth. The College at Wise has been successfully piloting its AIMS Scholars Program in a targeted area which has seen these students transition from the community college to the College at Wise. This amendment will expand this scholarship program by 50 students (at \$6,477 each = \$324,000). It will also add two staff to advise students on financial aid (two at \$35,000 + fringes = \$91,000) and three faculty (three at \$54,500 + fringes = \$213,000). The faculty will focus on successfully integrating the scholars and others into Wise, increasing the likelihood of retention and on-time graduation. The request also includes \$55,000 in OTPS to support the aid and transition/retention programs.

*Development of Internal Telecommunications Operations (\$609,600 GF and 2 FTE in the second year)* - The continuing growth of the College at Wise is making evident the need for an internal telecommunications operation to handle telephone, wiring, voicemail, programming, and support services. An aging campus telephone system and cable plant is causing many on and off-campus communication problems and a replacement of analog telephone technology with voice over internet protocol (VoIP) telephone technology is imperative for the near future. This amendment for ongoing funding will enable the College at Wise to replace its current system with newer technology, continue and enhance telephone service for internal and external constituents throughout the state, and give the College at Wise better reporting and call tracking services to control telephone costs across the institution. The ongoing cost will be \$169,900 and two FTEs. The one-time cost for the system replacement is \$440,000.

*New Library (\$3.5 million GF planning in year two)* - During the College at Wise's last SACS accreditation, student study space in the existing library barely met the minimum standard, and with the growth experienced since that time, it will not be in compliance during the next accreditation process. This planning funding will allow us to determine how to construct a new facility to meet the current and future academic needs of the institution, to include space to house and increase the College at Wise's collection - which is critical as new and larger academic programs have been introduced in the interim - as well as provide important study and instructional spaces for the student body. To meet accreditation needs, planning must begin immediately, with construction expected to begin in 2010-2011.