

April 1, 2009

MEMORANDUM

TO: The Ad-Hoc Committee on Revenue Sources:

John O. Wynne
A. Macdonald Caputo
Austin Ligon

and

The Remaining Members of the Board:

Daniel R. Abramson	Vincent J. Mastracco, Jr.
Hon. Alan A. Diamonstein	Hon. Lewis F. Payne
Susan Y. Dorsey	Don R. Pippin
Helen E. Dragas	Warren M. Thompson
Thomas F. Farrell, II	E. Darracott Vaughan, Jr.
Robert D. Hardie	Adom Getachew
Glynn D. Key	W. Heywood Fralin, Ex Officio

FROM: Alexander G. Gilliam, Jr.

SUBJECT: Minutes of the Meeting of the Ad-Hoc Committee
on Revenue Sources

The Ad-Hoc Committee on Revenue Sources of the Board of Visitors of the University of Virginia, met, in Open Session, at 4:10 p.m., Wednesday, April 1, 2009, in the President's Conference Room at Madison Hall; John O. Wynne, Vice Rector and Chair, presided.

A. Macdonald Caputo and Austin Ligon were present.

Also present were John T. Casteen, III, Leonard W. Sandridge, Alexander G. Gilliam, Jr., Arthur Garson, Jr., M.D., and Ms. Susan G. Harris.

The Chair told the Committee that it has two charges: to consider the University's need for more revenue and to plan the Board's Retreat in July - he envisions the Retreat, he said, as an opportunity to consider a range of financial issues, including the need for additional revenue. In saying this, he noted that based on the recent Association of American Universities meeting

he attended, the University is in better financial condition than its peers.

Nonetheless, there is a range of important issues to consider, including the possibility of a fundamental change in state funding.

Mr. Wynne then presented a proposed Agenda for the Retreat, with the idea of presenting it to the full Board in the course of its meeting on April 3rd. There was considerable discussion of the Agenda, with the President and the Members of the Committee offering comments. Mr. Wynne said he envisions a series of five-page papers on each issue on the Agenda, the papers to be written and sent to all Board Members before the Retreat, with the idea that Members will read them and send in questions to be considered at the Retreat.

The Committee agreed to Mr. Wynne's proposal (a copy of the draft Retreat Agenda is attached).

On motion, the meeting was adjourned at 5:30 p.m.

AGG:jb

Enclosure

Copies to: Mr. John T. Casteen, III
Mr. Leonard W. Sandridge
Arthur Garson, M.D.
Ms. Susan G. Harris

DRAFT
Board of Visitors Retreat Agenda
July 10 and 11, 2009
Boar's Head Inn

Friday, July 10

8:30-11:30 a.m. Medical Center Operating Board
Retreat

Noon-1:00 p.m. Lunch

1:00-3:00 p.m. Performance Measures

3:00-5:00 p.m. "Financial Model of the Future"

6:00 p.m. Reception

7:00 p.m. Dinner

Saturday, July 11

7:00-8:30 a.m. Continental Breakfast

8:30-11:00 a.m. "Financial Model of the Future"

11:00-noon Executive Session-Personnel

Noon Box lunches will be provided

Financial Model of the Future

The objective is to examine how we can establish a better platform for financial success coming out of this economic period. Background reports and major issues on each topic or item reflect historical trends and amounts received from each category.

Topics 1 through 6 will be discussed at the Retreat. Topics 7 through 13 will be discussed in Committee meetings during the Fall of 2009.

For Discussion at the 2009 Retreat

1. State General Funds (Sheehy and Bianchetto)

- Focus is on what is realistic to expect from state funding. Assumptions are key.
- Ties to the restructuring requirement for six-year plans.
- Projects impact of any new legislation on state resources.

2. Tuition (Sandridge, Sheehy)

- Focus is on both instate and out-of-state tuition trends and projections.
- Model different ways to increase tuition.
- Projections for tuition incorporate assumptions about AccessUVA and its impact on future tuition costs.

3. Sponsored research (Reynolds, Skalak)

- Important revenue generator and resource consumer.
- Indirect cost recoveries and how they are used.

4. Annual Giving (Casteen, Sweeney)

5. Alternative Revenue Streams (Casteen, Garson, Hilton)

- Online distance education.
- Darden, McIntire, SCPS expansion into other regions.
- International programs.
- Brand integrity issues.

6. Cost Containment (Sandridge)

- Update on where we have and will make permanent cost reductions.

For Discussion at the September Finance Committee Meeting

7. Debt and Liquidity (Reynolds)

- Debt capacity.
- Setting priorities for new debt.
- Variable vs. fixed rate debt.
- Construction financing and sources of funds to service debt.

8. Endowment (Brightman, Sandridge, Sheehy, Reynolds)

- General Overview.
- Focus on the distribution of R&V endowment returns as opposed to investment strategy, which is the responsibility of the UVIMCO Board.

For Discussion at the September Educational Policy Committee Meeting

9. Intellectual property (Skalak)

- Patent Foundation structure

For Discussion at the September External Affairs Committee Meeting

10. Capital Campaign (Casteen, Sweeney)

- Projection of future giving.
- Requirement for "maintenance endowments" as a priority.

For Discussion at the November Finance Committee Meeting

11. Sales/Services (LWS, YSR)

- Athletics ticket sales and TV revenues
- Auxiliary enterprises such as the bookstore and dining, ticket sales for theatrical performances, etc. Auxiliaries including Athletics
- UVA Foundation revenues

For Follow-up Discussion at the November MCOB

12. Medical Center Revenues (Howell, Fitzgerald)

- Increase the Medical Center support for the Medical School
 - Immediate need for \$25 million over 5 years in support of the Dean
 - Change culture in Medical Center
- Expansion of Medical Center

For Discussion at the November Educational Policy Committee Meeting

13. Expansion of enrollment (Casteen, Garson, Wynne)

- Linear vs. non-linear growth of faculty to support increased enrollment.
- Commission on Virginia's Future.