

November 11, 1997

MEMORANDUM

TO: The Finance Committee:

William H. Goodwin, Jr., Chair
Franklin K. Birckhead
C. Wilson McNeely, III
Elizabeth A. Twohy
Henry L. Valentine, II
Walter F. Walker
James C. Wheat, III
Hovey S. Dabney, Ex Officio

and

The Remaining Members of the Board:

John P. Ackerly, III	T. Keister Greer
Charles M. Caravati Jr., M.D.	Elsie Goodwyn Holland
Champ Clark	Kristine L. LaLonde
William G. Crutchfield, Jr.	Terence P. Ross
Albert H. Small	

FROM: Alexander G. Gilliam, Jr.

SUBJECT: Minutes of the Meeting of the Finance Committee
on November 11, 1997

The Finance Committee of the Board of Visitors of the University of Virginia met, in Open Session, at 9:00 a.m., Tuesday, November 11, 1997, in the Lower West Oval Room of the Rotunda; William H. Goodwin, Jr., Chair, presided. C. Wilson McNeely, III, Henry L. Valentine, II, James C. Wheat, III, and Hovey S. Dabney, Rector, were present. Also present were Champ Clark; as well as Leonard W. Sandridge, Jr., Alexander G. Gilliam, Jr., Paul J. Forch, Ms. Alice W. Handy, Rob Walker Freer, Donald Lindsey, Ms. Elizabeth Snyder, Ian Kennedy, and Ms. Jeanne F. Bailes.

The Chair entertained a motion to go into Executive Session. On motion, the Committee approved a motion to go into Executive Session.

The following motion was adopted:

That the Finance Committee of the Board of Visitors go into Executive Session for the purpose of discussing investment strategies relating to University Endowment Funds, as provided for in Section 2.1-344 (A) (6) of the Code of Virginia.

The Committee went into Executive Session at 9:03 a.m. and resumed in Open Session at 9:40 a.m.

The Committee then approved four resolutions, none of which had to be forwarded to the full Board for approval:

APPROVAL OF INVESTMENT IN LONE PINE CAPITAL, L.P.

The following resolution was adopted:

RESOLVED by the Finance Committee of the Board of Visitors of the University of Virginia, that the Executive Vice President and Chief Financial Officer is authorized to commit \$30 million of the Endowment for the following investment: LONE PINE CAPITAL, L.P.

APPROVAL OF INVESTMENT IN VENTURE CAPITAL FUNDS

The following resolution was adopted:

RESOLVED by the Finance Committee of the Board of Visitors of the University of Virginia, that the Executive Vice President and Chief Financial Officer is authorized to commit up to \$3 million of the Endowment for the following Venture Capital Fund: FAIRFAX PARTNERS II, L.P.

APPROVAL OF EXCEPTION TO SPENDING POLICY FOR ARMOUR SCHOLARSHIP

The following resolution was adopted:

RESOLVED by the Finance Committee of the Board of Visitors of the University of Virginia, that the Executive Vice President and Chief Financial Officer is authorized to transfer the Armour Endowment Fund to the Class B endowment spending pool for a period of five years beginning July 1, 1998.

ADMINISTRATIVE FEES ON CHARITABLE REMAINDER TRUSTS

The following resolution was adopted:

RESOLVED by the Finance Committee of the Board of Visitors of the University of Virginia, that the Rector and Visitors charge an administrative/management fee to the Charitable Remainder Trusts for which it is the trustee and where the trust language allows according to the following formula: 30 basis points on assets, payable in quarterly installments based on the market value at the end of each quarter, with a maximum annual fee of \$2,000.

Ms. Handy, the University Treasurer, presented several Items for discussion.

The first of these was a report on the Tudor Futures Fund. Ms. Handy explained that in 1991, funds that had been invested in the University's Endowment for the Holland Scholarship were transferred to a Fund managed by Paul Tudor Jones, an alumnus of the University, called The American Eagle Fund. This Fund was closed in 1996 and moved to the Tudor Futures Fund, which invests in commodities and futures.

The Alumni Association and the Ridley Scholars Board are proposing that the Holland Scholars Program be consolidated with the Ridley Scholars Program. If this is done, it is possible that the Board of Visitors will be asked to authorize the transfer of the Tudor Futures Fund to the Alumni Association for investment management purposes.

Ms. Handy explained that she brought this up for information only and that no action is required of the Committee or the Board of Visitors at this time. The Committee, however, discussed briefly the market performance of the Tudor Futures Fund.

Next, Ms. Handy reminded the Committee that Coopers & Lybrand, in their report last year on the management of the University's Endowment, had suggested that the Treasurer's Office develop a conflict of interest statement for staff members. That has been done, and Ms. Handy explained the statement in outline (a copy is appended as an Attachment); this provoked a general discussion of conflict of interest questions involving members of the Board of Visitors.

As to whether the Board needed to adopt a conflict of interest policy of its own, the consensus was that the Commonwealth's conflict of interest policy, which applies to Board members, was adequate. It was agreed that the General Counsel would be asked to

outline the key points of the relevant portions of the Code of Virginia and review them with the Board at its next meeting.

Ms. Handy asked that the Minutes memorialize a discussion held in Executive Session at the July 9th meeting of the Investment Subcommittee. The Subcommittee discussed the financing of the Scott Stadium Expansion Project and the fact that \$50m would be borrowed to cover the costs of the Stadium and adjacent parking facilities. Revenues available to the Department of Athletics will be used to repay the debt.

The Committee went back into Executive Session at 9:55 a.m. and resumed in Open Session at 11:50 a.m.

The following resolution was then adopted:

Resolved, that the Executive Vice President and Chief Financial Officer, the Treasurer, and the General Counsel are directed to study the possibility of forming an internal investment management company, and to report their findings to the Finance Committee.

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On motion, the meeting was adjourned at 11:55 a.m.

AGG:lh

- Copies to: Mr. John T. Casteen, III
- Mr. Paul J. Forch
- Dr. Robert W. Cantrell
- Mr. Peter W. Low
- Mr. Leonard W. Sandridge, Jr.
- Mr. Robert D. Sweeney
- Mr. Ernest H. Ern
- Mr. William W. Harmon
- Ms. Colette Capone
- Ms. Polley Ann McClure
- Dr. Don E. Detmer
- Mr. Terry Holland
- Mr. L. Jay Lemons
- Ms. Louise Dudley
- Ms. Alice Handy