

November 9, 2000

MEMORANDUM

TO: The Executive Committee:

John P. Ackerly, III, Chair  
Charles M. Caravati, Jr., M.D.  
William H. Goodwin, Jr.  
Terence P. Ross  
Elizabeth A. Twohy

and

The Remaining Members of the Board:

Thomas J. Bliley, Jr.	Timothy B. Robertson
William G. Crutchfield, Jr.	Walter F. Walker
Charles L. Glazer	Benjamin P.A. Warthen
T. Keister Greer	James C. Wheat, III
Elsie Goodwyn Holland	Joseph E. Wolfe
Gordon F. Rainey, Jr.	Stephen S. Phelan, Jr.

FROM: Alexander G. Gilliam, Jr.

RE: Minutes of the Meeting of the Executive Committee  
on November 9, 2000

The Executive Committee of the Board of Visitors of the University of Virginia met, in Open Session, at 2:15 p.m., Thursday, November 9, 2000, in the Rare Books Room of the Claude Moore Health Sciences Library; John P. Ackerly, III, Rector, presided. Charles M. Caravati, Jr., M.D., William H. Goodwin, and Ms. Elizabeth A. Twohy were present.

Also present were John T. Casteen, III, Leonard W. Sandridge, Alexander G. Gilliam, Jr., and Ms. Jeanne Flippo Bailes.

At the request of the Rector, Mr. Sandridge, the Executive Vice President and Chief Operating Officer, presented the first two items of the Consent Agenda: resolutions approving the selection of an architect for term contract, and the selection of an architect for the renovation of Crockett Hall at The University of Virginia's College at Wise. Both resolutions were approved and will be reported to the full Board at its meeting on January 20<sup>th</sup>, 2001.

APPROVAL OF ARCHITECT SELECTION FOR TERM CONTRACT

RESOLVED that Phillip Swager Associates of McLean, Virginia is approved for the performance of architectural and engineering services for projects initiated under the term contract for the University of Virginia.

APPROVAL OF ARCHITECT SELECTION FOR CROCKETT HALL RENOVATION AT THE UNIVERSITY OF VIRGINIA'S COLLEGE AT WISE

RESOLVED that Mitchell/Matthews, Architects & Planners, of Charlottesville, Virginia, is approved for the performance of architectural and engineering services for the Crockett Hall Renovation project at the University of Virginia's College at Wise.

The Secretary presented the third Consent Agenda item, the assignment of Pavilion IX, West Lawn, to Ms. Karen van Lengen, the Dean of the School of Architecture. A resolution approving this assignment was adopted and will be reported to the full Board at its meeting on January 20<sup>th</sup>, 2001.

APPROVAL OF THE ASSIGNMENT OF PAVILION IX

RESOLVED that Pavilion IX, West Lawn, be assigned to Karen van Lengen, Dean of the School of Architecture, and her family, for five years, effective August 17, 2001.

Mr. Sandridge continued with the Regular Agenda.

The first item concerned the intent of the Medical Center to form "Community Medicine University of Virginia, LLC." This is envisioned as a "private practice" Executive Committee - November 9, 2000 - 3.

environment in the context of an academic medical center; it will be a Virginia limited liability company with the University as its sole member.

The resolution required to establish Community Medicine University of Virginia, LLC was approved by the Committee and will be reported to the full Board at its meeting on January 20<sup>th</sup>, 2001.

APPROVAL OF COMMUNITY MEDICINE, LLC

WHEREAS, the University wishes to enhance primary care delivery to its patients; and

WHEREAS, the University has developed a model for delivery of primary care by physicians whose main focus is outpatient primary care, which involves creating a wholly-owned non-profit, taxable subsidiary limited liability company; and

WHEREAS, the University will initially use this model for four primary care physicians in the Northridge practice;

RESOLVED that the University is authorized to form Community Medicine University of Virginia, LLC, a non-profit, taxable subsidiary limited liability company, to operate the practice of primary care physicians; and

RESOLVED FURTHER that the University is authorized to provide supplemental funds to Community Medicine University of Virginia, LLC, in accordance with its business plan; and

RESOLVED FURTHER that the Executive Vice President and Chief Operating Officer is authorized to execute the contracts, forms and other documents necessary to form Community Medicine University of Virginia, LLC, and to operate the company.

In order to alleviate the serious shortage of research laboratory space at the School of Medicine, the University proposes to create the Fontaine Research Center in the Fontaine Research Park. The Center, which will be built by the University of Virginia Foundation,, must be approved by the Governor and the General Assembly; the necessary permission will be sought as a capital budget amendment. The Center will consist of a 72,800 gross square foot, three story building. It will include a vivarium and the typical laboratory research facilities, along with parking space for 210 vehicles. A purchase price not to exceed \$17 million is expected for the building and the land.

On motion, the Committee adopted the necessary resolution, which will be reported to the full Board at its meeting on January 20<sup>th</sup>, 2001.

APPROVAL OF ACQUISITION OF THE FONTAINE RESEARCH CENTER

WHEREAS, the School of Medicine has determined that a critical shortage of research space exists and will soon have a negative impact on continued growth in existing and future research programs; and

WHEREAS, the University requests that the University of Virginia Foundation construct the Fontaine Research Center, a laboratory building to be located at the Fontaine Research Park; and

WHEREAS, the University expects to buy the building upon completion, at a price not to exceed the appraised value of the property; and

WHEREAS, the project costs of the Fontaine Research Center acquisition are expected not to exceed \$17.0 million;

RESOLVED that the Executive Vice President and Chief Operating Officer is authorized, consistent with applicable University and State policies, to seek state approval for acquisition of the Fontaine Research Center, provide construction loans, arrange bond financing and execute such documents as may be necessary to effect the transactions including acquisition of the completed facility and the

land from the University of Virginia Foundation and/or the University of Virginia Real Estate Foundation.

The Committee then adopted a resolution declaring its intent to issue bonds to cover the costs of the Fontaine Research Center. This resolution will be reported to the full Board at its meeting on January 20<sup>th</sup>, 2001.

APPROVAL OF INTENT TO ISSUE BONDS FOR THE FONTAINE RESEARCH CENTER

WHEREAS, the United States Department of the Treasury has promulgated final regulations in Section 1.150-2 of the Treasury Regulations (the "Regulations") governing when the allocation of bond proceeds to reimburse expenditures previously made by a borrower shall be treated as an expenditure of the bond proceeds; and

WHEREAS, the Regulations require a declaration of official intent by a borrower to provide evidence that the borrower intended to reimburse such expenditures with proceeds of its bonds; and

WHEREAS, the Board of Visitors of the University of Virginia (the "University") desires to make such a declaration of official intent as required by the Regulations;

RESOLVED that, pursuant to the Regulations, the University hereby declares its intent to reimburse expenditures in accordance with the following:

1. The University reasonably expects to reimburse expenditures incurred for the construction of the Fontaine Research Center proceeds from the issuance of tax-exempt bonds ("bonds") to be issued by the University either directly or through the College Building Authority with the approval of the Treasury Board;
2. This resolution is a declaration of official intent under Section 1.150-2 of the Regulations;

3. The maximum principal amount of bonds expected to be issued for the purpose of reimbursing expenditures relating to the construction of the Fontaine Research Center in an amount not to exceed \$17.0 million.

Mr. Sandridge explained to the Committee the need for readily available laboratory space to accommodate faculty start-up firms and specialized research projects sponsored by the University. The University Research Park at North Fork in Albemarle County would be an ideal place to build such a facility; it would be known as the Emerging Technology Center and it would be built and operated by the University of Virginia Real Estate Foundation. The concept of the Center was approved by the University of Virginia Foundation Board on October 27, 2000.

After a considerable discussion of ways to finance the project, the Committee adopted the necessary resolution expressing its approval; the resolution will be reported to the full Board at its meeting on January 20<sup>th</sup>, 2001.

DELEGATION OF AUTHORITY TO APPROVE A CONSTRUCTION LOAN AND AN EQUITY INVESTMENT FOR THE EMERGING TECHNOLOGY CENTER

WHEREAS, the local research community, including University faculty members, have identified a need for reasonably-priced high-technology and wet and dry laboratory space which will allow start-up companies to locate and grow their companies in the region; and

WHEREAS, suitable laboratory facilities for faculty start-up companies will assist the University in attracting and retaining faculty doing research on the cutting edge of science and technology; and

WHEREAS, the University of Virginia Foundation has endorsed the construction of the Emerging Technology Center; and

WHEREAS, the construction of facilities for the direct and indirect benefit of the University will require a construction loan made directly or indirectly by the University; and

WHEREAS, permanent financing may require an equity investment by the University of up to 25 percent of the costs of the facility; and

WHEREAS, total project costs are estimated to be \$5.45 million.

RESOLVED that the concept of the Emerging Technology Center is approved and the Board of Visitors endorses the resolution on the Emerging Technology Center adopted by the Board of Directors of the University of Virginia Foundation on October 27, 2000; and

RESOLVED FURTHER that the Executive Vice President and Chief Operating Officer, subject to approval by the Rector and the Chair of the Finance Committee, is authorized to approve a construction loan, and make an equity investment from the University's endowment or other appropriate University funds of up to 25 percent of the building costs not to exceed \$1.4 million, to assist the University Real Estate Foundation in financing and building the Emerging Technology Center, with the understanding that due diligence will be accomplished on review of the business plan for the Emerging Technology Center; and

RESOLVED FURTHER that the University Real Estate Foundation will not be authorized to initiate the proposed project until the projected cost of the project and the business/financial plan has been approved by the Executive Vice President and Chief Operating Officer with the concurrence of the Rector and the Chair of the Finance Committee.

On motion, the Committee went into Executive Session and adopted the following motions:

That the Executive Committee of the Board of Visitors of the University of Virginia go into Executive Session to discuss the performance and compensation of specific employees, as provided for in Section (A)(1) of the Code of Virginia.

That the Executive Committee of the Board of Visitors of the University of Virginia go into Executive Session to discuss a proposed acquisition of real property and possible investment in the development of a real estate venture, where public discussion would adversely affect the bargaining position of the University, as permitted in Section 2.1-344 A (3), (5) and (6) of the Code of Virginia

The Committee resumed in Open Session and approved a resolution setting the 2000-01 recommended salaries for the President of the University and the Chancellor of The University of Virginia's College at Wise. The resolution will be reported to the full Board at its meeting on January 20<sup>th</sup>, 2001.

2000-01 SALARIES FOR PRESIDENT JOHN T. CASTEEN, III AND CHANCELLOR L. JAY LEMONS

RESOLVED that the Rector and Visitors of the University of Virginia approve the following 2000-01 salary recommendations for the President of the University of Virginia and the Chancellor of the University of Virginia's College at Wise:

President John T. Casteen, III

	Actual as of 11/25/99	Proposed as of 11/25/00	Percent Increase
State	\$142,221	\$146,843	3.25%
Bonus (5%)	6,693	7,111	6.25%
Total Salary, excluding local supplement	148,914	153,954	3.38%
Local supplement	177,212	182,971	3.25%
Bonus	8,339	8,861	6.26%
Total local supplement	185,551	191,832	3.39%
Total Salary	319,433	329,814	3.25%
Supplemental Retirement	45,000	75,000	66.67%
Total Bonus	15,032	15,972	6.25%

Chancellor L. Jay Lemons

	Actual as of 11/25/99	Proposed as of 11/25/00	Percent Increase
State	\$106,165	\$109,615	3.25%
Bonus (5%)	4,996	5,308	6.24%
Total Salary, excluding local supplement	111,161	114,923	3.38%
Local supplement	53,551	55,291	3.25%
Bonus	2,520	2,678	6.27%
Total local supplement	56,071	57,969	3.38%
Total Salary	159,716	164,906	3.25%
Total Bonus	7,516	7,986	6.25%

RESOLVED FURTHER that the Rector and Visitors of the University of Virginia attest to their positive evaluation of the performances of President John T. Casteen, III, and Chancellor L. Jay Lemons.

On motion, the meeting was adjourned at 4:45 p.m.

AGG:jb

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