

TENTATIVE MINUTES -
SUBJECT TO THE APPROVAL
BY THE BOARD OF VISITORS

January 11, 2000

The Board of Visitors of the University of Virginia met, in Open Session, at 11:00 a.m., Tuesday, January 11, 2000, in the Dining Conference Rooms at the University Hospital; William H. Goodwin, Jr., as Chair of the Finance Committee, presided. John P. Ackerly, III, Rector, Charles M. Caravati, Jr., M.D., William G. Crutchfield, Jr., Terence P. Ross, and Ms. Elizabeth A. Twohy participated in person. T. Keister Greer, Timothy B. Robertson, Albert H. Small, Henry L. Valentine, II, Walter F. Walker, Benjamin P.A. Warthen, James C. Wheat, III, and Joseph E. Wolfe participated by telephone.

Also present at the meeting were Leonard W. Sandridge, Jr., Alexander G. Gilliam, Jr., Paul J. Forch, Ms. Alice W. Handy, and Ms. Jeanne Flippo Bailes. John T. Casteen, III and Benton Burroughs participated by telephone.

Mr. Goodwin explained the purpose of the meeting: the University has investments in various venture capital partnerships. These investments are now worth over \$300m with a cost basis of about \$10m. The University wishes to enter into a swap agreement with an investment bank to protect some of these gains. Thirteen stocks, which account for some \$260m, have been identified in this category. The University is required to post collateral with the bank in the amount of 25% of the value of the stocks.

As this arrangement could constitute borrowing or a pledge of securities or other assets held by the Endowment, it must be approved by two-thirds of the Board and then by the Governor.

Mr. Goodwin told the Board he would give a more detailed briefing in Executive Session at the Board meeting on January 22nd.

On motion, the Board approved the following resolution, which will be communicated to the Governor.

The following motion was adopted:

WHEREAS: It is in the best interest of the University to provide for its officers to execute and deliver contracts, agreements and other documentation which relate to its endowment involving selling shares short, option contracts, and/or swap agreements; and

Such contracts and agreements may constitute a borrowing and/or pledge of securities, assets and rights held by the endowment as authorized by Virginia Code 23-30.01 with at least a two-thirds vote of the Board of Visitors and approval of the Governor.

RESOLVED, subject to the approval of the Governor, the Board of Visitors hereby approves the University entering into a swap agreement with an investment banking firm or financial institution in order to protect a portion of the endowment fund against market correction, provided that such agreement is executed within thirty calendar days of approval by the Governor and the term of the swap agreement may not exceed a term of more than one year and shall not affect more than thirteen stocks held within the University's venture capital portfolio, and including without limitation, the pledging of endowment assets, securities or rights, and executing such contracts and related documentation in connection therewith as may be advisable or necessary. The Treasurer of the University of Virginia, or such other University officer as the Board of Visitors may direct, is authorized to execute and deliver such swap agreement, related contracts and documents as necessary or advisable, provided such agreement and related documents shall not constitute a pledge of the full faith and credit of the Commonwealth, the University or the Governor of Virginia. Any such agreements executed by the University Treasurer, or such other authorized officer, shall be reported to the Board of Visitors. The University administration shall forthwith seek the approval of the Governor of Virginia so as to protect the significant gains in the new technology stocks held in the University's endowment.

The Secretary took the roll. Fourteen of the sixteen voting Members of the Board participated in the vote; all fourteen voted to approve the resolution.

On motion, the meeting was adjourned at 11:20 a.m.

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There are attached, for the record, copies of the letter sent to the Governor on January 11th transmitting the resolution approved by the Board, together with the Governor's letter of January 12th approving the swap agreement.