

November 2, 1998

MEMORANDUM

TO: The Investment Management Company:

William H. Goodwin, Jr., Chair  
A. Macdonald Caputo  
Christine P. Gustafson  
Donald Laing, III  
Timothy B. Robertson  
Leonard W. Sandridge, Jr.  
Matthew G. Thompson  
Henry L. Valentine, II  
James C. Wheat, III  
John P. Ackerly, III, Ex Officio

and

The Remaining Members of the Board:

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

FROM: Alexander G. Gilliam, Jr.

SUBJECT: Minutes of a Meeting of the Board of Directors of the University of Virginia Investment Management Company on November 2, 1998

The Board of the University of Virginia Investment Management Company met at 12:15 p.m., Monday, November 2, 1998, in the offices of CCA, Suite 1500, One James Center, 901 East Cary Street, Richmond; William H. Goodwin, Jr., Chair, presided. John P. Ackerly, III, Rector, Timothy B. Robertson, Henry L. Valentine, II, James C. Wheat, III, Leonard W. Sandridge, Jr., A. Macdonald Caputo, Ms. Christine P. Gustafson, Donald Laing, III, and Matthew G. Thompson were present. Also present were Alexander G. Gilliam, Jr., Ms. Alice W. Handy, Rob Walker Freer, and Donald Lindsey.

The Board began its meeting in Open Session. The Chair asked Ms. Handy, University Treasurer, to present the Action item on the Agenda.

Ms. Handy explained that the Virginia Semiconductor Educational Endowment is a fund which will receive \$9m over the next five years. The money comes from funds provided by the Commonwealth from the incentive package which brought Motorola, Dominion Semiconductor, and White Oak Semiconductor to Virginia. The funds support microelectronics programs at Virginia Tech, William & Mary, Old Dominion University, George Mason University, and Virginia Commonwealth University, as well as the University of Virginia.

The Endowment wishes to invest with the University's Pooled Endowment Fund the money used to support student scholarships at the various schools.

On motion, the Board adopted a resolution authorizing the investment.

APPROVAL OF INVESTMENT OF THE VIRGINIA SEMICONDUCTOR  
EDUCATIONAL ENDOWMENT

The following resolution was adopted:

RESOLVED by the Board of the University of Virginia Investment Management Company that the Executive Vice President and Chief Financial Officer be authorized to approve of the contract with the Virginia Economic Development Partnership for the investment of the funds of the Virginia Semiconductor Educational Endowment.

The Chair suggested that the University ought to consider fees to charge for managing money of this sort.

Ms. Handy and the Chair then led a discussion of decisions ranging across the total portfolio of the Endowment. The Chair said the performance of the Endowment ought to put the University at least in the top half of its peer group and really in the top quarter. The Board concluded that within the next three to five years, the Endowment should be in the top quartile.

To attain this end, the Board agreed that we should aggressively manage our managers. An essential question, though, is how we should manage ourselves?

On motion, the Board went into Executive Session at 1:15 p.m., resumed in Open Session at 4:10 p.m. and, on further motion, adjourned.

That the University of Virginia Investment Management Company go into Executive Session for discussion of investment strategies relating to University Endowment Funds, as provided for in Section 2.1-344 (A)(6) of the Code of Virginia.

AGG:jb

Copies to: Mr. John T. Casteen, III  
Mr. Gene D. Block  
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  
Mr. Terry Holland  
Mr. L. Jay Lemons  
Ms. Louise Dudley  
Ms. Alice W. Handy