DOCKET
BOARD OF VISITORS
NOVEMBER 17, 2009

CONSENT ITEMS

1. APPROVAL OF PERMANENT EASEMENT GRANTED TO THE CITY OF CHARLOTTESVILLE ACROSS UNIVERSITY OF VIRGINIA PROPERTY LOCATED ALONG ALDERMAN ROAD FROM THE INTERSECTION OF ALDERMAN AND STADIUM ROADS TO A POINT APPROXIMATELY 2,000 FEET NORTH ON ALDERMAN ROAD (approved by the Buildings & Grounds Committee on November 17, 2009)

RESOLVED, the grant of a permanent easement in the approximate location shown on that certain plan entitled "CENTER FOR GRADUATE FELLOWS, OFF-SITE WATERLINE PLAN AND PROFILE," Sheet Number C7.3 by Patton Harris Rust and Associates, dated June 12, 2009 (the "Plan") to the City of Charlottesville, for a water line 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 Plan (including, without limitation, revisions to change the location of the permanent easement), to incur reasonable and customary expenses, and to take such other actions as deemed necessary and appropriate to grant 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 grant of such permanent easement, are in all respects approved, ratified and confirmed.
2. APPROVAL FOR DEMOLITION OF 1224 JEFFERSON PARK AVENUE PEDESTRIAN LINK
(approved by the Buildings and Grounds Committee on November 17, 2009)

WHEREAS, the University owns improved properties in Charlottesville, located at 1222 Jefferson Park Avenue and 1224 Jefferson Park Avenue, connected by an above-ground pedestrian link; and

WHEREAS, the pedestrian link is no longer in use and to facilitate improved vehicular access to the 11th Street Parking Garage, it is desirable to demolish the pedestrian link; and

WHEREAS, pursuant to that certain Management Agreement dated November 15, 2005, by and between the Commonwealth of Virginia and The Rector and Visitors of the University of Virginia, as amended, subject to review by the Art and Architectural Review Board and the Department of Historic Resources and compliance with such general laws as may be applicable, the Board of Visitors is authorized to approve the demolition of buildings; and

WHEREAS, on July 21, 2009, the Department of Historic Resources approved the demolition of the pedestrian link; and

WHEREAS, on October 2, 2009, the Art and Architectural Review Board approved the demolition of the pedestrian link;

RESOLVED, the demolition of the pedestrian link located at 1224 Jefferson Park Avenue is approved by the Board of Visitors; and

RESOLVED FURTHER, the Executive Vice President and Chief Operating Officer is authorized, on behalf of the University, to approve and execute such documents and to take such other actions as deemed necessary and appropriate in connection with the demolition of the pedestrian link; 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 demolition of the pedestrian link, are in all respects approved, ratified, and confirmed.
3. **APPROVAL OF DEMOLITION OF LILE HOUSE, DUNNINGTON HOUSE, AND TUTTLE HOUSE**  
(approved by the Buildings and Grounds Committee on November 17, 2009)

WHEREAS, construction of the Alderman Road Replacement Housing Project, Phase IV, Building 5, will require the demolition of Lile House, Tuttle House, and Dunnington House; and

WHEREAS, pursuant to the Management Agreement, dated November 15, 2005, by and between the Commonwealth of Virginia and The Rector and Visitors of the University of Virginia, subject to review by the Art and Architectural Review Board and the Department of Historic Resources and compliance with such general laws as may be applicable, the Board of Visitors is authorized to approve the demolition of buildings;

RESOLVED, the demolition of Lile House, Tuttle House, and Dunnington House is approved by the Board of Visitors, pending approval by the Art and Architectural Review Board, the Department of Historic Resources and compliance with such general laws as may be applicable; and

RESOLVED FURTHER, the Executive Vice President and Chief Operating Officer is authorized, on behalf of the University, to approve and execute such documents and to take such other actions as deemed necessary and appropriate in connection with the demolition of the dormitories; 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 demolition of the dormitories, are in all respects approved, ratified and confirmed.

4. **RENAMEING THE NUCLEAR REACTOR FACILITY THE OBSERVATORY MOUNTAIN ENGINEERING RESEARCH FACILITY**  
(approved by the Buildings and Grounds Committee on November 17, 2009)

WHEREAS, the University of Virginia Reactor Facility was designed by W.E. Stainback (Col '28) and Louie L. Scribner (Col '29) and was built and equipped with a swimming-pool reactor using grants from the Atomic Energy Commission; and
WHEREAS, the facility operated as a nuclear reactor from 1960 until June 1998, when all reactor fuel was shipped from the site; and

WHEREAS, the Reactor was formally decommissioned by the Nuclear Regulatory Commission four years ago under the direct oversight of the Office of the Vice President for Research; and

WHEREAS, since decommissioning, the School of Engineering and Applied Science has used the building for research and office space; and

WHEREAS, changing the name to more accurately reflect the facility’s current use will make clear to the University and local communities that this is no longer a nuclear reactor facility so no unique precaution for entry and use are required;

RESOLVED, the Board of Visitors renames the Nuclear Reactor Facility the Observatory Mountain Engineering Research Facility.

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

(approved by the External Affairs Committee on November 17, 2009)

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

<table>
<thead>
<tr>
<th>Foundation</th>
<th>Board of Visitors Representative</th>
<th>Term Ending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alumni Association of the University of Virginia</td>
<td>Vincent J. Mastracco, Jr.</td>
<td>12/31/13*</td>
</tr>
<tr>
<td>Alumni Board of Trustees of the University of Virginia Endowment Fund</td>
<td>J. Davis Hamlin</td>
<td>12/31/12</td>
</tr>
<tr>
<td>The College Foundation of the University of Virginia</td>
<td>Helen E. Dragas</td>
<td>12/31/12*</td>
</tr>
<tr>
<td>The University of Virginia’s College at Wise Alumni Association</td>
<td>Don R. Pippin</td>
<td>06/30/11</td>
</tr>
<tr>
<td>The University of Virginia’s College at Wise Foundation</td>
<td>Don R. Pippin</td>
<td>06/30/11</td>
</tr>
<tr>
<td>Curry School of Education</td>
<td>The Hon. Lewis F. Payne</td>
<td>06/30/11</td>
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</tbody>
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* Denotes ratification required by the Board of Visitors.
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<tr>
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<th>Board of Visitors</th>
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</thead>
<tbody>
<tr>
<td>Darden School Foundation</td>
<td>The Hon. Lewis F. Payne</td>
<td>12/31/13*</td>
</tr>
<tr>
<td>Foundation of the State</td>
<td>Megan Raymond</td>
<td>12/31/10</td>
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<tr>
<td>Arboretum at Blandy Experimental Farm</td>
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<tr>
<td>Healthcare Partners, Inc.</td>
<td>E. Darracott Vaughan, Jr., M.D.</td>
<td>06/30/10</td>
</tr>
<tr>
<td>University of Virginia Health Services Foundation</td>
<td>E. Darracott Vaughan, Jr., M.D.</td>
<td>12/31/12</td>
</tr>
<tr>
<td>Jefferson Scholars Foundation</td>
<td>Thomas F. Farrell II</td>
<td>06/30/11</td>
</tr>
<tr>
<td>Law School Alumni Association and Law School Foundation, University of Virginia</td>
<td>Gordon F. Rainey, Jr.</td>
<td>12/31/12</td>
</tr>
<tr>
<td>McIntire School of Commerce Foundation</td>
<td>The Hon. Alan A. Diamonstein</td>
<td>6/30/13*</td>
</tr>
<tr>
<td>Medical School Alumni Association and Medical School Foundation, University of Virginia</td>
<td>Sam D. Graham, Jr., M.D.</td>
<td>6/30/13</td>
</tr>
<tr>
<td>Miller Center Foundation</td>
<td>W. Heywood Fralin</td>
<td>6/30/13</td>
</tr>
<tr>
<td>Osher Lifelong Learning Institute (OLLI)</td>
<td>Gary S. Nimax</td>
<td>6/30/13*</td>
</tr>
<tr>
<td>Patent Foundation, University of Virginia</td>
<td>G. Slaughter Fitz-Hugh, Jr.</td>
<td>6/30/11</td>
</tr>
<tr>
<td>Rare Book School</td>
<td>Karin Wittenborg</td>
<td>12/31/13</td>
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<tr>
<td>School of Architecture Foundation</td>
<td>Susan Y. Dorsey</td>
<td>6/30/11</td>
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<tr>
<td>University of Virginia Foundation and Subsidiaries</td>
<td>G. Slaughter Fitz-Hugh, Jr.</td>
<td>6/30/11</td>
</tr>
<tr>
<td>University of Virginia Health Foundation</td>
<td>E. Darracott Vaughan, Jr., M.D.</td>
<td>6/30/11</td>
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<tr>
<td>University of Virginia Investment Management Company</td>
<td>A. Macdonald Caputo</td>
<td>12/31/11</td>
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<tr>
<td>Virginia Engineering Foundation</td>
<td>Kenneth M. Humphries</td>
<td>12/31/13</td>
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<tr>
<td>Virginia Athletic Foundation</td>
<td>Daniel R. Abramson</td>
<td>12/31/11</td>
</tr>
<tr>
<td>Virginia Tax Foundation, Inc.</td>
<td>Joseph E. Gibson</td>
<td>12/31/12</td>
</tr>
</tbody>
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6. **APPROVAL TO PURCHASE 11th STREET GARAGE PEDESTRIAN LINK AND AIR RIGHTS FROM THE UNIVERSITY OF VIRGINIA FOUNDATION**

(approved by the Finance Committee on November 16, 2009)

WHEREAS, the University of Virginia desires to purchase the 11th Street Garage Pedestrian Link and the associated air rights from the University of Virginia Foundation.

RESOLVED, the purchase of the 11th Street Garage Pedestrian Link and air rights parcel from the University of Virginia Foundation is approved; and

RESOLVED FURTHER, the Executive Vice President and Chief Operating Officer is authorized to execute any and all documents pertaining to the purchase of the real estate.

7. **APPROVAL TO SELL OR CONVEY PROPERTY LOCATED AT 608 SPRUCE STREET, APPALACHIA, VIRGINIA**

(approved by the Finance Committee on November 16, 2009)

WHEREAS, by Last Will and Testament dated August 11, 1998, Charlotte A. King devised to Clinch Valley College of the University of Virginia (now known as The University of Virginia’s College at Wise) her residence located at 608 Spruce Street, Appalachia, Virginia (the “Property”), subject to a life estate in favor of her sister, Louise Adams Minor; and

WHEREAS, Louise Adams Minor is now deceased such that title to the Property is vested free and clear in the name of Clinch Valley College of the University of Virginia (now known as The University of Virginia’s College at Wise); and

WHEREAS, the Board of Visitors finds it to be in the best interest of the University of Virginia to dispose of the Property.

RESOLVED, the Board of Visitors approves the sale of the Property to the University of Virginia Foundation (the “Foundation”) or any other interested party; and

RESOLVED FURTHER, the Board of Visitors, in the alternative, approves the conveyance of the Property to the Foundation, subject to the conditions that (i) the Foundation shall market and sell the Property for the benefit of the University of Virginia, on such terms as are approved by the
Executive Vice President and Chief Operating Officer or his
designee, and (ii) the net proceeds of such sale shall be
returned to the University for its College at Wise, in
accordance with the instructions of the Executive Vice President
and Chief Operating Officer or his designee; and

RESOLVED FURTHER, the Executive Vice President and Chief
Operating Officer is authorized, on behalf of the University, to
approve and execute agreements and related documents, to incur
reasonable and customary expenses, and to take such other
actions as deemed necessary and appropriate to consummate such
property sale or conveyance and to facilitate the Foundation’s
activities, if any, concerning the Property; 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 such property
sale or conveyance and the Foundation’s activities, if any,
concerning the Property, are in all respects approved, ratified
and confirmed.

8. APPROVAL TO CREATE A QUASI-ENDOWMENT FOR THE SCHOOL
OF ENGINEERING AND APPLIED SCIENCE
(approved by the Finance Committee on November 16, 2009)

WHEREAS, the University has entered into an educational and
research collaboration among the University of Virginia, the
Commonwealth of Virginia, Virginia Polytechnic Institute and
State University, the Virginia Community College System, Rolls-
Royce North America (USA) Holdings Co., and related parties as
set forth in the Memorandum of Understanding dated November 20,
2007; and,

WHEREAS, one of the initiatives of the collaboration is the
creation of the Center for Aerospace Propulsion Systems ("CAPS")
– a partnership among Rolls-Royce, the University of Virginia
School of Engineering and Applied Science and Virginia Tech's
College of Engineering to foster collaborative aerospace
research while creating new educational opportunities for
students at both schools; and

WHEREAS, in support of this partnership, the Commonwealth of
Virginia will provide funding to the University of Virginia over
a five-year period beginning in fiscal year 2010, a portion of
which will fund chaired professorships in the School of Engineering and Applied Science; and

WHEREAS, it is expected that the State funding provided to SEAS in fiscal year 2010 for chaired professorships will be $3,666,667, and the School wishes to create a quasi-endowment for the long-term investment of these monies;

RESOLVED, that the Board hereby authorizes the creation of a quasi-endowment account by the School of Engineering and Applied Science to fund chaired professorships with monies to be received from the State in support of the joint collaboration between various State entities and Rolls-Royce North America.

ACTION ITEMS

9. SCHEMATIC DESIGN APPROVAL, BOOKSTORE EXPANSION
   (approved by the Buildings and Grounds Committee on November 17, 2009)

   RESOLVED, the schematic design dated November 17, 2009, and prepared by Bowie Gridley Architects, Washington, D.C., and Middleburg, Virginia, in conjunction with the Architect for the University and others, for the construction of the Bookstore Expansion, is approved for further development and construction.

10. ESTABLISHMENT OF THE TUSSI AND JOHN KLUGE PROFESSORSHIP IN CONTEMPLATIVE END-OF-LIFE CARE IN THE SCHOOL OF NURSING
   (approved by the Educational Policy Committee on November 16, 2009)

   WHEREAS, educating nursing and medical students on contemplative and compassionate end-of-life care is a priority of the Schools of Medicine and Nursing; and

   WHEREAS, Tussi and John Kluge have a great interest in improving the education of those in the medical fields providing end-of-life care to patients; and

   WHEREAS, the John W. Kluge Foundation has made a generous gift to establish a professorship in the School of Nursing in contemplative end-of-life care; and

   WHEREAS, the chairholder will be expected to work closely with colleagues and students in the School of Medicine as well as the School of Nursing;
RESOLVED, the Board of Visitors establishes the Tussi and John Kluge Professorship in Contemplative End-of-Life Care, to be held in the School of Nursing; and

RESOLVED FURTHER, the Board thanks the John W. Kluge Foundation and Tussi and John Kluge, whose generosity makes the professorship possible.

11. APPROVAL TO RENAME THE PROFESSORSHIP IN PALLIATIVE CARE THE TUSSI AND JOHN KLUGE PROFESSORSHIP IN PALLIATIVE CARE
   (approved by the Educational Policy Committee on November 16, 2009)

   WHEREAS, the School of Medicine has an interest in strengthening its education of medical students in the area of palliative care; and

   WHEREAS, the John W. Kluge Foundation and Tussi and John Kluge supported the School of Medicine’s efforts by endowing a faculty position in palliative care in 2006; and

   WHEREAS, the John W. Kluge Foundation has made a generous additional gift to the School of Medicine for the Professorship in Palliative Care; and

   WHEREAS, in recognition of the generous gift, the School of Medicine supports renaming the Professorship in Palliative Care the Tussi and John Kluge Professorship in Palliative Care;

   RESOLVED, the Board of Visitors renames the Professorship in Palliative Care the Tussi and John Kluge Professorship in Palliative Care, to be held in the School of Medicine; and

   RESOLVED FURTHER, the Board thanks the donors to the Tussi and John Kluge Professorship in Palliative Care, particularly the John W. Kluge Foundation and Tussi and John Kluge, whose generosity has made this professorship possible.
12. APPROVAL OF SHORT-TERM INVESTMENT POLICY
(approved by the Finance Committee on November 16, 2009)

WHEREAS, the University wishes to replace the “Current Funds Guidelines” approved by the Board of Visitors on October 5, 2002, to reflect several changes in external regulations.

RESOLVED, the Board of Visitors approves the investment philosophy that the University’s working capital should be allocated to investment instruments that maximize safety and optimize liquidity; and

RESOLVED, the Finance Committee recommends approval of the Short-Term Investment Policy attached as an Appendix.

13. MEDICAL CENTER JOINT VENTURES WITH MEDICORP HEALTH SYSTEM FOR STEREOTACTIC HEAD AND BODY RADIOSURGERY PROCEDURES
(approved by the Finance Committee on November 16, 2009)

WHEREAS, the Medical Center Operating Board and the Finance Committee find it to be in the best interests of the University of Virginia and its Medical Center for the Medical Center to establish one or more joint ventures with Mary Washington Hospital or its parent, MediCorp Health System (collectively “MediCorp Health System”), for purposes of providing stereotactic head and body radiosurgery at Mary Washington Hospital; and

WHEREAS, Section 23-77.3 of the Code of Virginia grants authority to the Medical Center to enter into joint ventures.

RESOLVED, the University, on behalf of the Medical Center, is authorized to enter into one or more joint ventures with MediCorp Health System to provide stereotactic head and body radiosurgery, with the Medical Center’s interest in each joint venture not to exceed 20 percent; and

RESOLVED FURTHER, the Executive Vice President and Chief Operating Officer of the University, in consultation with the Vice President and Chief Executive Officer of the Medical Center, and with the concurrence of the Chair of the Medical Center Operating Board and the Chair of the Finance Committee,
is authorized to negotiate the terms of such joint ventures, including execution of contracts and all other documents necessary for the establishment of such joint ventures, on such terms as the Executive Vice President and Chief Operating Officer of the University deems appropriate, and to take such other action as the Executive Vice President and Chief Operating Officer of the University deems necessary and appropriate to consummate the foregoing.
ATTACHMENT
Short-Term Investment Policy
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I. Governing Authority

The University’s investment program shall be operated in conformance with applicable federal, state, and other legal requirements, including, but not limit to, that certain Management Agreement dated November 15, 2005, by and between the Commonwealth of Virginia and The Rector and Visitors of the University of Virginia, as amended (Chapter 3 of Chapter 943 of the 2006 Virginia Act of Assembly) (including Exhibit R, Policy Governing Financial Operations and Management, thereto); the Security for Public Deposits Act, Chapter 44 (§ 2.2-4400 et seq.) of Title 2.2 of the Code of Virginia, as amended; the Investment of Public Funds Act, Chapter 45 (§ 2.2-4500 et seq.) of Title 2.2 of the Code of Virginia, as amended; the Uniform Prudent Management of Institutional Funds Act, Chapter 15, Article 1.2 (§ 55-268.11 et seq.) of Title 55 of the Code of Virginia, as amended; and § 23-76.1 of the Code of Virginia, as amended, concerning the University’s investment of endowment funds, endowment income, and gifts.

II. Scope

The purpose of this policy is to set guidelines for the parameters, responsibilities, and controls for the short-term (24 months or less) investment of University funds. Proceeds from tax-exempt bond issues, endowment assets, and money held in bank demand deposit accounts are not covered under this policy.

Except for cash in certain legally-restricted and special accounts, the University will consolidate cash and reserve balances to optimize University-wide liquidity management and investment earnings and to increase efficiencies with regard to investment pricing, custody/trust and administration.

III. General Objectives

The primary objectives of the policy are to set short-term investment parameters, establish limits consistent with the University’s risk tolerance, and provide appropriate benchmarks for performance. Investment activities shall be guided by the following priorities, listed in order:

1. Safety - Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio by mitigating credit risk and interest rate risk.

2. Liquidity - The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

3. Yield - The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles.
IV. Standards of Care

1. **Prudence** - The standard shall be the "prudent person" standard, except as may otherwise be prescribed by applicable laws or regulations now or in the future. Under the "prudent person" standard, investments shall be made with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

   Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence in good faith shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion.

2. **Ethics and Conflicts of Interest** - The University’s officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions or otherwise be in violation of state law and/or University policy.

3. **Delegation of Authority** - Authority to manage the investment program in accordance with this investment policy is granted to the University’s Vice-President and Chief Financial Officer, who shall act and may further delegate in accordance with any procedures and internal controls for the operation of the investment program consistent with this investment policy.

V. Custody, Trust and Controls

1. **Custody/Trust** - The University will not take physical possession of investment securities. Securities will be held by an independent third-party custodian selected by the University as evidenced by custody/trust receipts in the University’s name. The custody/trust institution shall annually provide a copy of their most recent report on internal controls (Statement of Auditing Standards No. 70, or SAS 70).

2. **Internal Controls** - Treasury Operations is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the University are protected from loss, theft or misuse.
VI. Suitable and Authorized Investments

1. **Investment Types** - USD-denominated securities, issued by entities with capitalization of at least $250 million that are in compliance with the Investment of Public Funds Act and the Security for Public Deposits Act will be permitted under this policy. However, from time to time, more stringent requirements may be imposed and approved by the Vice President and Chief Financial Officer in order to ensure that the University’s goals, as set forth in this policy, are met.

2. **Duration** - The average duration of any short-term investment portfolio must not exceed nine months. Any individual security may not have a maturity longer than twenty-four months.

3. **Collateralization** - Where appropriate and allowed by state law the University may require full collateralization of any investment assets.

4. **Permitted investments** - Subject to the foregoing, the University may invest in the following investment vehicles:

   - **U.S. Treasury Obligations** - Bills, notes, and any other obligation or security issued by or backed by the full faith and credit of the United States Treasury.

   - **Federal Agency Obligations** - Bonds, notes, and other obligations of the United States, and securities issued by any AAA rated federal government agency or instrumentality or government sponsored enterprise except for collateralized mortgage obligations.

   - **Negotiable Certificates of Deposit, Bank Deposit Notes and Non-Negotiable Certificates of Deposit / Time Deposits** - Negotiable and non-negotiable certificates of deposit, time deposits and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks with a rating of at least A-1 by Standard & Poor’s, Inc., and P-1 by Moody’s Investor Service, Inc., for maturities of one year or less, and a rating of at least AA by Standard & Poor’s, Inc. and Aa by Moody’s Investor Service, Inc., for maturities over one year. The final maturity may not exceed a period of five years from the time of purchase.

   - **Bankers’ Acceptances** - Issued by domestic banks or domestic offices of foreign banks, which are eligible for purchase by the Federal Reserve System with a maturity of 180 days or less. The issuing corporation, or its guarantor, must have a short-term debt rating of no less than “A-1” (or its equivalent) by at least two of the Nationally Recognized Statistical Rating Organizations (“NRSRO’s”).

   - **Corporate Debt Obligations** - High quality corporate notes with a rating of at least Aa by Moody's Investors Service, Inc., and a rating of at least AA by Standard and Poor’s, Inc., and a maturity of no more than two years from the date of purchase.
**Commercial Paper** - “Prime quality” commercial paper, with a maturity of 270 days or less, issued by domestic corporations (corporations organized and operating under the laws of the United States or any state thereof) provided that the issuing corporation, or its guarantor, has a short-term debt rating of no less than “A-1” (or its equivalent) by at least two of the NRSRO’s.

**Municipal Obligations** - Bonds, notes, and other general obligations of a municipal authority organized within the United States upon which there is no default and having a rating of at least AA by Standard & Poor’s, Inc. and Aa by Moody’s Investor Service, Inc. and maturing within two years of the date of purchase.

**Repurchase Agreements** - Overnight, term, and open repurchase agreements provided that the following conditions are met:

- the contract is fully secured by deliverable U.S. Treasury and federal agency obligations as described above (with a maximum maturity of 2 years), having a market value at all times of at least one hundred and two percent (102%) of the amount of the contract;

- a master repurchase agreement or specific written repurchase agreement governs the transaction and which in each case contains terms qualifying each transaction as a securities loan for purposes of Section 512 under the Internal Revenue Code, and provides for master netting of obligations;

- the securities are free and clear of any lien and held by an independent third-party custodian acting solely as agent for the University, provided such third party is not the seller under the repurchase agreement;

- a perfected first security interest under the Uniform Commercial Code in accordance with book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of the University;

- for repurchase agreements with terms to maturity of greater than one (1) day, the University will have the collateral securities valued daily and require that if additional collateral is warranted then that collateral must be delivered within one business day (if a collateral deficiency is not corrected within this time frame, the collateral securities will be liquidated);

- the counterparty is a:
  - primary government securities dealer who reports daily to the Federal Reserve Bank of New York, or
- a bank, savings and loan association, or diversified securities broker-dealer having at least $5 billion in assets and $500 million in capital and subject to regulation of capital standards by any state or federal regulatory agency; and
- the counterparty meets the following criteria:
  1. a long-term credit rating of at least ‘AA’ or the equivalent from an NRSRO; and
  2. has been in operation for at least 5 years.

Collateral under repurchase agreements with a maturity of 14 calendar-days or less may be held by the agreement counterparty. Collateral under repurchase agreements with a maturity of over 14 calendar-days must be held by an independent custodian.

Money Market Mutual Funds (Open-Ended Investment Funds) - Shares in open-ended, no-load, money market investment funds provided such funds are registered under the Federal Investment Company Act of 1940 and rated at least “AAAm” or the equivalent by an NRSRO. The mutual fund must comply with the diversification, quality and maturity requirements of Rule 2a-7, or any successor rule, under the Investment Company Act of 1940, provided the investments by such funds are restricted to investments otherwise permitted by the Code of Virginia for political subdivisions.

Local Government Investment Pool (LGIP) - A specialized money market fund created in the 1980 session of the Virginia General Assembly designed to offer a convenient and cost-effective investment vehicle for public entities. The Fund is administered by the Treasury Board of the Commonwealth of Virginia and is rated AAA by Standard & Poor’s, Inc.

VII. Portfolio Risk Management

The University evaluates the following primary risks as part of its short-term investment management:

1. **Interest Rate Risk** - The University seeks to manage the impact of interest rates on the market value and cash flows of its short-term investments. The University develops an annual cash flow forecast and, through the use of sensitivity modeling, determines its tolerance for interest rate risk.

2. **Credit Risk** - The University will invest in securities with a short-term rating of no lower than A-1 by Standard and Poor’s, Inc. and P-1 by Moody’s Investors Service, Inc. Government obligations and municipal securities must be rated AAA. Corporate obligations must be rated no lower than AA by Standard and Poor’s, Inc. and Aa by Moody’s Investors Service, Inc.
3. **Liquidity Risk** - The University assesses its need for liquidity by (a) using its cash flow forecast to predict periods of greater liquidity needs and (b) by providing for sufficient liquidity to support outstanding debt as prescribed by the rating agencies.

**VIII. Investment Parameters & Diversification**

It is the policy of the University to diversify its investment portfolios to eliminate risk of loss resulting from the over-concentration of assets in a specific maturity, issuer, or class of securities. The portfolio should consist largely of securities with active secondary or resale markets. The University will diversify its short-term investments within the following categories:

1. **Portfolio Diversification** - The Investment Portfolio shall be diversified by security type and institution. The maximum percentage of the portfolio permitted in each eligible security is as follows:

<table>
<thead>
<tr>
<th>Permitted Investment</th>
<th>Sector Limit</th>
<th>Issuer Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Treasury Obligations</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Federal Agency Obligations</td>
<td>100%</td>
<td>50%</td>
</tr>
<tr>
<td>Municipal Obligations</td>
<td>25%</td>
<td>5%</td>
</tr>
<tr>
<td>Commercial Paper</td>
<td>35%</td>
<td>5%</td>
</tr>
<tr>
<td>Bankers’ Acceptances</td>
<td>35%</td>
<td>5%</td>
</tr>
<tr>
<td>Corporate Notes</td>
<td>20%</td>
<td>5%</td>
</tr>
<tr>
<td>Negotiable Certificates of Deposit and Bank Deposit Notes</td>
<td>20%</td>
<td>5%</td>
</tr>
<tr>
<td>Non-negotiable Certificates of Deposit</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td>Virginia Local Government Investment Pool (LGIP)</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Collateralized Bank Deposits</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Repurchase Agreements</td>
<td>Limited by underlying asset limits above</td>
<td>10%</td>
</tr>
<tr>
<td>Money Market Mutual Funds</td>
<td>Limited by underlying asset limits above</td>
<td>25%</td>
</tr>
</tbody>
</table>
The Sector Limit and Issuer Limit shall be applied to the total Investment Portfolio value at the date of acquisition. For all pooled investments (e.g. mutual funds, etc.) the University’s holding must represent no more than 10% of the net assets of the pool.

2. **Security Downgrades** - In the event that any security held in the Investment Portfolio is downgraded below the rating required by this investment policy, the security shall be sold within 60 days of such downgrade.

3. **Selection of Broker / Dealers** - All broker/dealers, and their affiliates, who desire to provide investment services to the University shall be provided with current copies of this investment policy. Before an organization, or its affiliates, can provide investment services to the University, it must confirm in writing that it has received and reviewed this investment policy and is able to comply with it.

Broker/dealers, and their affiliates, shall supply the University with information sufficient to adequately evaluate their financial capacity and creditworthiness. The following information shall be provided:

- audited financial statements;
- regulatory reports on financial condition;
- proof of Financial Institution Regulatory Authority (“FINRA”); certification and of state registration;
- a sworn statement by an authorized representative of the broker/dealer pledging to adhere to “Capital Adequacy Standards” established by the Federal Reserve Bank and acknowledging the broker/dealer understands that the University has relied upon this pledge; and
- any additional information requested by the University in evaluating the creditworthiness of the institution.

Only firms meeting the following requirements shall be eligible to serve as broker/dealers for the University:

- “Primary” dealers and regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule);
- Capital of at least $10,000,000;
- Registered as a dealer under the Securities Exchange Act of 1934
- Member of FINRA;
- Registered to sell securities in the Commonwealth of Virginia; and
- Engaged in the business of effecting transactions in U.S. government and agency obligations for at least five (5) consecutive years.
4. Engagement of Investment Managers - The Assistant VP for Treasury Operations & Fiscal Planning may engage one or more qualified firms to provide investment management services for the University. All investment management firms who desire to provide investment management services to the University shall be provided with current copies of this investment policy. Before an organization can provide investment management services to the University, it must confirm in writing that it has received and reviewed this investment policy and is able to comply with it.

Only firms meeting the following requirements will be eligible to serve as investment manager for the University:

a) Registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940;

b) Must have provided to the University an annual updated copy of Form ADV, Part II;

c) Must be registered to conduct business in the Commonwealth of Virginia; and

d) Must have proven experience in providing investment management services under the Investment of Public Funds Act.

Any firm engaged by the University to provide investment services shall:

a) select security brokers/dealers who meet the requirements defined under this policy;

b) provide monthly reports of transactions and holdings to the University;

c) provide performance reports at least quarterly;

d) report on performance in comparison to the University’s investment benchmarks and provide evidence that the manager has solicited at least three bids for any security purchased or sold on behalf of the University; and

e) not collect any soft dollar commissions or credits, from mutual funds or others, in exchange for services directly provided to a customer.
IX. Portfolio Benchmarks

The University structures a portfolio benchmark that is consistent with the security types and duration, or weighted average maturity, guidelines established under this policy. The University will use the Merrill Lynch 6-month T-Bill Index as its benchmark.

A copy of this policy and related procedures manual will be placed on file in the Treasury Operations Department and an electronic version will be posted on the University’s website.

This statement of investment policy is adopted on __________________, ___ 20___ by

________________________________________  __________________________________

________________________________________  __________________________________

________________________________________  __________________________________

________________________________________  __________________________________