

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS
MEETING OF THE
FINANCE COMMITTEE
JUNE 11, 2009**

FINANCE COMMITTEE

Thursday, June 11, 2009
1:30 - 3:00 p.m.
Board Room, The Rotunda

Committee Members:

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

AGENDA

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UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: June 11, 2009

COMMITTEE: Finance

AGENDA ITEM: I.A. 2009-2010 Budget

BACKGROUND: At its June meeting, the Board of Visitors considers the proposed operating budgets for the Academic Division, The University of Virginia's College at Wise and the Medical Center. Since its October 2008 meeting, the Board of Visitors has heard reports on the budget requests submitted to the state and the preliminary budget assumptions for the 2009-2010 operating budget. At its April 2009 meeting, the Board of Visitors approved tuition, mandatory fees, housing, and dining rates for 2009-2010 - which comprise significant revenue sources for the operating budget - and heard reports on the actions of the 2009 General Assembly.

DISCUSSION: The 2009-2010 expenditure budget proposal for all divisions of the University totals \$2.25 billion, representing an increase of 1.9 percent compared with the 2008-2009 revised budget. Of this amount, \$1.23 billion relates to the Academic Division, \$989.9 million to the Medical Center, and \$34.7 million to The University of Virginia's College at Wise.

Academic Division

The proposed Academic Division operating expenditure budget will decrease by 0.1 percent to \$1,229.1 million. The budget incorporates a \$23 million reduction in state support, which is partially offset by \$10.7 million in operating support from the American Recovery & Reinvestment Act of 2009 (ARRA). Unavoidable cost increases driven by Access UVa, the student system implementation and related staff, base operating support to the College of Arts & Sciences, utilities, and operating costs for new facilities are met within the budget.

Tuition and fees will fund 30.5 percent of the Academic Division expenditure budget, while grants and contracts will account for 24.3 percent. Private resources and auxiliary enterprise operations will contribute 17 percent and 12.4 percent, respectively. Funds from state general funds (11.5 percent) and other sources (4.3 percent) comprise the remainder of the budget. For 2009-2010, the other sources category includes ARRA funds, operating balances, the use of accumulated

investment earnings, and short-term financing for the student system implementation.

Personnel costs comprise approximately 75 percent of educational and general expenditures and 62 percent of total operating expenditures in the Academic Division.

The University of Virginia's College at Wise

The proposed expenditure budget for The University of Virginia's College at Wise will increase by \$355,000, or one percent, in 2009-2010. State general funds will decrease 10.4 percent; at the same time, tuition revenues are increasing by two percent and sponsored programs by 22 percent. Auxiliary revenues will remain essentially unchanged. While maintaining its focus on student success and regional involvement, the College at Wise has met the challenge of these reductions without compromising existing personnel or the operation of any academic program, keeping its mission and goals intact. The 2009-2010 appropriation reflects a \$2.3 million reduction from the original 2008-2009 budget; partially offset with temporary ARRA funds of \$1.6 million.

Medical Center

The Medical Center operating expenditure budget is proposed to increase by \$41.6 million, or 4.4 percent, to \$989.9 million during 2009-2010, compared with 2008-2009 projected operating expenses of \$948.4 million. Total margin is expected to be \$48.9 million or 4.7 percent. This budget presentation will include a proposal to increase hospital room rates and ancillary service charges between seven and 9.9 percent and to enhance personnel compensation packages. The pay-for-performance pool has been established at \$3.5 million, which includes the impact on benefit costs. Other salary adjustments such as market, equity, and compression total \$3.3 million, including the impact on benefit costs.

For the Medical Center, the 2009-2010 fiscal plan has been developed while considering the challenge of providing patient care, teaching, and research services in an increasingly dynamic healthcare industry. The cost associated with providing quality patient care will continue to increase, along with a shortage of health care workers. In addition, the Medical Center expects to continue its growth in surgery and to care for patients with high-acuity illnesses.

For a full discussion of the budget proposal as well as comparative revenue and expenditure data for the Academic Division, the College at Wise, and the Medical Center, please refer to the Budget Summary, which accompanies this book.

Annual Renovation and Infrastructure Plan

Under Restructuring, the Board of Visitors has been delegated authority to approve all capital projects (acquisitions, capital leases, or new construction or renovation projects costing more than \$1 million and impacting more than 5,000 gross square feet) funded with non-general funds. To facilitate the consideration of certain projects with no external impact, the Board of Visitors considers the Annual Renovation and Infrastructure Projects (ARIP) Plan each year.

Page 49 of the 2008-2009 Budget Summary outlines the Academic Division and the Medical Center's proposed list of renovation and infrastructure projects expected to cost between \$1 million and \$5 million, to be funded with non-general fund cash (no debt), and expected to be initiated within the next fiscal year. This shorter, annual approval process allows these smaller projects to be planned in a more appropriate timeline based on the nature of the project. For example, as a new scientist is recruited to a faculty position, renovating a lab may be part of the recruitment negotiations, and must be completed before the scientist joins the faculty.

The 2009-2010 Academic Division ARIP Plan includes potential projects with a budget range of \$26.4 to \$31.3 million to address various infrastructure upgrades, renovation of Medical School offices and laboratories, and renovations at Lambeth Field Apartments. Projects will be funded from cash in utility reserves, maintenance funds, private resources, or auxiliary reserves.

The Medical Center's 2009-2010 Annual Renovation and Infrastructure Projects Plan includes \$14.4 to \$17.7 million in various renovation/relocation projects, a newborn nursery, and expansion of the helipad. All projects will be funded from Medical Center operating funds.

Pratt Fund

In April 1976, the University received funds, designated in the will of John Lee Pratt, to be used "to supplement salaries of the professors of the Departments of Biology,

Chemistry, Mathematics and Physics, to purchase equipment for these departments as suggested by the heads of the departments and approved by the President and the Board of Visitors, and to provide for scholarships in these departments for outstanding students." Mr. Pratt's will provides further that these funds could be used "to support research in the School of Medicine and to provide scholarships for medical students." The will stipulates that the Pratt endowment reverts to Washington and Lee University if the University of Virginia does not comply with the provisions of the will. The original Pratt endowment has been split into two equal endowments, with 50 percent of the original principal assigned to the College of Arts and Sciences and the remaining 50 percent assigned to the School of Medicine.

In 2009-2010, a distribution of up to \$3.7 million from the College of Arts and Sciences endowment and \$1.3 million from the School of Medicine endowment, for a total of up to \$5.0 million, is recommended. This distribution is made directly to the College of Arts & Sciences and the School of Medicine and is consistent with amounts distributed in the past. Committees in each of the schools developed the proposal, which is included as an Appendix to this document, to spend the distribution in a manner consistent with previous years.

Each dean, the Vice President for Research, the Executive Vice President and Provost, and the President are required to indicate their support of these projects. The table below shows aggregate allocations; the attachment describes the specific allocations.

2009-2010 Pratt Fund Allocation

| | <u>Equipment</u> | <u>Faculty Salaries</u> | <u>Fellowships</u> | <u>Research</u> | <u>Total</u> |
|------------------------------|---------------------|-------------------------|--------------------|--------------------|--------------------|
| Biology | \$ 15,590 | \$ 44,402 | \$ 190,008 | \$ - | \$ 250,000 |
| Chemistry | 40,000 | 60,000 | 150,000 | - | 250,000 |
| Mathematics | 40,000 | 91,400 | 18,600 | - | 150,000 |
| Physics | - | 33,558 | 216,442 | - | 250,000 |
| Faculty Start-Up Fund (est.) | 933,000 | 934,000 | 933,000 | - | 2,800,000 |
| A&S Subtotal | \$ 1,028,590 | \$1,163,360 | \$1,508,050 | \$ - | \$3,700,000 |
| Medicine | \$ - | \$ - | \$ 285,000 | \$1,015,000 | \$1,300,000 |
| TOTAL | \$ 1,028,590 | \$1,163,360 | \$1,793,050 | \$1,015,000 | \$5,000,000 |

APPROVAL OF THE 2009-2010 OPERATING BUDGET AND ANNUAL RENOVATION AND INFRASTRUCTURE PLAN FOR THE ACADEMIC DIVISION

RESOLVED, the 2009-2010 Operating Budget and Annual Renovation and Infrastructure Plan for the Academic Division is approved, as recommended by the President and the Chief Financial Officer.

APPROVAL OF THE 2009-2010 OPERATING BUDGET FOR THE UNIVERSITY OF VIRGINIA'S COLLEGE AT WISE

RESOLVED, the 2009-2010 Operating Budget for The University of Virginia's College at Wise is approved, as recommended by the President and the Chief Financial Officer.

APPROVAL OF THE 2009-2010 OPERATING AND CAPITAL BUDGETS AND ANNUAL RENOVATION AND INFRASTRUCTURE PLAN FOR THE UNIVERSITY OF VIRGINIA MEDICAL CENTER

RESOLVED, the 2009-2010 Operating and Capital Budget and the Annual Renovation and Infrastructure Plan for the University of Virginia Medical Center is approved, as recommended by the President, the Chief Financial Officer, and the Medical Center Operating Board.

APPROVAL OF PRATT FUND DISTRIBUTION FOR 2009-2010

RESOLVED, the budget for the expenditure of funds from the Estate of John Lee Pratt be approved to supplement appropriations made by the Commonwealth of Virginia for the School of Medicine and the Departments of Biology, Chemistry, Mathematics and Physics in the College of Arts and Sciences. Departmental allocations, not to exceed \$5,000,000 for 2009-2010, are suggested by the department chairs and recommended by the dean of each school. To the extent the annual income from the endowment is not adequate to meet the recommended distribution, the principal of the endowment will be disinvested to provide funds for the approved budgets.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: June 11, 2009

COMMITTEE: Finance

AGENDA ITEM: I.B. Capital Project Budget Review -
Financial Plans, ITC Data Center

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.

DISCUSSION: The University administration has one capital project budget for review at this meeting. The ITC Data Center was approved February 2007 at a project budget of \$13,061,000. The project constructs a 12,500 gross square foot (GSF) facility, including a 5,500 GSF computer room space to deliver expansion capacity and provide a significant enhancement to disaster recovery and business continuity capabilities. The project budget also included a \$1.9 million contribution to an electrical duct bank.

The University had no previous experience in programming or designing a data center. Subsequently, the original budget was insufficient as it did not fully incorporate critical needs, such as cabling to servers, server racks, and mechanical and electrical equipment. The project was refined during the schematic design phase and value engineering. During the project review, the electrical duct bank was dropped from the project scope and half the data center equipment deferred until necessary in order to manage the budget. However, in order to construct a facility that will provide the necessary data support, a \$1,739,000 increase in the budget is still required, bringing the total budget to \$14,800,000. The budget increase will be funded from communication services operating revenues.

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

APPROVAL OF PROJECT BUDGET REVIEW, ITC DATA CENTER

RESOLVED, that after further study, an increase to the ITC Data Center project of \$1,739,000, bringing the total project budget to \$14,800,000, is approved.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: June 11, 2009

COMMITTEE: Finance

AGENDA ITEM: I.C. Authorization of and Intent to Issue
Tax-Exempt Debt

BACKGROUND: This resolution authorizes the University to finance a capital project on a short-term basis, through the University's commercial paper program, where appropriate. Short-term debt may be issued for a capital project only after a project's business plan, including documentation of the project's fiscal soundness, has been approved by the Capital Outlay Executive Review Committee.

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

Under federal tax regulations, prior to the University's issuance of tax-exempt debt to finance a capital project, the Board of Visitors must approve an intent-to-issue resolution, so that the University may reimburse itself for certain qualified expenditures related to the project and incurred prior to the issuance of debt. This resolution also satisfies the requirement of the federal tax regulations.

DISCUSSION: Current cash flow projections indicate the Bavaro Hall project will require a short-term loan, or loans, to finance the project on an interim basis in anticipation of the receipt of pledged gifts and recoveries of monies from the CommonFund, or the issuance of long-term debt. We anticipate the short-term loan to not exceed \$10 million, in aggregate, in varying amounts over a period not to exceed seven years. The University requests that the Board of Visitors approve this resolution, to authorize a loan or loans and to declare its intent to issue tax-exempt debt for the Bavaro Hall project, in the following amount:

| Project | Requested Intent to Issue Authorization | Total of Requested and Previous Intent to Issue Authorizations |
|--------------------------------|---|--|
| ACADEMIC DIVISION: | | |
| Bridge Funding for Bavaro Hall | \$10,000,000 | \$10,000,000 |

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

AUTHORIZATION OF AND INTENT TO ISSUE TAX-EXEMPT DEBT

WHEREAS, the University intends to undertake certain capital projects identified below (whether one or more, the "Projects"), and to finance the Projects through the issuance of tax-exempt debt, in the maximum principal amount stated below for each of the Projects:

ACADEMIC DIVISION

Bavaro Hall—\$10,000,000; and

WHEREAS, the University further intends to expend funds on the Projects and to reimburse such expenditures from the proceeds of the tax-exempt debt; and

WHEREAS, to comply with the Internal Revenue Code of 1986, as amended, and Section 1.150-2 of the Income Tax Regulations (the "Regulations"), it is necessary, in order to reimburse such expenditures incurred prior to the issuance of the tax-exempt debt with the proceeds of such debt, that the University declare its official intent to make such a reimbursement of expenditures;

RESOLVED, that debt may be issued for each of the Projects on a short-term basis, but only if the following conditions are met:

1. A comprehensive and detailed financial plan for each of the Projects is submitted to and approved by the Capital Outlay Executive Review Committee;

2. Short-term debt shall not exceed eighty-four (84) months in maturity; and

3. A school or unit shall remain responsible for repaying any debt obligation incurred regardless of the status of such school or unit's Project; and

RESOLVED FURTHER, that the Board of Visitors of the University of Virginia declares its intent to expend funds on the Projects and to reimburse such expenditures from the proceeds of tax-exempt debt, in accordance with the following:

1. This resolution is a declaration of official intent for purposes of Section 1.150-2 of the Regulations; and

2. The University reasonably expects to issue tax-exempt debt for each of the Projects in the maximum principal amount stated in the recitals above.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: June 11, 2009

COMMITTEE: Finance

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

ACTION REQUIRED: None

The Executive Vice President and Chief Operating Officer will inform the Board of Visitors of other 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: June 11, 2009

COMMITTEE: Finance

AGENDA ITEM: III.B. Enterprise Risk Management

ACTION REQUIRED: None

BACKGROUND: As reported at the June 2008 meeting, the University engaged KPMG to conduct an initial assessment of the University's current framework for assessing and managing the University's strategic and high-level operational risks.

There are two phases to the Enterprise Risk Management (ERM) project. At the February 2009 Board of Visitors meeting, the Vice President and Chief Financial Officer presented a report to summarize the work completed as part of Phase 1, in which the University explored the feasibility and desirability of developing a framework that could link the different risk programs that are already in place, e.g. through the use of common vocabulary and metrics.

Phase II consists of a pilot to identify and manage strategic and high-level operational risks that the University may not have addressed systematically.

DISCUSSION: The Vice President and Chief Financial Officer is working with KPMG to finalize a report on Phase II of the ERM initiative, the findings of which will be reviewed with University and board leadership.

As part of Phase II, KPMG conducted interviews with selected University officials and members of the Board of Visitors to begin developing the University's portfolio of top risks. Since then the University has been assessing the likelihood of occurrence and magnitude of impact of the risks identified during the interview process. These discussions included consideration of risks associated with recommendations of the University's Commission on the Future of the University.

In developing the final report and recommendations, the University will work with KPMG to:

1. Analyze the current risk management process and compare it to KPMG's ERM Framework that include the following components:
 - Risk Governance
 - Risk Assessment
 - Quantification and Aggregation
 - Monitoring and Reporting
 - Risk and Control Optimization
2. Evaluate the University's level of maturity on KPMG's Risk Maturity Continuum for each component.
3. Incorporate "ERM Thought Leadership" through discussions and consultation with national and global ERM resources.
4. Identify ERM leading practice and higher education practices not currently implemented by the University.
5. Provide advice regarding criteria for establishing priorities, including cost-benefit analysis.

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: June 11, 2009

COMMITTEE: Finance

AGENDA ITEM: III.C. Endowment Report - Market Value
and Performance as of March 31, 2009

ACTION REQUIRED: None

BACKGROUND: The University of Virginia Investment Management Company (UVIMCO) provides investment management to the Rector and Visitors of the University of Virginia and its 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.

DISCUSSION: The March 31, 2009 Report is included below.

Quarter-End March 2009

Our policy portfolio is comprised of 60 percent equity, ten percent real assets, and 30 percent fixed income. Roughly in line with these policy allocations, at quarter-end March 2009 we have 58 percent of our long-term pool invested in public, private, and long/short equity strategies, just over ten percent invested in real estate and resource strategies, and 32 percent invested in government bonds, credit, absolute return, and cash.

Looking through the active strategies and funds in which we invest to the underlying securities, we estimate our asset class, regional, and currency exposures. At quarter-end March 2009, we have much lower market exposure than we normally expect. Our low market exposure is attributable in part to our long/short equity managers, who are defensively positioned with net equity exposure near zero. In larger part, our low market exposure is attributable to our strategy allocations. We normally expect to allocate 20 percent to 25 percent to public equity strategies and about 20 percent to private equity funds. We now have only 15 percent in public equity and 17 percent in private equity. We have seven percent invested in cash versus a normal position near zero.

We are defensively positioned with a high cash balance in view of our large commitment to make future investments in

private funds. We have \$1.5 billion of uncalled commitments to make new investments in private equity, real estate, and resource funds. Our private fund managers will call this capital over the next three to five years. While not all of the capital we have committed will be called, and some will be distributed back to us before the end of the investment period of these private funds, we expect a substantial increase in the amount we have invested in private funds over coming years.

We now have about \$1 billion invested in private equity, real estate, and resource funds. Sometime between 2012 and 2015 we may approach \$2 billion invested in these private strategies. The source of this approximately \$1 billion of anticipated future investment in private funds will come in roughly equal measure from our present public and long/short equity investment position of \$1.6 billion and our present government bond and cash investment position of \$700 million. We will become more aggressively invested slowly over the next several years at a pace determined by the investment activity of our private fund managers.

Our defensive position protected the value of the pool during the most recent quarter. In the quarter ended March, the value of our pool declined by less than one percent, versus a nine percent decline for our policy portfolio benchmark. Over the nine months fiscal year-to-date, our pool declined by 26 percent versus a 32 percent decline for our benchmark. Our defensive position will not serve us well if markets continue to rise in the near-term. In the month of March, our pool appreciated by only two percent versus a six percent rise for our policy portfolio benchmark.

Public Equity

For the fiscal year-to-date, our public equity portfolio declined by 45 percent versus a decline of 42 percent for the MSCI All Country World Index. Over this period, equity market performance across any distinction of geography, capitalization, or style was plainly negative. Our relative underperformance for the period is largely explained by an overweight exposure to emerging markets. Over longer-term horizons our public equity performance compares favorably with public market indices, up five percent for the most recent ten years versus a one percent loss for the MSCI Index. Our portfolio remains characterized by an emphasis on quality coupled with a heavy dose of idiosyncratic stock selection risk.

Long/Short Equity

For the fiscal year-to-date, our long/short portfolio declined by 17 percent. Over the past decade, the portfolio has provided a positive 12 percent compound annual return versus a loss for public market indices. Our portfolio continues to be structurally biased toward high quality, larger businesses on the long side and lower quality, smaller companies on the short side. This positioning provides a tailwind at times and a headwind at others. On March 6th, it seemed a bell rang, taking the equity markets off to the races with the most precariously positioned companies tearing ahead, resulting in a terrific headwind for our portfolio. As a result, our long/short portfolio lost two percent in March despite the eight percent gain for the MSCI Index.

Private Equity

We began proactively writing down our valuation of private equity funds in late 2008 to reflect the corresponding decline in the public markets. As we receive year-end audited financial statements from our managers, we find that these audited valuations are converging with our more timely estimates. Despite our write-downs, which remain more conservative than manager valuations, our private portfolio has outperformed public equity over all time periods. Our present commitments to private equity are heavily oriented toward distress for control managers who are finding ample opportunity in today's difficult economic and financial environment.

Real Estate

We have recorded sharp declines in our small portfolio of publicly traded real estate securities, write-downs by our private managers, and additional write-downs taken by us. Our private real estate portfolio, now valued at \$150 million, is small compared to the roughly \$530 million in remaining uncalled capital. Transaction activity among our managers has declined significantly over the past nine months in response to continued uncertainty regarding the macroeconomic environment and property fundamentals. We see little evidence of a near term resumption of activity by our private real estate fund managers.

Resources

The value of our resources portfolio has declined less than commodity prices. Our private resource companies hedge near-

term commodity price exposure and scale back production during an environment of low commodity prices, thereby preserving the real option to increase production when prices spike. Our resource managers are finding attractive opportunities to buy new assets from publicly traded companies and hedge funds. These aggressive participants in the land grab of recent years are now ratcheting down capital expenditures and disposing of assets at depressed prices in response to the liquidity pressures of over-levered balance sheets and tightened credit markets.

Absolute Return

Our absolute return portfolio, comprised of managers able to dynamically allocate across geographies, asset classes, and capital structures, has provided modest returns with relatively low volatility. The most recent quarter's return was up four percent, the most recent year down six percent, and the ten year result plus six percent per annum. From today's depressed ending point, the returns of our absolute portfolio compare very favorably to our policy portfolio benchmark for all time horizons. While this portfolio level stability masks more dispersion of returns at the individual fund level, funds in this strategy have displayed low correlation even during the recent period of heightened volatility.

Credit

Following the peak in credit spreads during the fourth quarter of 2008, liquid issues in the investment grade and high yield markets attracted significant investor inflows. Spreads have since tightened noticeably for liquid positions. Valuations in private credit markets, our chosen credit strategy, have not changed much since the dramatic declines of last year. From today's low prices and corresponding high yields, we expect attractive future returns from the \$250 million of capital we invested in credit over the past two years. We have only a modest remaining uncalled commitment of \$100 million to credit funds.

Bonds and Cash

The decline in government bond yields during the nine months fiscal year-to-date through March produced a 15 percent gain in the value of our government bond portfolio. At present, we own long-term Treasury Inflation Protected Securities (TIPS), which offer insurance against rising inflation. The price of

these long-duration securities will be more volatile than the broad market index that comprises a portion of our policy portfolio benchmark.

Our cash return for 2008 benefited from a successful currency hedge, anticipating elimination of the so called "carry trade" of borrowing in low yielding currencies to invest in high yielding currencies. We closed this position at a considerable gain, and the resulting cash inflow boosted our cash return. Now our cash is invested in Treasury Bills at close to zero interest rates.



UNIVERSITY of VIRGINIA
Investment Management Company
Investment Report
March 31, 2009

Investment Activity

| | Month | FY to Date 2009 ⁽¹⁾ |
|--------------------------------------|--------------------|--------------------------------|
| Beginning Net Asset Value (NAV) | \$3,759,274,795.76 | \$5,100,524,382.81 |
| Beginning Shares | 1,027,250.33 | 1,006,086.28 |
| NAV Per Share at Beginning of Period | \$3,659.55 | \$5,069.67 |
| + Contributions | \$1,598,675.00 | \$177,097,599.67 |
| - Redemptions | (\$5,289,971.33) | (\$60,129,779.94) |
| + Investment Return | \$78,339,816.85 | (\$1,374,159,514.84) |
| - UVIMCO Fees | (\$626,545.80) | (\$10,035,917.22) |
| Ending Net Asset Value (NAV) | \$3,833,296,770.48 | \$3,833,296,770.48 |
| Ending Shares | 1,026,094.53 | 1,026,094.53 |
| NAV Per Share at End of Period | \$3,735.81 | \$3,735.81 |

Shareholder Summary

| | Long-Term Pool | % of NAV |
|----------------------------------|--------------------|----------|
| University of Virginia Endowment | \$2,376,504,745.60 | 62.0% |
| Affiliated Organizations | \$827,300,962.81 | 21.6% |
| University Operating Funds | \$629,491,062.07 | 16.4% |
| Total | \$3,833,296,770.48 | 100.0% |

Performance

| | Market Value ⁽²⁾ | | Time-Weighted Returns | | | | Annualized | | | |
|--|-----------------------------|--------------|-----------------------|--------------|---------------|---------------|--------------|--------------|-------------|-------------|
| | \$ Millions | % | MO | CYTD | FYTD | 1 YR | 3 YR | 5 YR | 10 YR | 20 YR |
| Public Equity | 554 | 14.5 | 6.8 | (6.5) | (45.4) | (46.7) | (11.1) | 1.7 | 4.6 | 9.6 |
| Long / Short Equity | 1,028 | 26.8 | (1.8) | 2.7 | (17.2) | (12.7) | 5.5 | 8.4 | 12.1 | -- |
| Private Equity | 639 | 16.7 | 7.7 | (0.8) | (42.0) | (39.5) | (1.8) | 5.0 | 18.4 | 18.3 |
| Real Estate | 190 | 5.0 | (9.6) | (22.2) | (40.5) | (43.0) | (14.5) | 0.7 | 0.7 | -- |
| Resources | 215 | 5.6 | (3.0) | (2.3) | (22.5) | (8.0) | 11.5 | 22.2 | 20.7 | -- |
| Absolute Return | 289 | 7.5 | 0.7 | 3.9 | (9.5) | (5.5) | 1.3 | 3.1 | 6.3 | -- |
| Credit | 252 | 6.6 | 0.1 | 0.3 | (23.8) | (23.6) | (6.3) | (1.4) | 4.2 | -- |
| Government Bonds | 390 | 10.2 | 7.9 | 5.0 | 15.3 | 7.7 | 9.5 | 6.6 | 8.0 | 8.6 |
| Cash & Currency | 275 | 7.2 | 0.0 | (0.2) | 27.3 | 23.4 | 10.1 | -- | -- | -- |
| Short-Term Borrowing | 0 | 0.0 | 0.1 | 0.1 | 1.0 | 1.5 | -- | -- | -- | -- |
| Total Pool | 3,833 | 100.0 | 2.1 | (0.9) | (26.3) | (24.9) | (0.8) | 5.1 | 10.3 | 11.7 |
| MSCI All Country World Equity ⁽³⁾ | | 60.0 | 8.3 | (10.6) | (41.9) | (42.7) | (12.8) | (2.4) | (1.3) | 4.7 |
| MSCI Real Estate ⁽⁴⁾ | | 10.0 | 5.7 | (27.0) | (54.7) | (57.7) | (23.9) | (7.4) | (0.8) | 2.9 |
| Barclays Aggregate Bond ⁽⁵⁾ | | 30.0 | 1.1 | 0.1 | 4.8 | 3.4 | 5.4 | 4.2 | 5.5 | 7.3 |
| Policy Benchmark⁽⁶⁾ | | 100.0 | 5.9 | (9.1) | (31.5) | (32.7) | (8.4) | (0.5) | 1.2 | 5.7 |

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434-924-4245 • Fax: 434-924-4092
<http://www.virginia.edu/uvimco>

Investment Report
March 31, 2009

Commitments⁽⁷⁾

| (\$ in Millions) | Drawn | | |
|---------------------|--------------|--------------|--------------|
| | Commitment | Down | Uncalled |
| Public Equity | 124 | 80 | 43 |
| Long / Short Equity | - | - | - |
| Private Equity | 1,648 | 1,005 | 647 |
| Real Estate | 752 | 226 | 528 |
| Resources | 487 | 289 | 214 |
| Absolute Return | - | - | - |
| Credit | 188 | 93 | 97 |
| Government Bonds | - | - | - |
| Total | 3,198 | 1,693 | 1,529 |

Short-Term Liquidity⁽⁸⁾

| (\$ in Millions) | Weekly | Monthly | Quarterly | Total | % of NAV |
|-----------------------------|------------|------------|--------------|--------------|------------|
| Public Equity | 62 | 85 | 137 | 285 | 7% |
| Long / Short Equity | 46 | - | 52 | 98 | 3% |
| Real Estate | 40 | - | - | 40 | 1% |
| Government Bonds | 390 | - | - | 390 | 10% |
| Cash | 171 | - | - | 171 | 4% |
| Receivables (Payables) | 66 | 9 | (3) | 72 | 2% |
| Available Borrowing | 48 | - | - | 48 | 1% |
| Total | 823 | 94 | 186 | 1,103 | 29% |
| Cumulative Total | 823 | 916 | 1,103 | | |
| % of Net Asset Value | 21% | 24% | 29% | | |

Market and Currency Exposure Estimates

| | <i>Policy Range</i> | Actual Exposure | North America | Europe | Asia | LAMA |
|--------------------------|---------------------|------------------------|----------------------|----------------|----------------|---------------|
| Equity | <i>40 - 70</i> | 35.9 | 24.2 | 5.1 | 2.9 | 3.8 |
| Real Assets | <i>5 - 20</i> | 11.9 | 9.7 | 0.6 | 1.3 | 0.3 |
| Credit | <i>0 - 20</i> | 6.8 | 6.0 | 0.4 | 0.2 | 0.2 |
| Government Bonds | <i>5 - 20</i> | 10.5 | 10.5 | -- | -- | -- |
| Market Exposure | <i>70 - 100</i> | 65.1 | 50.4 | 6.0 | 4.4 | 4.3 |
| <i>Policy Ranges</i> | -- | -- | <i>25 - 75</i> | <i>10 - 40</i> | <i>10 - 40</i> | <i>0 - 20</i> |
| Cash & Currency | <i>0 - 30</i> | 34.9 | 33.7 | 0.8 | 0.4 | -- |
| Currency Exposure | -- | 100.0 | 84.1 | 6.8 | 4.8 | 4.3 |
| <i>Policy Ranges</i> | -- | -- | <i>50 - 100</i> | <i>0 - 30</i> | <i>0 - 30</i> | <i>0 - 20</i> |

Investment Report
March 31, 2009

Endnotes

- ⁽¹⁾ UVIMCO's fiscal year runs from July 1 through June 30.
- ⁽²⁾ In accordance with UVIMCO's valuation policy, investments in Private Equity, Private Real Estate, and Resources are valued at estimated fair market value.
- ⁽³⁾ The Equity component of our Fiscal Year 2009 policy portfolio is comprised of 100% MSCI AC World.
- ⁽⁴⁾ The Real Estate component of our Fiscal Year 2009 policy portfolio is comprised of 50% MSCI US Real Estate and 50% MSCI AC World Real Estate. Prior to January 1995, the benchmark is comprised of 100% FTSE NAREIT.
- ⁽⁵⁾ The Fixed Income component of our Fiscal Year 2009 policy portfolio and is comprised of 50% Barclays U.S. Aggregate Bond and 50% Barclays Global Aggregate Bond (Hedged). Prior to January 1990, the benchmark is comprised of 100% Barclays U.S. Aggregate Bond.
- ⁽⁶⁾ The Policy Benchmark is the geometrically linked monthly average of the underlying asset classes' benchmarks, weighted by the Fiscal Year 2009 policy target allocations: 60% Equity, 10% Real Assets, 30% Fixed Income.
- ⁽⁷⁾ Outstanding commitments to draw-down structured funds. Drawn Down represents all capital sent to manager, including management fees. Uncalled represents outstanding obligation to each fund and may not equal the difference between the Commitment and Drawn Down amounts.
- ⁽⁸⁾ Securities and funds that may be readily sold for cash within the designated time periods. Excludes the periodic redemption opportunity of funds with lock-up periods greater than one quarter.

MISCELLANEOUS FINANCIAL REPORTS
Finance Committee
University of Virginia

JUNE 11, 2009

UNIVERSITY OF VIRGINIA ACADEMIC DIVISION

FINANCIAL REPORT

ACCOUNTS AND LOANS RECEIVABLE AS OF MARCH 31, 2009

Summary of Accounts Receivable:

The University's Academic Division's total accounts receivable at March 31, 2009 was \$19,874,000 as compared to \$94,488,000 at December 31, 2008. The major sources of receivables at March 31, 2009 were sponsored programs of \$12,111,000 and other receivables of \$4,677,000.

The past due receivables over 120 days old were \$1,376,000 as of March 31, 2009 or 6.92 percent of total receivables which is below the Commonwealth's management standard of ten percent.

| | <u>Student Accounts</u> | <u>Sponsored Programs</u> | <u>Other Receivables</u> | <u>Total</u> |
|---|-----------------------------|-------------------------------|------------------------------|----------------------|
| Gross Accounts Receivable | \$ 3,086,000 | \$12,111,000 | \$ 4,677,000 | \$ 19,874,000 |
| Less: Allowance for Doubtful Accounts | 112,000 | 714,000 | 97,000 | 923,000 |
| Net Accounts Receivable | <u>\$2,974,000</u> | <u>\$11,397,000</u> | <u>\$ 4,580,000</u> | <u>\$ 18,951,000</u> |
| Accounts Receivable Greater than 120 Days Past Due | <u>\$ 278,000</u> | <u>\$ 810,000</u> | <u>\$ 288,000</u> | <u>\$ 1,376,000</u> |

SOURCE: Financial Administration
DATE: April 27, 2009

UNIVERSITY OF VIRGINIA ACADEMIC DIVISION

FINANCIAL REPORT

ACCOUNTS AND LOANS RECEIVABLE AS OF MARCH 31, 2009

Summary of Loans Receivable:

The default rate for the Perkins Student Loan Program was 5.93 percent for the quarter ending March 31, 2009. 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 0.0 percent. The Nursing Undergraduate Student Loan Program default rate decreased by 0.53 percent to 2.25 percent. Both medical loan programs are well below the five percent federal threshold. The University Loan Program default rate remained at 3.63 percent for the quarter.

| | <u>Gross Loans Receivable</u> | <u>Current Default Rate</u> | <u>Inc./ (Dec) From Last Quarter</u> |
|--------------------------------------|-----------------------------------|---------------------------------|--|
| Perkins Student Loans | \$ 19,794,000 | 5.93% | 1.04% |
| Health Professions Loans | 11,000 | 0.00% | 0.00% |
| Undergraduate Nursing Loans | 1,435,000 | 2.25% | (0.53%) |
| University Loans | <u>14,209,000</u> | 3.63% | 0.00% |
| Total Student Loan Outstanding | <u>\$ 35,449,000</u> | | |

SOURCE: Financial Administration
DATE: April 27, 2009

University of Virginia
Capital Campaign Summary
As Of 04/30/09

All Units

| | | Expendable | Endowment | Total |
|---------------------------------|-----|----------------------|----------------------|----------------------|
| Gifts and Pledge Payments | | 767,372,194 | 370,540,416 | 1,137,912,610 |
| Outstanding Pledge Balances | | 211,349,285 | 68,066,243 | 279,415,528 |
| Deferred Gifts | | 86,489,560 | 24,121,339 | 110,610,899 |
| Private Grants | | 141,024,160 | | 141,024,160 |
| Gifts in Kind | | 65,958,837 | 1,324,215 | 67,283,052 |
| Gift and Pledge Total | | 1,272,194,036 | 464,052,213 | 1,736,246,249 |
| Future Support | | 154,189,430 | 44,555,704 | 198,745,134 |
| Campaign Total | | 1,426,383,466 | 508,607,917 | 1,934,991,383 |
| | | | | |
| Additional Amounts To Be Raised | (1) | 99,755,964 | 1,163,997,787 | 1,263,753,751 |
| Total | | 1,371,950,000 | 1,628,050,000 | 3,000,000,000 |

Rector & Visitors Gift Accounts Only

| | | Expendable | Endowment | Total |
|---------------------------------|--|--------------------|--------------------|--------------------|
| Gifts and Pledge Payments | | 278,295,705 | 218,153,961 | 496,449,666 |
| Outstanding Pledge Balances | | 53,413,616 | 18,663,892 | 72,077,508 |
| Deferred Gifts | | 54,988,393 | 8,836,167 | 63,824,560 |
| Private Grants | | 0 | 0 | 0 |
| Gifts in Kind | | 27,169,683 | 10,587 | 27,180,270 |
| Gift and Pledge Total | | 413,867,397 | 245,664,607 | 659,532,004 |
| Future Support | | 105,421,067 | 3,592,539 | 109,013,606 |
| Campaign Total | | 519,288,464 | 249,257,146 | 768,545,610 |
| Additional Amounts To Be Raised | | TBD | TBD | TBD |
| Total | | 519,288,464 | 249,257,146 | 768,545,610 |

Rector & Visitors Unrestricted Giving

| | | | | |
|-----------------------------|--|------------------|----------|------------------|
| Gifts and Pledge Payments | | 3,555,149 | 0 | 3,555,149 |
| Deferred Gifts | | 200,000 | | 200,000 |
| Outstanding Pledge Balances | | 327,086 | 0 | 327,086 |
| Total | | 4,082,235 | 0 | 4,082,235 |

(1) Excludes future or revocable support

Source: Office of Development and Public Affairs
Date: April 23, 2009

**UNIVERSITY OF VIRGINIA
INTERNAL LOANS TO UNIVERSITY DEPARTMENTS AND ACTIVITIES
As of March 31, 2009**

| PURPOSE | DATE OF LOAN | INTEREST RATE ² | ORIGINAL LOAN AMOUNT | PRINCIPAL PAYMENTS MADE TO DATE | OUTSTANDING PRINCIPAL | APPROXIMATE FINAL PAYMENT |
|--|-------------------------|---------------------------------------|---------------------------------|--|----------------------------------|--------------------------------------|
| Astronomy Large Binocular Telescope | 02/06/06 | 4.75% | \$ 400,000 | \$ 400,000 | \$ - | January 2009 |
| Cocke Hall | 06/30/06 | 4.75% | 1,941,787 | 1,013,765 | 928,022 | June 2011 |
| ITC ISIS Software | 06/30/06 | 4.75% | 1,575,000 | 900,854 | 674,146 | July 2010 |
| National Radio Astronomy Observatory Piping | 09/01/06 | 6.25% | 706,833 | 339,487 | 367,346 | August 2011 |
| Varsity Hall | 06/30/07 | 4.75% | 1,517,726 | 565,203 | 952,523 | March 2012 |
| Wilsdorf Hall | 11/01/06 | 4.75% | 3,311,328 | 685,305 | 2,626,023 | November 2011 |
| Wise Football Facility | 10/01/07 | 4.75% | 629,171 | 84,201 | 544,970 | October 2022 |
| Total Internal Loans Subject to \$15M Limit Established by BOV ¹ | | | \$ 10,081,845 | \$ 3,988,815 | \$ 6,093,030 | |

- 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 percent. A taxable rate of 6.25 percent is being charged for the National Radio Astronomy Observatory Piping project.**

**SOURCE: Financial Administration
DATE: April 22, 2009**

UNIVERSITY OF VIRGINIA
 REPORT ON WRITE-OFF OF NON-PATIENT BAD DEBTS FOR
 FISCAL YEAR 2008-2009

Report on Write-Off of Non Patient Bad Debts

The University's write-off of non-patient bad debts for fiscal year 2008-2009 is \$550,544. This year's write-off increased by \$157,265 or 39.99 percent. This increase was primarily due to writing off older tuition and fee accounts more aggressively to minimize accounts for conversion to the new Student Information System. These write-offs do not constitute a compromise, settlement or discharge of the debts. For the past ten years, the University has averaged a collection rate of approximately 51 percent of all previously written-off student debts.

| | FY <u>2008-2009</u> | FY <u>2007-2008</u> | FY <u>2006-2007</u> | FY <u>2005-2006</u> |
|--------------------------------------|------------------------|------------------------|------------------------|------------------------|
| Tuition and Fees | \$395,423 | \$197,824 | \$96,691 | \$91,177 |
| Auxiliary Services Fines and Charges | 67,143 | 108,517 | 49,131 | 105,609 |
| UVA's College at Wise | 30,300 | 29,882 | 29,798 | 32,348 |
| Library Fines and Charges | 6,448 | 15,522 | 19,942 | 23,886 |
| University Student Loans | 9,109 | 12,234 | 8,387 | 16,268 |
| Uncollectable Salary Overpayment | | | 8,807 | 15,978 |
| Other Charges | 42,121 | 29,300 | 94,630 | 29,209 |
| TOTAL | \$550,544 | \$393,279 | \$307,386 | \$314,475 |

| <u>Report on Equipment Inventory</u> | <u>Remaining Book Value</u> | <u>Cumulative Depreciation</u> | <u>Original Cost</u> |
|--------------------------------------|-----------------------------|--------------------------------|----------------------|
| Equipment Inventory Write-Off | \$11,392 | \$1,052,811 | \$1,064,203 |

The write-off represents equipment that has been surplussed, lost or disposed. Most of the items had useful lives of five or ten years, and were purchased more than ten years ago.

SOURCE: Financial Administration
 DATE: April 29, 2009

QUARTERLY BUDGET REPORT

As of March 31, 2009

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 third quarter of 2008-09, 86.1 percent of the budgeted sources were collected and 80.5 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.
- GAAP financial statements capitalize expenditures for assets costing \$5,000 or more and having a useful life of 1 year or longer and recognize annual depreciation expense for capitalized assets. In the Academic Division's operating budget, depreciation is not funded and capital purchases less than \$1 million are recognized as expensed rather than spread over the useful life of the purchase. Capital projects of greater than \$1 million are a part of the Academic Division's capital 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.

SOURCE: University Budget Office

DATE: May 26, 2009

University of Virginia Academic Division
2008-09 Operating Budget Report
As of March 31, 2009

(in thousands)

| | 2008-09 Revised Budget | 3/31/2009 Actual Results | Variance | 3/31/2009 Results Percentage |
|---|------------------------------|--------------------------------|-------------------|------------------------------------|
| Sources of Available Funds, net of transfers to capital reserves | | | | |
| Tuition & Fees for Operating Plan | \$355,583 | \$354,776 | \$807 | 99.8% |
| State General Fund Appropriation for Operating Plan | 165,338 | 158,027 | 7,311 | 95.6% |
| Sponsored Research for Operating Plan | 298,700 | 237,585 | 61,115 | 79.5% |
| Endowment Distribution | 157,268 | 83,467 | 73,801 | 53.1% |
| Net Gifts Available for Operating Plan | 75,769 | 70,470 | 5,299 | 93.0% |
| Sales, Investment & Other | 33,271 | 30,262 | 3,009 | 91.0% |
| Net Auxiliary Enterprises for Operating Plan | 152,400 | 131,354 | 21,046 | 86.2% |
| Total Sources of Available Funds | \$1,238,329 | \$1,065,941 | \$172,388 | 86.1% |
| Uses of Available Funds | | | | |
| Direct Instruction | \$310,866 | \$236,476 | \$74,390 | 76.1% |
| Research and Public Service | 314,418 | 244,431 | 69,987 | 77.7% |
| Library, Information Tech., & Academic Administration | 120,157 | 103,468 | 16,689 | 86.1% |
| Student Services | 27,579 | 23,449 | 4,130 | 85.0% |
| General Administration | 82,864 | 60,628 | 22,236 | 73.2% |
| Operation & Maintenance of Physical Plant | 70,519 | 74,843 | (4,324) | 106.1% |
| Scholarships, Fellowships, & Other Graduate Support | 131,925 | 110,268 | 21,657 | 83.6% |
| Athletics | 42,601 | 37,776 | 4,825 | 88.7% |
| Bookstore | 31,317 | 25,918 | 5,399 | 82.8% |
| Housing and Conference Services | 20,935 | 15,407 | 5,528 | 73.6% |
| Other Auxiliary Operations | 57,995 | 47,646 | 10,349 | 82.2% |
| Total Operating Expenses | \$1,211,176 | \$980,310 | \$230,866 | 80.9% |
| Total Operating Reserves and Temporary Allocations | 18,674 | 9,723 | 13,990 | 52.1% |
| Total Uses of Available Funds | \$1,229,850 | \$990,033 | \$244,856 | 80.5% |
| Net Sources and Uses of Operating Funds | \$8,479 | \$75,908 | (\$72,468) | |

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
March 31, 2009**

Unaudited
(in thousands)

| | Rector and Visitors Funds | Related Foundation Funds Invested by UVIMCO | Alumni Association Funds Invested by UVIMCO | Related Foundation Funds Invested by Direction of Foundation Board | Total |
|---|------------------------------|--|--|--|---------------------|
| The University of Virginia Medical School and related foundations | \$ 559,395 | \$ 24,664 | \$ 5,168 | \$ 162 | \$ 589,389 |
| The College of Arts and Sciences and related foundations | 249,794 | 28,968 | 7,577 | 2,313 | 288,652 |
| Darden School and related foundation | 84,155 | 168,544 | - | 7,181 | 259,880 |
| The University of Virginia Law School and related foundation | 33,115 | 145,936 | - | 74,643 | 253,694 |
| The McIntire School of Commerce and related foundation | 60,201 | - | 17,556 | 352 | 78,109 |
| School of Engineering and related foundation | 59,416 | 216 | 1,942 | 1,710 | 63,284 |
| University of Virginia's College at Wise and related foundation | 30,415 | 2,625 | 1,539 | 6,607 | 41,186 |
| Graduate School of Arts and Sciences | 35,607 | - | - | - | 35,607 |
| School of Nursing | 27,698 | - | 1,173 | - | 28,871 |
| Curry School of Education and related foundation | 9,591 | 6,567 | - | 1,819 | 17,977 |
| School of Architecture and related foundation | 12,538 | - | 305 | 735 | 13,578 |
| School of Continuing and Professional Studies | 56 | - | 37 | - | 93 |
| University of Virginia Medical Center and related foundations | 236,888 | 42,638 | 3,262 | 16,285 ** | 299,073 |
| Provost | 145,147 | - | - | - | 145,147 |
| Centrally Managed University Scholarships | 114,723 | - | - | - | 114,723 |
| Athletics and related foundation | 29,895 | 47,262 | 280 | 568 | 78,005 |
| University of Virginia Foundation and related entities | - | 47,903 | - | 131 | 48,034 |
| Miller Center and related foundation | 40,315 | 5,631 | - | - | 45,946 |
| Alumni Association | - | - | 35,556 | 9,447 | 45,003 |
| Alumni Board of Trustees | - | 37,354 | - | - | 37,354 |
| University Libraries | 36,637 | - | 34 | - | 36,671 |
| University - Unrestricted but designated | 233,539 | - | - | - | 233,539 |
| University - Unrestricted Quasi and True Endowment | 140,118 | - | - | - | 140,118 |
| University - Unrestricted Other | 114,056 | - | - | - | 114,056 |
| All Other | 148,533 | 8,286 | 168,163 * | - | 324,982 |
| | <u>\$ 2,401,832</u> | <u>\$ 566,594</u> | <u>\$ 242,592</u> | <u>\$ 121,953</u> | <u>\$ 3,332,971</u> |

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

**Excludes approximately \$25.9 million of board designated pension funds.

Source: Financial Administration

Date: May 1, 2009

UNIVERSITY OF VIRGINIA
QUASI-ENDOWMENT ACTIONS

January 1, 2009 to March 31, 2009

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 and Chief Financial Officer, 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.

Additions from Gifts

Amount

| | |
|--|--------------------------|
| Darden, Barbara B. Endowed Scholarship | \$ 55,000.00 |
| Dean's Discretionary Research Fund for Infectious Disease | 89,523.22 |
| Dulaney, Paul S. Memorial Fund | 1,000.00 |
| President's Fund for Excellence Unrestricted Quasi-Endowment | 159,155.17 |
| University Quasi-Endowment Fund (1) | 192,563.97 |
| Whitener, Ellen Quasi-Endowment Fund | <u>150.00</u> |
| Total Additions from Gifts to Quasi-Endowments | <u>\$ 497,392.36</u> |

Additions from Endowment Income (Capitalizations)

| | |
|---|------------------------|
| Anderson Lectureship Income Capitalization Quasi-Endowment | \$ 175,000.00 |
| Antrim, Lottie C. Income Capitalization Quasi-Endowment | 7,339.35 |
| Athletics General Operations Quasi-Endowment | 73,451.61 |
| Chrysler, W. P. Fund for Engineering Library | 1,785.59 |
| Class of 1955 Fund | 1,717.78 |
| Class of 1956 Fund | 5,847.95 |
| Class of 1957 Fund | 4,546.48 |
| Class of 1958 Fund | 5,780.14 |
| Class of 1959 Fund | 6,757.07 |
| Class of 1960 Fund | 5,695.63 |
| Class of 1961 Fund | 5,144.30 |
| Class of 1962 Fund | 7,508.34 |
| Class of 1963 Fund | 2,323.59 |
| Class of 1964 Fund | 4,573.43 |
| Class of 1965 Fund | 1,395.97 |
| Dermatology General Investment Fund | 27,471.68 |
| Hecht-Cruachem Chemistry Quasi-Endowment #2 | 3,172.26 |
| Hecht-Cruachem Chemistry Quasi-Endowment #3 | 3,215.19 |
| Horton, Charles E. Professorship in International Plastic Surgery Quasi-Endowment | 10,673.51 |
| Medical Center Capital Assets Quasi-Endowment (2) | 4,242,765.10 |
| Hughes Endowment Income Capitalization Quasi-Endowment | 3,618.20 |
| Jordan, Harvey E. Lectureship | 1,258.59 |
| Low, Emmet F. and N. Alyce Chair Quasi-Endowment | 1,080.18 |
| McIntire School of Commerce Operations Fund | 1,105,226.51 |
| McIntire, Howard Quasi-Endowment in Neurology | 20,557.00 |
| Miller, Mae W. Cancer Research Quasi-Endowment | 5,331.80 |
| Moyston Quasi-Endowment for Ophthalmology | 22,126.14 |
| Moyston, Vernah Scott Professorship in Ophthalmology Investment Quasi-Endowment | 3,838.75 |
| Plastic Surgery Quasi-Endowment Fund | 16,247.87 |
| Radiology Fund Special Diagnostic | 3,871.62 |
| Samuels, Bernard Ophthalmology Library Quasi-Endowment | 2,193.45 |
| School of Medicine Quasi-Endowment | 28,596.90 |
| Swortzel, Thelma R. Research Quasi-Endowment | 24,564.52 |
| Taylor, Henry N. Fund | 285.10 |
| Virginia Quarterly Review - Anonymous | 492.87 |
| | <hr/> |
| Total Additions from Endowment Income to Quasi-Endowments | <u>\$ 5,835,454.47</u> |

Divestments

| | |
|--|------------------------|
| Carlson Psychiatry Research Fund | \$ 150,000.00 |
| McIntire School of Commerce Operations Fund | 908,617.83 |
| Swortzel, Thelma R. Research Quasi-Endowment | 1,700.00 |
| | <hr/> |
| Total Divestments from Quasi-Endowments | <u>\$ 1,060,317.83</u> |

NOTES:

*Quasi-endowment newly established or originally funded since January 1, 2009.

(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.

(2) Per February 7, 2008 BOV resolution, additional amounts up to \$300 million can be transferred to this fund from the depreciation reserve held by the state without further BOV approval.

SOURCE: Financial Administration
DATE: May 1, 2009

**SUMMER CONFERENCE RATES REPORT
COLLEGE AT WISE & INTERNATIONAL CENTER - 2009**

On June 16, 2001, the Board 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 May 5, 2009 and are hereby being reported to the Board of Visitors as required.

Summer Conference Rates - Wise

| | <u>Actual</u> <u>2008</u> | <u>Amt of</u> <u>Increase</u> | <u>% of</u> <u>Increase</u> | <u>Proposed</u> <u>2009</u> |
|---|------------------------------|----------------------------------|--------------------------------|--------------------------------|
| Summer Conference Housing | | | | |
| Per person, per night, double Occupancy | | | | |
| McCraray Hall | \$18 | \$0 | 0.0% | \$18 |
| All other halls and houses | \$22 | \$0 | 0.0% | \$22 |
| Summer Session Student Housing | | | | |
| Per person, per session (34 days), double occupancy | | | | |
| | \$705 | \$0 | 0.0% | \$705 |
| Summer Conference Meal Rates | | | | |
| Per person | | | | |
| Breakfast (M - F) | \$4.35 | \$0.15 | 3.4% | \$4.50 |
| Lunch (M - F) | \$5.85 | \$0.20 | 3.4% | \$6.05 |
| Dinner (M - F) | \$7.25 | \$0.25 | 3.4% | \$7.50 |
| Brunch (Sa - Su) | \$6.25 | \$0.00 | 0.0% | \$6.25 |
| Dinner (Sa-Su) | \$7.50 | \$0.00 | 0.0% | \$7.50 |
| Group rate (25+) | | | | |
| Per person, per day, B/L/D (M - F) | \$15.04 | \$1.86 | 12.4% | \$16.90 |

International Center - Room Rates

Guest lodgings are available for international visitors associated with the University of Virginia. The accommodation goal of the International Center is to create a small community of visitors from around the world who need short-term lodgings (3-month maximum stay).

| | <u>Actual</u> <u>2008-09</u> | <u>Amt of</u> <u>Increase</u> | <u>% of</u> <u>Increase</u> | <u>Proposed</u> <u>2009-10</u> |
|---|---------------------------------|----------------------------------|--------------------------------|-----------------------------------|
| Stays of 16 nights or less (per day) | | | | |
| Single occupancy | \$40 | \$0 | 0.0% | \$40 |
| Double occupancy | \$60 | \$0 | 0.0% | \$60 |
| Stays of more than 16 nights (per month) | | | | |
| Single, private bath | \$750 | \$0 | 0.0% | \$750 |
| Double, private bath | \$1125 | \$0 | 0.0% | \$1125 |
| Single, shared bath | \$650 | \$0 | 0.0% | \$650 |
| Double, shared bath | \$975 | \$0 | 0.0% | \$975 |
| Single "cozy" room | \$550 | \$0 | 0.0% | \$550 |

APPENDIX

2009-2010 PRATT FUND ALLOCATIONS

ARTS AND SCIENCES – \$3,700,000

Biology - The department proposes to allocate \$190,008 for graduate fellowships in 2009-2010. Of this amount, \$120,287 will be used to provide full support to two outstanding first year graduate students in Biology, and to augment the fellowship packages of five President's Fellows. The remaining \$69,721 will be allocated to satisfy the department's membership in the Biomedical Sciences Graduate Program, an important interschool collaborative effort. Biology proposes to use \$44,402 in Pratt funds to augment the salaries of the Director and Associate Director of the Mountain Lake Biological Station. The University has made and continues to make significant investments in the instructional and research capacity of this Appalachian mountain field research and teaching facility which provides summer courses, a Research Experiences for Undergraduates (REU) program and hosts researchers from around the world every summer. Lastly, Biology recommends \$15,590 to be used toward equipment purchases for new faculty.

Chemistry - The department proposes to allocate \$150,000 in support of graduate and undergraduate fellowships and scholarships. Funds will be used to provide stipends, health insurance and tuition for a selected group of outstanding graduate students. In addition, these funds will help to maintain a strong summer research program for Chemistry undergraduates. This summer research experience is a component of the research program required for the department's Distinguished Majors Program. The department requests that \$60,000 be allocated to provide faculty summer wages to support new faculty (J. Chruma, L. Columbus, C. Mura, and T. Gunnoe), to honor retention commitments (Harman), and to support new faculty research initiatives (Landers, Pate). The department proposes to allocate \$40,000 for equipment, for start-ups of new faculty, retention commitments, and cost share commitments on grants.

Mathematics - The department requests \$91,400 to support its Whyburn Postdoctoral Fellowship program. Internationally recognized for its excellence, this competitive fellowship program brings new Ph.D. recipients in mathematics for three years of teaching and research. The department also requests \$18,600 towards graduate student support. Finally, the department requests that \$40,000 be allocated for equipment purchases.

Physics - The department proposes to allocate \$33,558 to provide summer support for new faculty members A. Lamacraft, D. Vaman, I. Klick, and C. Neu. The department proposes to allocate \$216,442 in fellowship support to five outstanding students. Attracting the most highly qualified science graduate students requires that we offer competitive fellowships and the Pratt funds are crucial to the recruitment effort.

New Faculty Start-up Fund - A total of up to \$2,800,000 is requested by the College to use as components of start-up packages associated with new hires, some of which are still being negotiated, for costs share on grants and other opportunities that may arise in the coming year and for other strategic needs in building the programs in these four departments. Up to \$120,000 will be allocated to fund the portion of compensation beyond minimum entry levels for four assistant professor hires, one each in Chemistry and Mathematics and two in Biology. It is estimated that this funding will be equally split between equipment, faculty salaries, and fellowships. This \$2,800,000 is comprised of a \$400,000 reserve managed by the dean; a previously approved annual \$500,000 distribution to a New Faculty Start-Up Fund managed by the Executive Vice President and Provost, and up to an additional \$1,900,000. This reserve - which will be carefully allocated in accordance with the terms of Mr. Pratt's will - is critical in the recruitment of faculty members in Biology, Chemistry, Mathematics, and Physics.

SCHOOL OF MEDICINE - \$1,300,000

Support and Training of Student Researchers - \$285,000 - Graduate students and post-doctoral fellows are central to a successful biomedical research program. A modest institutional share from the Pratt bequest supplements funds from federal government training programs and charitable foundations to attract superlative students. These individuals are critical to enhancing the quality of research in the Ph.D. and M.D./Ph.D. programs at the University. The success of these programs has a direct impact on the quality of faculty research at the School of Medicine.

Core Facility Support - \$1,015,000 - Core facilities - including, but not limited to, the Small Animal Multimodality Imaging Core, Advanced Microscopy Facility, Tissue Culture Facility, and Biomolecular Research Facility - provide access to large, expensive equipment and techniques that otherwise would not be available or cost-effective to individual investigators. They also offer techniques and technologies allowing investigators to move into new, cutting-edge areas of research. Each core serves

investigators from a diverse group of departments and centers. These facilities operate on a fee-for-service basis, and, after development costs and other expenses, average a cost recovery of 60-80 percent, with the differential funded by Pratt allocations. These resources provide a competitive advantage to the University's research programs, provide flexibility to acquire emerging technologies, and are critical to the School of Medicine's success in recruitment and retention and its ability to continue to grow its externally-funded research programs.

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