

April 2, 2009

MEMORANDUM

TO: The Finance Committee:

John O. Wynne, Chair
A. Macdonald Caputo
The Hon. Alan A. Diamonstein
Thomas F. Farrell, II
Glynn D. Key
Austin Ligon
Vincent J. Mastracco, Jr.
Warren M. Thompson
W. Heywood Fralin, Ex Officio
Daniel M. Meyers, Consulting Member

and

The Remaining Members of the Board:

Daniel R. Abramson	The Hon. Lewis F. Payne
Susan Y. Dorsey	Don R. Pippin
Helen E. Dragas	E. Darracott Vaughan, Jr., M.D.
Robert D. Hardie	Adom Getachew

FROM: Alexander G. Gilliam, Jr.

SUBJECT: Minutes of the Finance Committee Meeting on
April 2, 2009

The Finance Committee of the Board of Visitors of the University of Virginia met, in Open Session, in the Board Room at the Rotunda at 1:50 p.m., Thursday, April 2, 2009; John O. Wynne, Chair and Vice Rector, presided.

Present were A. Macdonald Caputo, The Honorable Alan A. Diamonstein, Thomas F. Farrell, II, Ms. Glynn D. Key, Austin Ligon, Vincent J. Mastracco, Jr., and W. Heywood Fralin, Rector.

Also present were Daniel R. Abramson, Ms. Susan Y. Dorsey, Ms. Helen E. Dragas, Robert D. Hardie, The Honorable Lewis F. Payne, Don R. Pippin, and E. Darracott Vaughan, Jr., M.D.

Rahul Gorawara, the Student Member-elect, and Edmund W. Kitch, Consulting Member from the Faculty Senate, were present.

Present, too, were John T. Casteen, III, Leonard W. Sandridge, Alexander G. Gilliam, Jr., Paul J. Forch, Arthur Garson, Jr., M.D., Ms. Susan A. Carkeek, William B. Harvey, James L. Hilton, R. Edward Howell, Ms. Patricia M. Lampkin, David J. Prior, Ms. Yoke San L. Reynolds, Ms. Colette Sheehy, Thomas C. Skalak, James S. Matteo, and Ms. Jeanne Flipppo Bailes.

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

ACTION ITEMS: Approval of Revised Enrollment Projections - Through 2015-2016

Mr. Sandridge reminded the Committee that the Board of Visitors, in 1990, approved a phased enrollment growth plan for the next 15 years; there have been subsequent revisions over the years by the Board. The current revision would increase undergraduate enrollment from the current 13,975 students to 14,535 students in 2015-2016 - an increase of about 560 students. Graduate enrollment would increase from 4,986 to 5,222 - around 254 students. This would bring the total on-Grounds enrollment to 21,804, which means an increase of 765 students over the next seven years.

The University has submitted these projections - as is required - to the State Council; it now seeks Board approval.

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

APPROVAL OF REVISED ENROLLMENT PROJECTIONS - THROUGH 2015-2016

WHEREAS, the University's existing enrollment plan, approved by the Board of Visitors in April 2007, must be revised to reflect projected increases in the undergraduate and graduate enrollment levels; and

WHEREAS, the Board previously discussed and approved the University's action plan for enrollment growth - to grow by 1,100 undergraduate students and 400 graduate students over the next decade; and

WHEREAS, since the Board of Visitors' 2005 action on enrollment growth, the Darden Graduate School of Business was authorized to establish an Executive MBA program; and

WHEREAS, the University is committed to serving the higher education needs of the Commonwealth of Virginia and the nation; and

WHEREAS, the revised enrollment projections for 2009-2010 through 2015-2016 were submitted to the State Council of Higher Education in Virginia by April 1, 2009;

RESOLVED, the Executive Vice President and Chief Operating Officer is authorized to develop plans with the State Council of Higher Education in Virginia which will keep the University on track to increase total enrollment by the original 1,500 students authorized by the Board of Visitors in 2005, together with an additional 100 Executive MBA Students in the Darden Graduate School of Business; and

RESOLVED FURTHER, that all undergraduate growth maintain the current mix of in-state and out-of-state students.

ACTION ITEMS: Approval of the Issuance of General Revenue Pledge Bonds for Capital Projects and Debt Refunding

The University plans to issue long-term bonds in the fourth quarter of this fiscal year to refund outstanding commercial paper, provide for future projects, and to refund - potentially - certain other University bonds.

Mr. Sandridge and Mr. James Matteo, Director of Treasury Operations, explained that the long-term bonds will be issued for projects previously approved by the Board for construction and financing. The total amount issued will not exceed \$300million; of this total, up to \$20million may be used to refund all or a portion of outstanding University bonds.

On motion, the Committee approved the resolution regarding the Approval of the Issuance of General Revenue Pledge Bonds for Capital Projects and Debt Refunding (See Minutes of the Meeting of the Board of Visitors, dated April 2-3, 2009).

REPORTS BY THE EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER:

Debt Capacity and Debt Planning

At Mr. Sandridge's request, Ms. Reynolds, Vice President and Chief Financial Officer, reported on the impact of present economic conditions on the debt portfolio program, debt planning and debt capacity. There was a lively discussion.

Spending Policy Report

Ms. Reynolds reported on the University's spending policy, which is to say distributions from the Endowment. She reminded the Committee that at its June, 2008 meeting, the Board authorized a change in the parameters of the spending policy. She reviewed the impact of the economic conditions on the endowment and suggested options for setting the fiscal year 2009-2010 distribution from the endowment.

At a future meeting, the Board will determine a course of action.

Defined Contribution Retirement Program Annual Report

Mr. Wynne, as Chair of the Finance Committee, works with the Retirement Administrative Committee - a group chaired by Ms. Reynolds - which oversees, on behalf of the Board of Visitors, the University's retirement plans. The Committee reports annually to the Finance Committee of the Board which oversees the plans and in turn reports once a year to the Board of Visitors.

Mr. Wynne reported that performance has been satisfactory.

Endowment Report

The Chair and Mr. Sandridge reported on the market value and performance of the Endowment as of February 28th.

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On motion, the meeting was adjourned at 3:30 p.m.

AGG:jb

These minutes have been posted to the University of Virginia's Board of Visitors website.

<http://www.virginia.edu/bov/financeminutes.html>