

March 26, 1999

MEMORANDUM

TO: The Finance Committee:

William H. Goodwin, Jr., Chair
Timothy B. Robertson
Elizabeth A. Twohy
Henry L. Valentine, II
Walter F. Walker
James C. Wheat, III
John P. Ackerly, III, Ex Officio

and

The Remaining Members of the Board:

J. Michael Allen	Elsie Goodwyn Holland
Charles M. Caravati Jr., M.D.	Terence P. Ross
Champ Clark	Albert H. Small
William G. Crutchfield, Jr.	Benjamin P.A. Warthen
T. Keister Greer	Joseph E. Wolfe

FROM: Alexander G. Gilliam, Jr.

SUBJECT: Minutes of the Meeting of the Finance Committee
on March 26, 1999

The Finance Committee of the Board of Visitors met, in Open Session, at 9:00 a.m., Friday, March 26, 1999, in the East Oval Room of the Rotunda; William H. Goodwin, Jr., Chair, presided. Timothy B. Robertson, Ms. Elizabeth A. Twohy, Henry L. Valentine, II, Walter F. Walker, and John P. Ackerly, III, Rector, were present. Also present were Charles M. Caravati, Jr., Champ Clark, William G. Crutchfield, Jr., T. Keister Greer, Mrs. Elsie Goodwyn Holland, Terence P. Ross, Albert H. Small, Benjamin P.A. Warthen, Joseph E. Wolfe, and J. Michael Allen; as well as John T. Casteen, III, Alexander G. Gilliam, Jr., Paul J. Forch, Leonard W. Sandridge, Jr., Ms. Colette Capone, Robert W. Cantrell, Peter W. Low, Robert D. Sweeney, Ernest H. Ern, William W. Harmon, Ms. Polley Ann McClure, Gene D. Block, L. Jay Lemons, Ms. Alice W. Handy, and Ms. Jeanne Flippo Bailes.

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

The first two items on the Agenda were Consent Items. The first of these set the faculty and staff housing rates for the Academic Division of the University and for The University of Virginia's College at Wise. A rise averaging 3.6% was proposed for the University; no increase was proposed for Wise.

The second item was a resolution granting approval of intent to issue bonds for two construction projects, an addition to the National Radio Astronomy Observatory (NRAO) and the Darden School expansion. The maximum principal amount of bonds expected for the NRAO addition is \$7.4m. and \$40m for the Darden School project.

The Committee adopted resolutions approving both items and recommended them to the full Board for approval (see Minutes of the meeting of the Board of Visitors, March 27, 1999).

Mr. Sandridge began discussion of the Action Items, the setting of tuition and required fees for the next Session at the University and at The University of Virginia's College at Wise, and the setting of rates for contract dining services at both institutions.

Mr. Sandridge noted that in accordance with the tuition policy for state schools approved by the General Assembly at its recent session, the administration is recommending a 20% decrease in tuition and required fees for undergraduate Virginians and no increase for graduate students from Virginia. A 5% increase in tuition - and no increase in fees - is proposed for out-of-state undergraduate and graduate students. The tuition rises proposed for non-Virginians are in line with the premise that out-of-state students must pay 100% of the costs of their education.

The tuition and fees proposed for Law and Darden students - a 4.9% rise for all Law students and 5.6% for all Darden students - is part of a graduated scheme that will insure financial self-sufficiency for the Law and Darden Schools.

Mr. Sandridge then asked Ms. Capone, Vice President for Management and Budget, to present the proposed budget for tuition and fees and for dining services at the University and at the University's College at Wise.

Using slides and material distributed previously, Ms. Capone gave a detailed presentation on these portions of the Budget, comparing the proposed rises in fees and tuition with those charged at other schools, both in Virginia and outside the state, and at private as well as public institutions.

There was considerable discussion of the proposed \$10 "programming fee," which would be used to provide programs for students as alternative entertainment to relieve pressure on the fraternities and sororities and to discourage alcohol abuse. Members said this was important and several wondered if the fee were high enough.

For Wise, the budget supposes a 20% decrease in tuition and required fees for undergraduate Virginians. Out-of-state fees and tuition would rise by 5%, an adjustment necessary to move the College toward the Commonwealth's expectation that non-Virginians pay at least 100% of the cost of their education.

After agreeing to an amendment, "Resolved Further that the instate Law School 'tuition' increase for 2000-2001 only, exclusive of 'required fees,' shall not exceed the increase in the Consumer Price Index (CPI) for the then most recent twelve (12) month period," the Committee adopted a resolution approving the proposed tuition and required fees, and other charges, for the Academic Division, and recommended it to the full Board for approval (see Minutes of the meeting of the Board of Visitors, March 27, 1999).

The Committee then adopted resolutions approving the allocation of required fees for 1999-2000 for the Academic Division; approving Special Session fee rates for the Academic Division; approving tuition and required fees at the University of Virginia's College at Wise; and approving contract rates for dining services for the Academic Division and for the University of Virginia's College at Wise. The Committee recommended these resolutions to the full Board for approval (see Minutes of the meeting of the Board of Visitors, March 27, 1999).

Ms. Capone and Mr. Sandridge then gave a brief report on the 1999 Session of the General Assembly.

Mr. Sandridge reported briefly on the financial aspects of the Scott Stadium Expansion Project. Costs are now estimated at \$79m, but donor contributions to the Project are running ahead of expectations.

Finally, Mr. Sandridge reminded the Committee of the planning for an integrated systems project. A report will be presented to the Board in May on software vendor selection and a business plan will be brought to the Board in the fall.

The Chair asked Ms. Handy, University Treasurer, to report on the Endowment.

Ms. Handy not only reported briefly on the Endowment, which on February 28th stood at \$1.077b, but gave a quick overview of the performance of the various categories of the University's investments. She also discussed the work of UVIMCO, the University of Virginia Management Company, and outlined the format of endowment reports she planned to give henceforth.

The Chair also discussed UVIMCO's work briefly and expressed his appreciation for the pro bono work of UVIMCO's public members.

On motion, the meeting was adjourned at 10:40 a.m.

AGG:jfb

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