



UNIVERSITY  
*of* VIRGINIA

**Board of Visitors Finance Committee and Full Board Meeting**  
**June 7, 2018**



## **Agenda**

### **ACTION ITEMS**

1. 2018-2019 Operating Budget
2. 2018 Major Capital Projects Financial Plans
3. Debt Issuance for Acquired Northridge Property
4. Acquisition of Meadow Creek Corporation from the UVA Foundation
5. Delegation of Signatory Authority
6. Commendation of Daniel M. Meyers and the Council of Foundations

### **REPORTS**

1. Introductions
2. Executive Vice President's Remarks

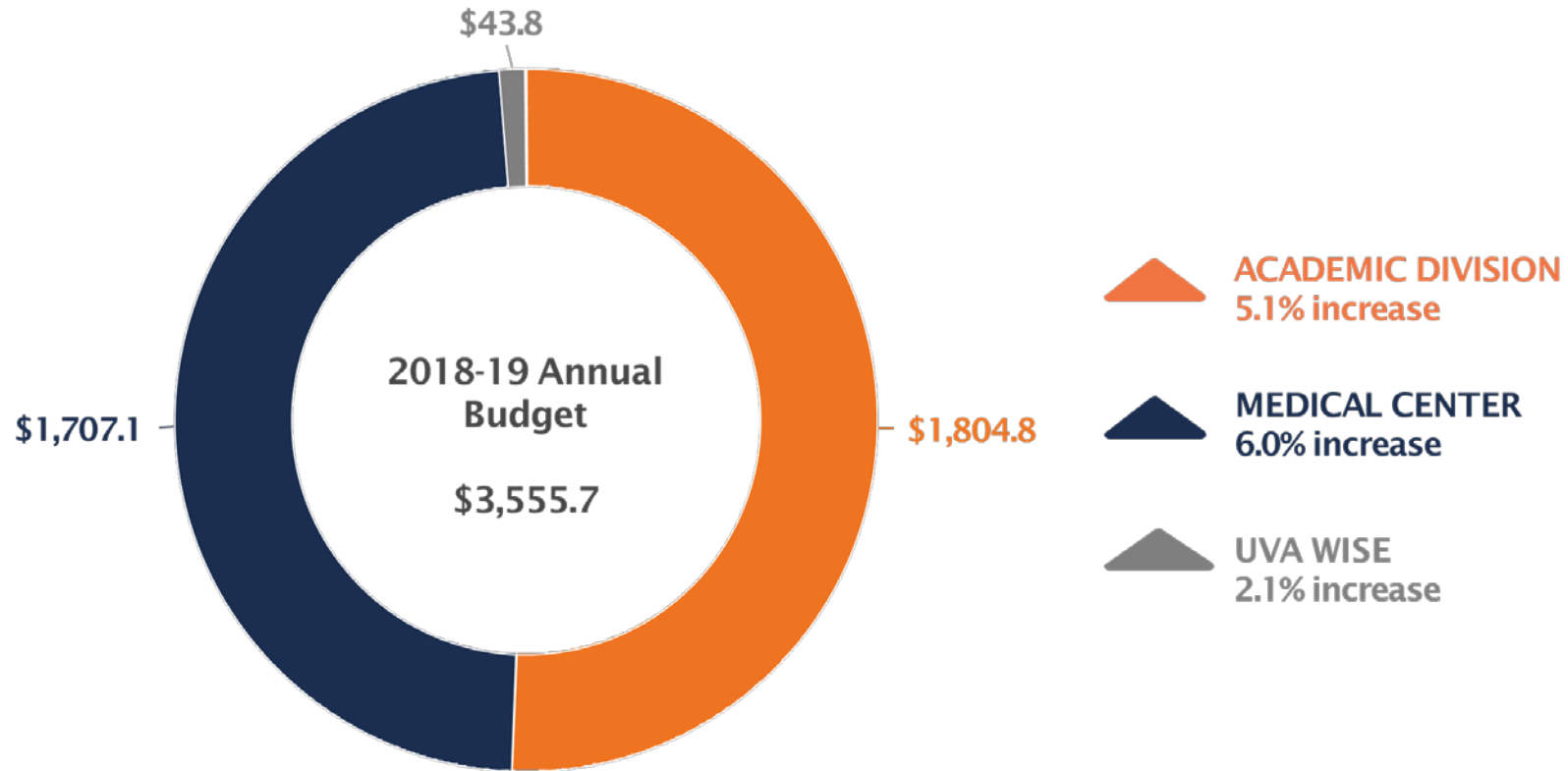


# 2018-2019 UNIVERSITY OPERATING BUDGET

# University of Virginia

## 2018-2019 Operating Budget

(in millions)



# 2018-2020 Biennial Budget

## General Fund Impact on UVA

Incremental General Funds	Governor's Proposal		General Assembly-Approved	
	FY2019	FY2020	FY2019	FY2020
<b><u>Operating</u></b>				
Undergraduate Financial Aid	\$190,389	\$978,180	\$122,520	\$629,489
Increased Degree Production <sup>1</sup>	--	--	--	\$2,661,340
Virginia Foundation for the Humanities	\$100,000	\$100,000	--	--
Weldon Cooper Center	\$290,000	\$175,000	\$290,000	\$175,000
Focused Ultrasound Center	--	--	\$1,000,000	--
<b>Total Incremental Operating Funds</b>	<b>\$580,389</b>	<b>\$1,253,180</b>	<b>\$1,412,520</b>	<b>\$3,465,829</b>
<b><u>Capital Outlay</u></b>				
Maintenance Reserve <sup>2</sup>	\$3,954,832	\$3,954,832	\$3,954,832	\$3,954,832
Equipment for Approved Projects <sup>3</sup>	\$12,882,000	--	\$12,882,000	--

<sup>1</sup> In Data Science and Technology; Science and Engineering; Healthcare; and Education programs

<sup>2</sup> Total maintenance reserve allocation is \$12,916,383

<sup>3</sup> Gilmer Hall/Chemistry Building Renovation and Center for Human Therapeutics

# 2018-2020 Biennial Budget

## General Fund Impact on College at Wise

Incremental General Funds	Governor's Proposal		General Assembly-Approved	
	FY2019	FY2020	FY2019	FY2020
<b><u>Operating</u><sup>1</sup></b>				
Undergraduate Financial Aid	\$218,252	\$373,304	\$140,452	\$240,232
Academic Programs	\$2,000,000	\$1,750,000	--	\$1,750,000
IT Network & Security Systems	\$892,880	\$832,069	\$892,880	\$832,069
<b>Total Incremental Operating Funds</b>	<b>\$3,111,132</b>	<b>\$2,955,373</b>	<b>\$1,033,332</b>	<b>\$2,822,301</b>
<b><u>Capital Outlay</u></b>				
Maintenance Reserve <sup>2</sup>	\$255,863	\$255,863	\$255,863	\$255,863

<sup>1</sup> Authorizes transfer of up to \$2,000,000 of general funds from FY2020 to FY2019 (at Chancellor's request)

<sup>2</sup> Total maintenance reserve allocation is \$772,776

# 2018-2020 Biennial Budget

## Other Higher Education-Related Key Issues

	Governor's Proposal	General Assembly-Approved
Compensation	<ul style="list-style-type: none"><li>– 2% salary increase effective December 2019</li></ul>	<ul style="list-style-type: none"><li>– Provides 2% across-the-board plus 2% merit salary increases effective June 10, 2019 for state employees [merit increase available for classified employees and explicitly excludes faculty and University staff]<sup>1</sup></li><li>– Directs VRS to adjust the contribution rate charged for university employees in positions that transitioned from VRS defined benefit program to optional ORP to recover stranded unfunded liability costs (effective October 1, 2018)</li></ul>
Commonwealth Cyber Initiative (CyberX)		<ul style="list-style-type: none"><li>– Provides \$20 million in FY2020 for CyberX, collaborative among higher education institutions led by Virginia Tech, to establish Virginia as leader in cyber-physical systems and create research and educational programs focused on cybersecurity</li><li>– Provides \$5.0 million for lab renovations and equipment</li></ul>

<sup>1</sup> Medical Center retains authority to implement performance-based pay plan

# 2018-2020 Biennial Budget - Medicaid Expansion

---

- Expands Medicaid effective January 1, 2019 to cover uninsured Virginians with incomes up to 138% of federal poverty level pursuant to Affordable Care Act
  - Projected enrollment of 300,000 individuals
  - Provides trigger to end expansion if federal funding is reduced
- Establishes Training, Education, Employment, and Opportunity Program (TEEOP)
- Imposes “provider assessment” on private hospitals to cover state’s share to expand Medicaid (public teaching hospitals excluded)
- Direct financial impact to Health System expected to be minimal
- Financial impact to Health System joint ventures expected to be favorable





UNIVERSITY  
*of* VIRGINIA

**2018-2019 OPERATING BUDGET  
ACADEMIC DIVISION**

# 2018-19 Academic Division Operating Budget

---

## *Key Highlights*



- FY 2017-18 results compare favorably to budget
- BOV approved limited tuition increase
- Ongoing emphasis on affordability
- Research growth
- Planned compensation increases
- Continued Organizational Excellence savings
- Excellent philanthropic activity
- Additional tuition revenue for some undergraduate, graduate and professional programs

# Previously Reviewed with BOV

---

## *Key Budget Elements*

- ✓ State general funds appropriated
- ✓ University staff salary increases of 3%
- ✓ Faculty salary increases of 3%
- ✓ Tuition, fees, housing, and dining rates
- ✓ Endowment distribution rate
- ✓ Enrollment
- ✓ Organizational Excellence savings target
- ✓ Sponsored research growth
- ✓ Philanthropy assumptions
- ✓ Inflationary increase in other than personal services

# FY 2017-18 Organizational Excellence (OE) Results

---

- FY 2017-18 Preliminary Results
  - Major institutional initiatives: ResearchUVA, University Business Intelligence, Ufirst HR Transformation, Payroll, Identity and Access Management, Strategic Sourcing
  - Service delivery and process redesigns, restructure of roles, consolidate spend, enabling technology
  - On pace to meet target of \$21.58 million across school, unit, and central improvements

# FY 2018-19 Organizational Excellence (OE)

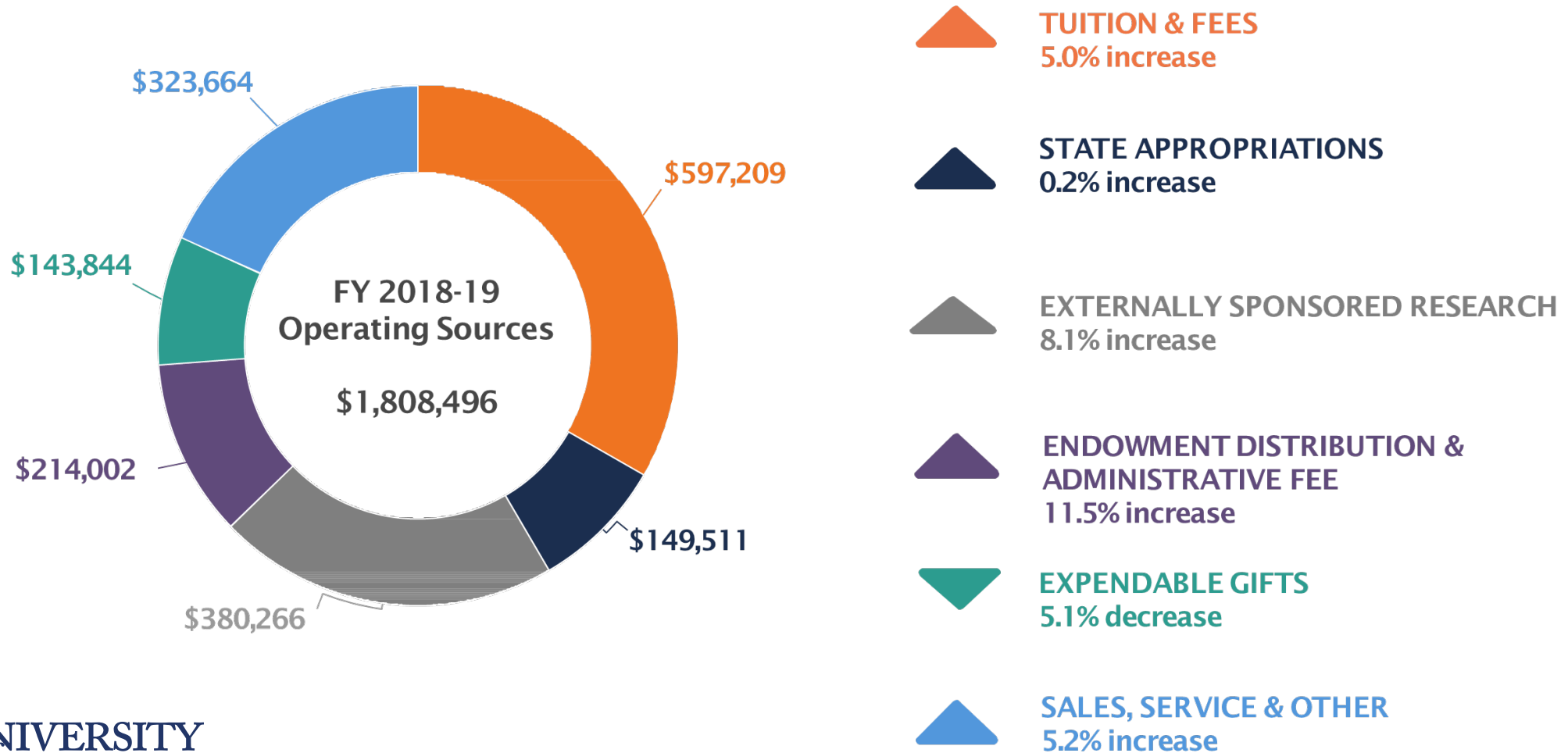
## Planned Initiatives

---

- Savings Target: \$23.25 million in FY 2018-19
  - Major institutional initiatives: Ufirst HR Transformation, ResearchUVA, Faculty Annual Reporting, Data Strategy, Finance Transformation Planning and Assessment
  - Locally-led initiatives in schools and units

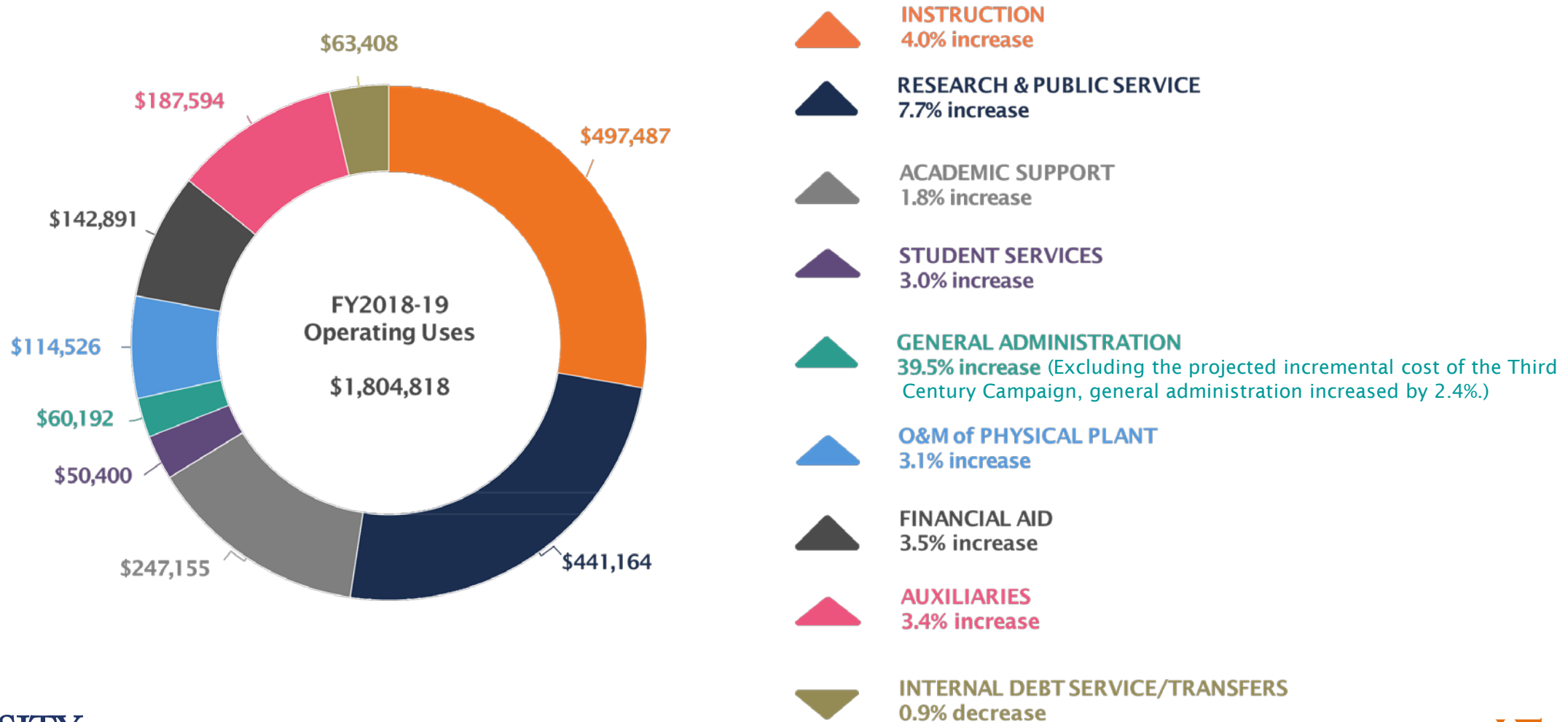
# FY 2018-19 Operating Sources

(in thousands)



# FY 2018-19 Operating Uses

(in thousands)



# Non-Base Budget Investments

(in thousands)

	FY17-18 Forecast	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23
Infrastructure	\$ 65,138	\$ 44,692	\$ 18,701	\$ 11,409	\$ 9,970	\$ 9,774
Safety and Security	13,920	8,200	8,314	8,430	8,549	8,670
Cornerstone Plan	8,874	6,640	6,540	6,440	6,340	6,240
Pan-University Centers & Research	9,378	6,000	4,000	2,000	2,000	2,000
Cluster/ToPS + Start Up Packages	28,846	26,023	22,288	15,270	9,393	1,181
Academic Support	7,050	9,452	4,250	5,100	5,700	-
<b>Total</b>	<b>\$133,206</b>	<b>\$101,007</b>	<b>\$ 64,093</b>	<b>\$ 48,649</b>	<b>\$ 41,952</b>	<b>\$ 27,865</b>
Prior Year BOV Approvals	68,934	45,778	24,231	16,871	16,871	8,839
Carryforward from PY/Adjustments	20,712	(2,531)	(4,807)	(5,808)	(8,056)	(123)
Mid Year Approvals	43,560	34,678	15,023	13,990	14,709	9,130
New Investments	-	23,082	29,646	23,596	18,428	10,019
<b>Total</b>	<b>\$133,206</b>	<b>\$101,007</b>	<b>\$ 64,093</b>	<b>\$ 48,649</b>	<b>\$ 41,952</b>	<b>\$ 27,865</b>



# Status Update:

## Prior Year Infrastructure Non-Base Initiatives

---

- IT Security Enhancement On time, on budget
- Identity and Access Management On time, on budget
- Office 365 On time, on budget
- Ufirst 6 month delay, \$10.9 million impact
- Managerial Reporting Project On time, below budget
- Budget and Forecasting Tool Deferred
- Procurement Tool On time, on budget

# Non-Base Budget: Mid Year Approvals

	FY17-18 Forecast	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23
Safety & Security Initiatives/Emergency Events	\$ 11,420	\$ 8,200	\$ 8,313	\$ 8,430	\$ 8,549	\$ 8,670
Academic Support	7,050	9,452	4,250	5,100	5,700	-
Finance Transformation	260	-	-	-	-	-
Other	3,379	-	-	-	-	-
Minor Capital *	21,451	17,026	2,460	460	460	460
<b>Total</b>	<b>\$ 43,560</b>	<b>\$ 34,678</b>	<b>\$ 15,023</b>	<b>\$ 13,990</b>	<b>\$ 14,709</b>	<b>\$ 9,130</b>

\* Includes projects under \$5M. Authority for capital projects under \$5M with no exterior impact is delegated to the EVP/COO and the chair of either the Buildings & Grounds Committee or the Finance Committee. For example, Architecture School renovations, Memorial Gym air conditioning, Women's Basketball locker room, Carruther's Hall renovations

# Non-Base Budget: New Investments

	FY17-18 Forecast	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23
Cluster/ToPS + Start Up Packages (FY19)	\$ -	\$ 11,977	\$ 20,022	\$ 14,169	\$ 9,393	\$ 1,180
Institutional Debt Service	-	8,479	9,624	9,427	9,035	8,839
Finance Transformation - Planning Phase	-	2,626	-	-	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ 23,082</b>	<b>\$ 29,646</b>	<b>\$ 23,596</b>	<b>\$ 18,428</b>	<b>\$ 10,019</b>

# Strategic Investment Fund Reserves

Uses of SIF Reserves	2018-2019
Balloon bond maturity in 2021	\$27.0 million
Quasi-Endowments from Ivy Foundation funds	\$48.0 million
<b>Total</b>	<b>\$75.0 million</b>

NOTE: The Medical Center's investment in Inova, previously approved by the Board of Visitors, will total approximately \$50 million. SIF reserves will be used to fund this investment and will be made in three installments (December 2018, June 2019, and December 2019).

# Multi-Year Financial Plan Assumptions: Sources

Category	Assumption
Higher Education Price Index (HEPI)	1.1% (3 year average)
Enrollment	BOV approved in June 2017
Undergraduate Tuition	Assumes 3% increase, plus phase in of multi-year tuition increases
Graduate, Professional, and Special Program Tuition	Assumes 3.5% increase
State Appropriations	Assumes no increase in state appropriations
Research Funds	Assumes increase equal to three year rolling average historical F&A rate remains at 61.5% for FY19 and beyond
Endowment Distribution	Inflationary increases stay within BOV-approved band Assumes 7.0% rate of return
Gifts	Assumes 2.5% annual growth; any growth in excess of this amount will likely have restricted spending
Other	Auxiliary Enterprises Revenue: 2.5% increase Annual SOM/Medical Center gainsharing

# Multi-Year Financial Plan Assumptions: Uses

Category	Assumption
T&R Faculty Salary	Annual merit pool established to maintain competitiveness, 3% Anticipate new hiring related to enrollment, faculty departures, and Cluster/ToPS hires
Staff/A&P Faculty Salary	Annual merit pool established to maintain competitiveness, 3% Anticipate new hiring related to departures or project hiring; no net addition to permanent headcount
Fringe Benefits	Multi-year projection assumes no substantial change in fringe benefits offered to employees
Other Than Personnel Services	Inflationary increases, increased water rates, plus increase in line with research growth
Transfers to Debt, Capital, and Reserves	BOV Capital and Operating Reserves Policy compliance
Savings from Organizational Excellence	Multi-year projection to be developed and reviewed based on continuing projects to improve organizational excellence

# Multi-Year Operating Financial Plan

(\$ in millions)	Actuals	Forecast	Budget	Projections	Projections	Projections	Projections	Projections	Projections
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Net Tuition and E&G Fees	\$ 545.9	\$ 568.7	\$ 597.3	\$ 625.9	\$ 649.7	\$ 674.0	\$ 698.1	\$ 721.8	\$ 745.4
State Appropriations	150.8	149.5	149.5	149.5	149.5	149.5	149.5	149.5	149.5
Grants & Contracts	264.0	276.4	300.9	330.9	364.0	374.9	386.1	397.7	397.7
F&A Cost Recoveries	69.4	75.5	79.3	91.2	100.8	103.7	106.7	109.8	113.0
Endowment Distribution & Admin Fee	191.9	191.9	214.0	244.7	248.0	257.0	261.2	261.7	263.0
Gifts via Affiliated Foundations	124.9	134.0	126.8	126.8	126.8	126.8	126.8	126.8	126.8
Expendable Gifts	17.4	17.7	17.0	17.5	17.9	18.3	18.8	19.3	19.7
Operating Cash Balances	42.0	33.5	32.1	32.1	32.1	32.1	32.1	32.1	32.1
Sales, Investment & Other	266.8	274.2	291.6	298.4	304.9	311.8	318.9	326.1	333.5
<b>Total Operating Sources of Funds</b>	<b>1,673.1</b>	<b>1,721.4</b>	<b>1,808.5</b>	<b>1,917.0</b>	<b>1,993.7</b>	<b>2,048.1</b>	<b>2,098.2</b>	<b>2,144.8</b>	<b>2,180.7</b>
Personnel Services	(1,022.2)	(1,051.2)	(1,106.4)	(1,137.9)	(1,170.5)	(1,204.0)	(1,238.5)	(1,274.0)	(1,310.5)
Other Than Personnel Services	(1,082.0)	(1,121.9)	(1,083.0)	(1,163.1)	(1,220.2)	(1,245.1)	(1,268.3)	(1,286.9)	(1,294.9)
Financial Aid	(124.1)	(138.1)	(143.0)	(146.6)	(145.7)	(150.2)	(154.6)	(159.3)	(164.0)
Transfers to Debt Service, Capital & Reserves	(91.3)	(64.0)	(63.4)	(63.4)	(63.4)	(63.4)	(63.4)	(63.4)	(63.4)
Other Central Assessments	12.8	12.8	25.3	25.8	26.3	26.8	27.4	27.9	28.5
Savings from Organizational Excellence	20.1	21.6	23.3	23.1	23.3	23.5	23.7	23.7	23.7
Recoveries from Internal Service Providers	660.4	635.7	553.5	564.5	575.8	587.3	599.1	611.1	623.3
All Other Uses	(29.6)	(12.4)	(10.7)	(13.0)	(13.2)	(15.5)	(15.8)	(16.1)	(16.4)
<b>Total Operating Uses of Funds</b>	<b>(1,655.9)</b>	<b>(1,717.5)</b>	<b>(1,804.4)</b>	<b>(1,910.6)</b>	<b>(1,987.6)</b>	<b>(2,040.6)</b>	<b>(2,090.4)</b>	<b>(2,137.0)</b>	<b>(2,173.7)</b>
<b>Net Operations</b>	<b>\$ 17.2</b>	<b>\$ 3.9</b>	<b>\$ 4.1</b>	<b>\$ 6.4</b>	<b>\$ 6.1</b>	<b>\$ 7.5</b>	<b>\$ 7.8</b>	<b>\$ 7.8</b>	<b>\$ 7.0</b>

# Faculty Hiring

## *Key Highlights*



- 2014 plan to address expected generational faculty turnover
- Retirements have been slower than expected
- Forecast 50 departures and 50 new hires in the undergrad schools at the start of FY19.



# Generational Faculty Turnover Plan (Undergraduate Schools Only) (\$ in thousands)

## FY18 Projected as of June 2017



● New Hires 75 FTEs:  
\$16,486

● Resignations/Tenure Denial/Retirements 52  
FTEs: \$8,345

● New Start-up 24 FTEs: \$14,023 School/\$14,023 Provost,  
50% commitment

- Net New Faculty 23 FTEs:  
\$8,141
- Cluster/ToPS: \$5,518
- Total Provost Commitment:  
Cluster/ToPS + 50% STEM  
Hires Start-Up: \$19,541

## FY18 Actuals as of June 2018



● New Hires 66 FTEs:  
\$7,317

● Resignations/Tenure Denial/Retirement  
55 FTEs: \$6,757

● New Start-up 21 FTEs: \$8,144 School/\$8,144 Provost,  
50% commitment

- Net New Faculty 11 FTEs:  
\$559
- Cluster/ToPS: \$6,848
- Total Provost Commitment:  
Cluster/ToPS + 50% STEM  
Hires Start-Up: \$14,992

# Generational Faculty Turnover Plan

## (Undergraduate Schools Only)

(\$ in thousands)

### FY19 Projected as of June 2018



● New Hires  
50

● New Start-up 21: \$6,260 School/\$6,260 Provost,  
50% commitment

- Net New Faculty: 0 FTEs after departures
- Cluster/ToPS: \$6,260
- Total Provost Commitment: Cluster/ToPS + STEM Hires Start-UP: \$17,963

# Faculty Hiring and Turnover

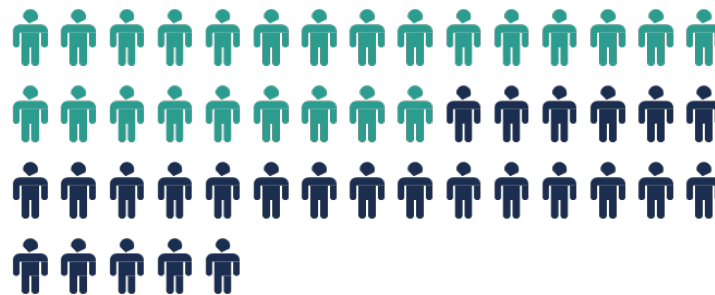
## Fiscal Year 2018-2019 (Projected)

### New Hires as of May 5, 2018



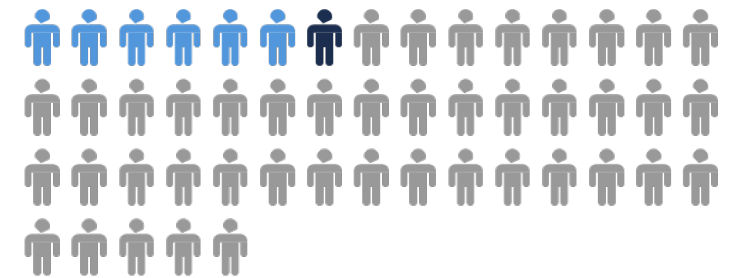
Total: 50

- Arts & Sciences: 21
- SEAS: 13
- All other Undergrad: 16



Total: 50

- STEM: 24
- Other: 26



Total: 50

- Cluster: 6
- ToPS: 1
- Regular: 43

# FY 2018-2019 Pratt Fund Allocation

---

## School of Medicine:

- \$4.6 million for research
- \$1.2 million for fellowships

## College of Arts and Sciences - Biology, Chemistry, Physics, Math:

- \$3.2 million for faculty salaries
- \$0.7 million for fellowships
- \$0.6 million for faculty start ups



UNIVERSITY  
*of* VIRGINIA

# 2018-2019 OPERATING BUDGET MEDICAL CENTER

# Health System

## Major Initiatives

---

- Advance Quality
- Increase Patient Access (bed/ambulatory optimization)
- Reduce Cost Structure
- EPIC Phase 2 Optimization
- Human Resources & Payroll Redesign / Ufirst
- Clinical Translational Science Project
- Advancing strategic partnerships
- Retention and recruitment

# Health System FY 2018-19 Budget

(in millions)

	FY19 Budget					Total HS	FY17A	Fav/(Unfav)
	MC	UPG	SOM	LIB	ELIM		Total HS	Var.
Net Patient Service Revenue	1,700.2	400.3	-	-	-	2,100.5	1,900.3	200.1
Other Revenue	47.6	69.5	470.2	5.3	(151.5)	441.1	398.1	43.0
Total Operating Revenue	1,747.8	469.8	470.2	5.3	(151.5)	2,541.5	2,298.4	243.1
Labor	791.8	373.4	263.0	2.7	-	1,430.9	1,271.9	(159.0)
Clinical & Lab Supplies	413.2	6.2	53.0	-	-	472.3	419.1	(53.2)
Purchased Services	332.0	99.6	178.7	2.6	(151.5)	461.3	423.6	(37.6)
Interest	20.5	0.1	4.4	-	-	24.9	23.0	(1.9)
Depreciation	103.0	3.8	22.0	0.3	-	129.1	124.0	(5.1)
Total Operating Expense	1,660.4	483.1	521.0	5.5	(151.5)	2,518.4	2,261.6	(256.9)
<b>Operating Income/(Loss) before Transfers</b>	<b>87.4</b>	<b>(13.3)</b>	<b>(50.8)</b>	<b>(0.2)</b>	<b>-</b>	<b>23.1</b>	<b>36.8</b>	<b>(13.7)</b>
	5.0%	-2.8%	-10.8%	-4.6%	0.0%	0.9%	1.6%	-0.7%
Health System Support/Transfers	(46.7)	5.6	41.2	-	-	0.0	-	0.0
<b>Operating Income/(Loss) after Transfers</b>	<b>40.7</b>	<b>(7.7)</b>	<b>(9.6)</b>	<b>(0.2)</b>	<b>-</b>	<b>23.1</b>	<b>36.8</b>	<b>(13.7)</b>

# Medical Center FY 2018-19 Budget Dashboard

	<u>FY19</u>	<u>FY18</u>		<u>FY17</u>	
<u>DISCHARGES</u>	<u>Budget</u>	<u>Projected</u>	<u>% Var.</u>	<u>Prior Year</u>	<u>% Var.</u>
Medical Center	29,104	28,973	0.5%	28,642	1.6%
TCH	413	355	16.3%	404	2.2%
Hospital Discharges	29,517	29,328	0.6%	29,046	1.6%
Observation	3,869	3,869	0.0%	4,360	(11.3%)
Total Discharges	33,386	33,197	0.6%	33,406	(0.1%)
Adjusted Discharges	63,055	62,663	0.6%	62,497	0.9%
<u>ACUTE INPATIENTS</u>					
Average Daily Census	494	495	(0.0%)	498	(0.7%)
All Payor CMI	2.10	2.09	0.2%	2.12	(1.1%)
Avg Length of Stay (ALOS)	6.20	6.23	(0.5%)	6.03	(2.8%)
All Payor CMI Adj. ALOS	2.96	2.98	(0.7%)	2.84	(4.2%)
<u>OUTPATIENTS</u>					
Outpatient Encounters	778,534	751,049	3.7%	761,916	2.2%
Emergency Room Visits	43,659	43,659	0.0%	43,051	1.4%
<u>SURGICAL CASES</u>					
UVA Main Hospital	17,287	17,126	0.9%	17,583	(1.7%)
Battle Building	12,318	11,367	8.4%	12,574	(2.0%)
Total	29,605	28,493	3.9%	30,157	(1.8%)
<u>OPERATING MARGIN</u>	\$87.4M	\$59.9M	46.0%	\$81.7M	6.9%



# Medical Center

## FY 2018-19 Benchmarks

	FY19 Budget	FY17 Actual	2017 Benchmark Median	2016 Benchmark Median
All Payor Case Mix Index (CMI)	2.10	2.12	2.02	2.00
Medicare CMI adjusted average length of stay (ALOS)	2.78	2.69	2.85	2.87
Net Revenue per CMI Weighted Adjusted Discharge	\$13,021	\$11,991	\$12,557	\$12,562
FTE per CMI Weighted Adjusted Discharge	23.95	22.27	22.40	23.66
Total Labor Expense as a % of Net Operating Revenue	45.2%	43.9%	47.5%	48.5%
Total Supply Expense as a % of Net Operating Revenue	23.8%	23.0%	23.9%	22.8%
Total Expense per CMI Weighted Adjusted Discharge	\$12,364	\$11,375	\$11,668	\$11,522
Operating Margin	5.1%	5.1%	4.1%	5.1%

ActionOI Benchmark is 50th percentile from CY2017 for a group of 21 Academic Health Centers that have a Level I Trauma Center, inpatient pediatric unit, Neonatal Intensive Care unit and a Transplant program. FY19 Budget data excludes the Transitional Care Hospital.



UNIVERSITY  
*of* VIRGINIA

**2018-2019 OPERATING BUDGET  
COLLEGE AT WISE**

# College at Wise Operating Budget

---

## *Key Highlights*

FY 2017-18 results compare favorably to budget  
FY 2018-2019 consistent with Six Year Plan



- New state general funds provide for financial aid, academic programs, and information technology
- Economic & demographic changes

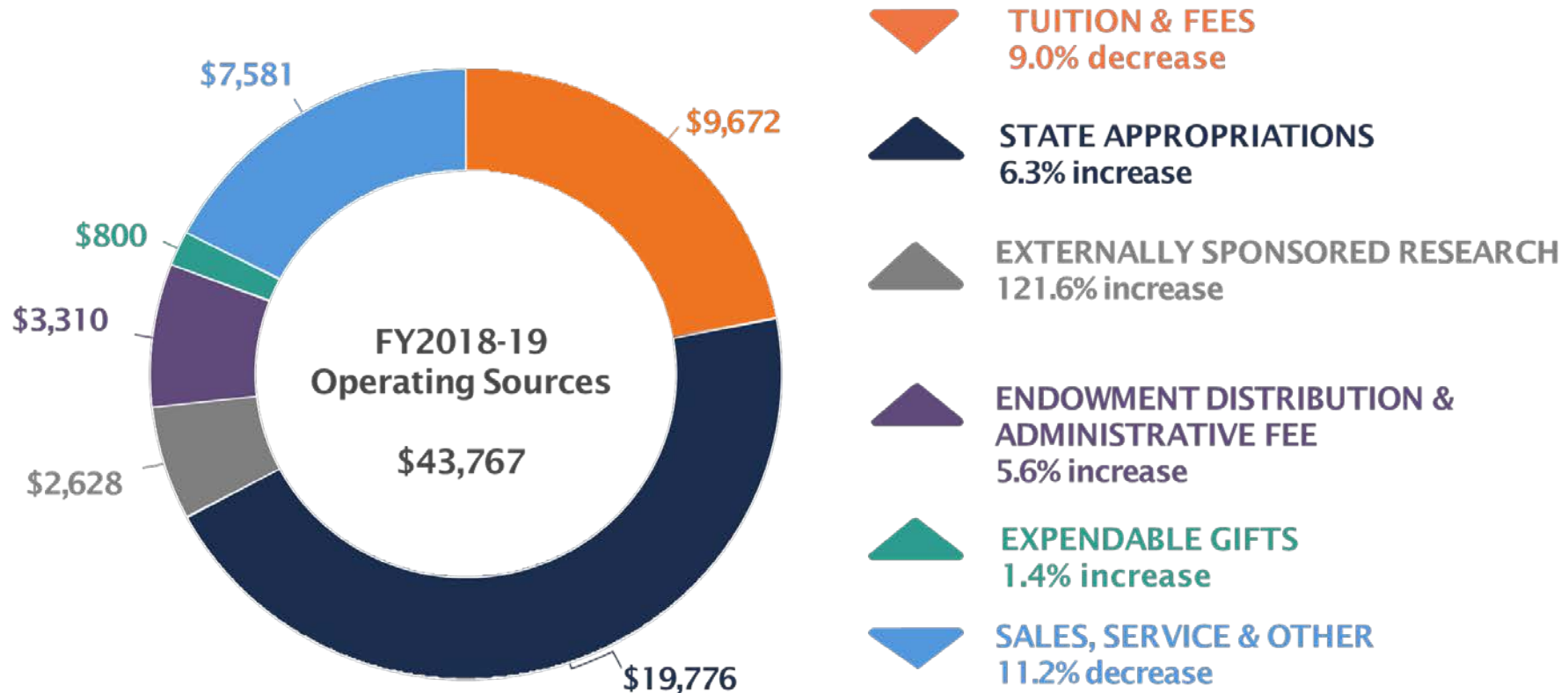
# College at Wise

## *Strategic Priorities*

- Enrollment
- Retention and Graduation
- Outreach
- High Need Degrees: STEM-H
- Undergraduate Research

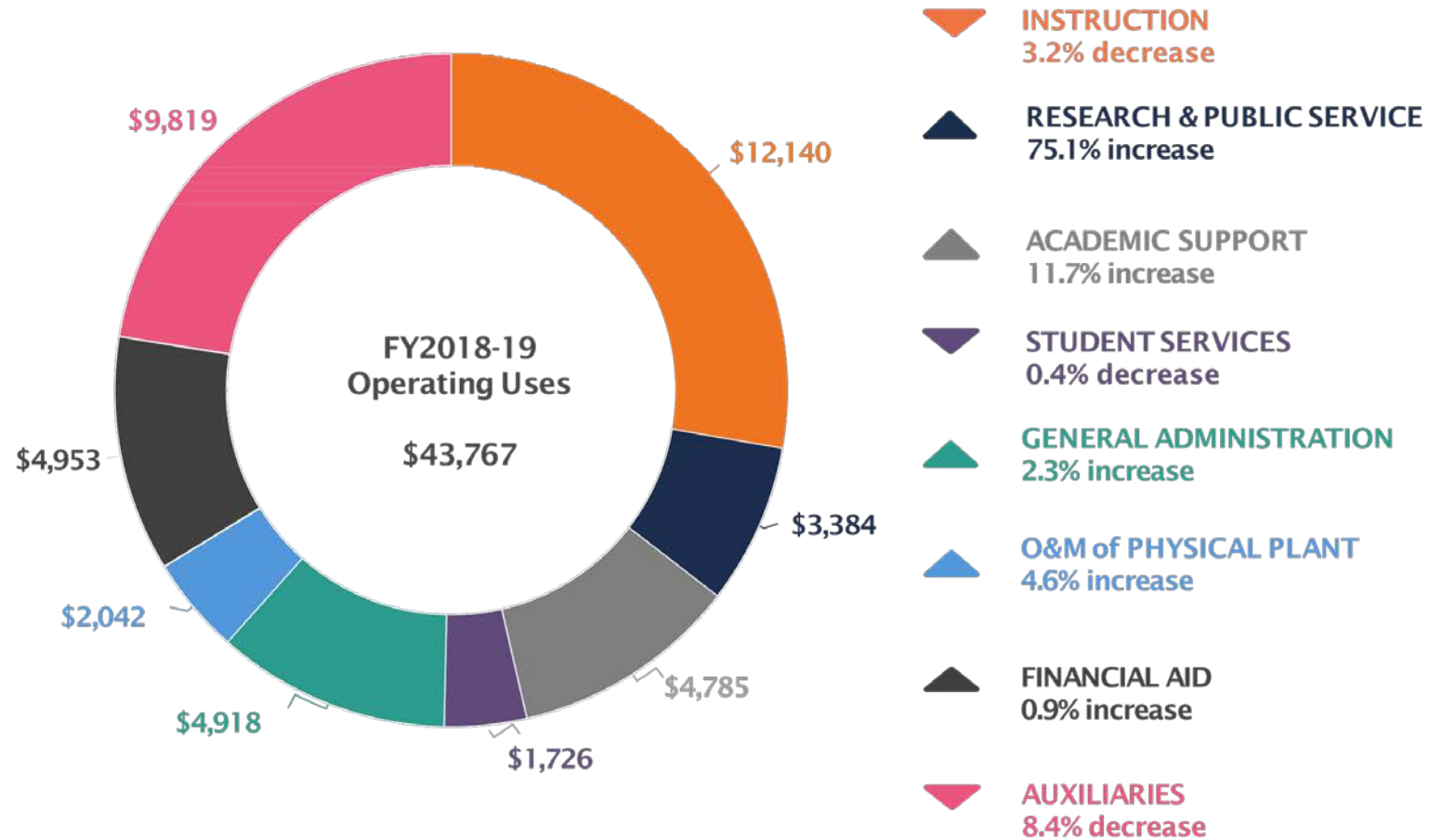
# College at Wise

## FY 2018-19 Operating Sources



# College at Wise

## FY 2018-19 Operating Uses





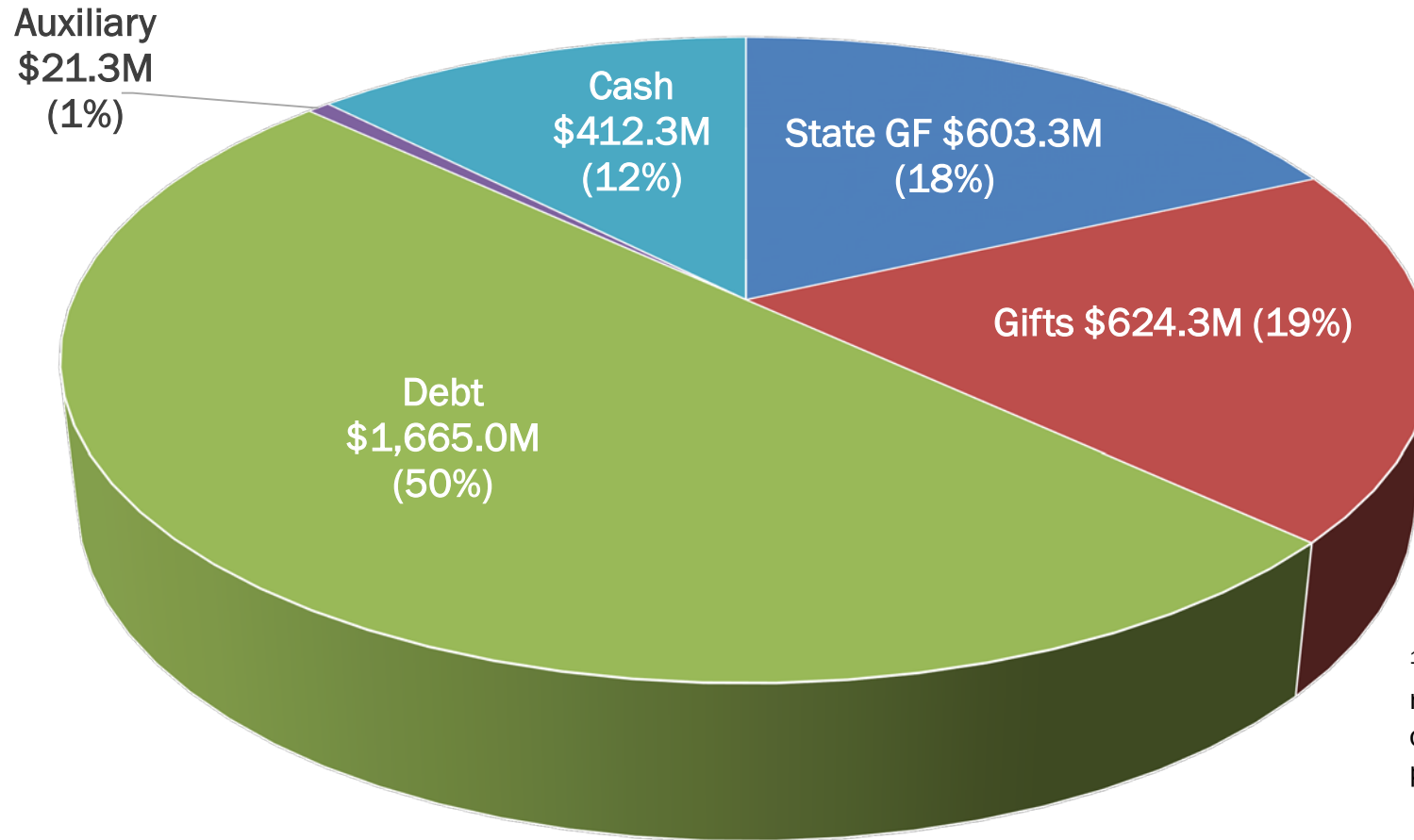
# Proposed 2018 Multi-Year Capital Program

Category (in millions)	Academic Division	Health System	College at Wise
Authorized projects under construction	\$ 485.7	\$ 478.2	\$ ---
Authorized projects in planning	\$ 301.7	\$ 178.8	\$ .8
Authorized projects not yet initiated	\$ 711.8	\$ 508.0	\$ 160.0
<b>SUBTOTAL (Program Approved June 2017)</b>	<b>\$ 1,499.2</b>	<b>\$ 1,165.0</b>	<b>\$ 160.8</b>
Proposed new projects	\$ 363.0	\$ 94.0	\$ 44.4
<b>TOTAL (Proposed 2018 Capital Program)</b>	<b>\$ 1,862.2</b>	<b>\$ 1,259.0</b>	<b>\$ 205.2</b>

**GRAND TOTAL FOR UVA, HEALTH SYSTEM, COLLEGE AT WISE: \$3.33 BILLION**



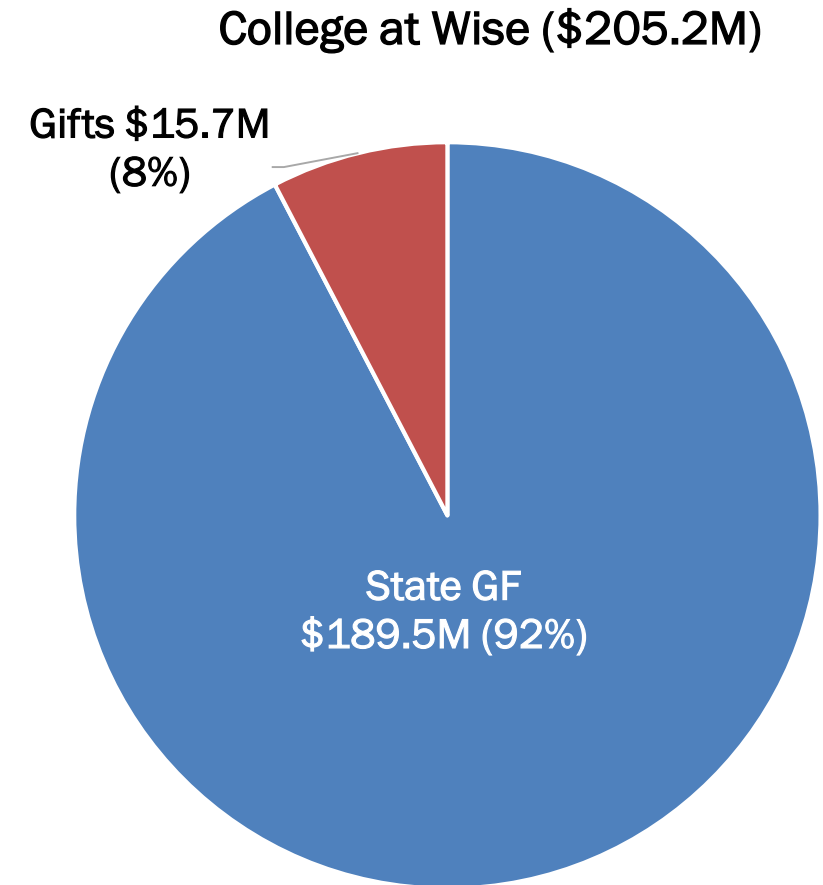
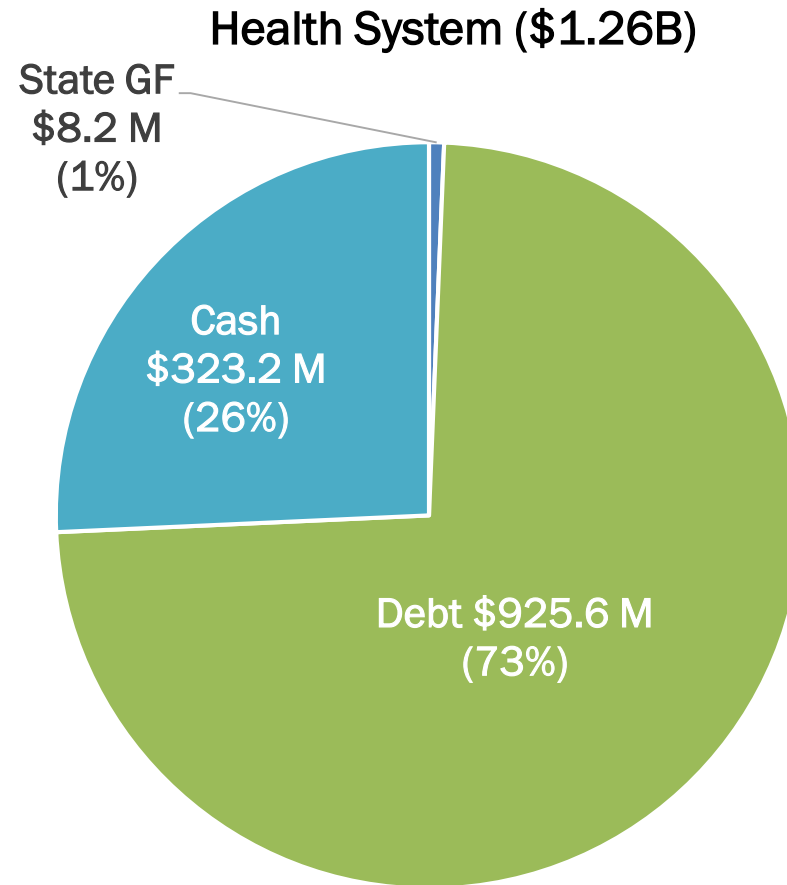
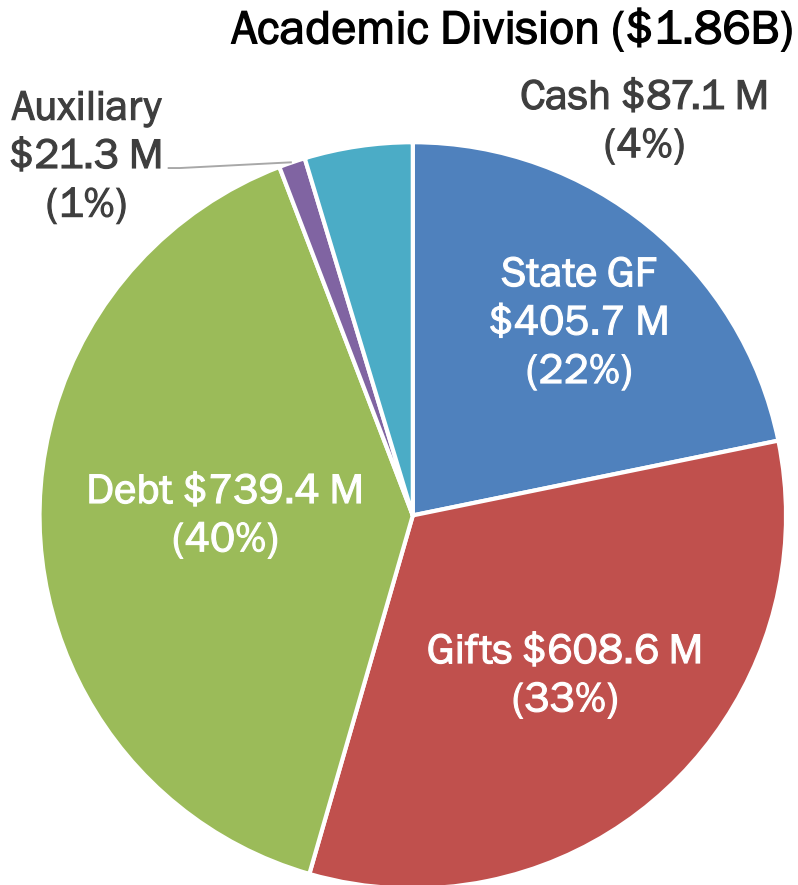
# Proposed 2018 Multi-Year Capital Program by Fund Source<sup>1</sup>



<sup>1</sup> Debt-funded projects to be paid with revenues from housing and hospital operations; utility rates; lease payments; and other sources.

**Total Capital Program = \$3.33B**  
(includes projects under construction and in planning)

# Proposed 2018 Multi-Year Capital Program by Fund Source<sup>1</sup>



**Total Capital Program = \$3.33B**  
 (includes projects under construction and in planning)

<sup>1</sup> Debt-funded projects to be paid with revenues from housing and hospital operations; utility rates; lease payments; and other sources.

# Near-Term Projects - Approval of Financial Plans

## Academic Division

Project	Budget	Source	Annual Incremental Operating Costs
Softball Stadium [revised financial plan]	\$18.0M - \$20.0M	Cash, Gifts	\$ 200,000
Brandon Avenue Upper-Class Residence Hall Phase II	\$65.0M - \$70.0M	Debt, Cash	\$ 600,000
Upper-Class Residence Hall (site to be determined)	\$60.0M - \$70.0M	Debt, Cash	\$ 600,000
North Grounds Mechanical Plant & Infrastructure	\$11.0M - \$13.0M	Debt	\$ 0
West Grounds Chilled Water Capacity	\$6.0M - \$8.0M	Debt	\$ 0

## Health System

Project	Budget	Source	Annual Operating Costs
Pinn Hall Building Envelope	\$19.0M - \$22.0M	Cash	\$ 0
Pinn Hall Nobel Laureate Atrium	\$10.0M - \$12.0M	Cash	\$ 0



UNIVERSITY  
of VIRGINIA

## DEBT ISSUANCE FOR ACQUIRED NORTHRIDGE PROPERTY

# Debt Issuance for Acquired Northridge Property

---

- Acquired from UPG April 2017 for \$18.4 million (Operating Cash)
- Located on 4.735 acres in Albemarle County
- Outpatient services for primary care, psychiatric care, psychiatric medicine, women's health, asthma, allergy and immunology, and eye care
- Refinance with debt





UNIVERSITY  
of VIRGINIA

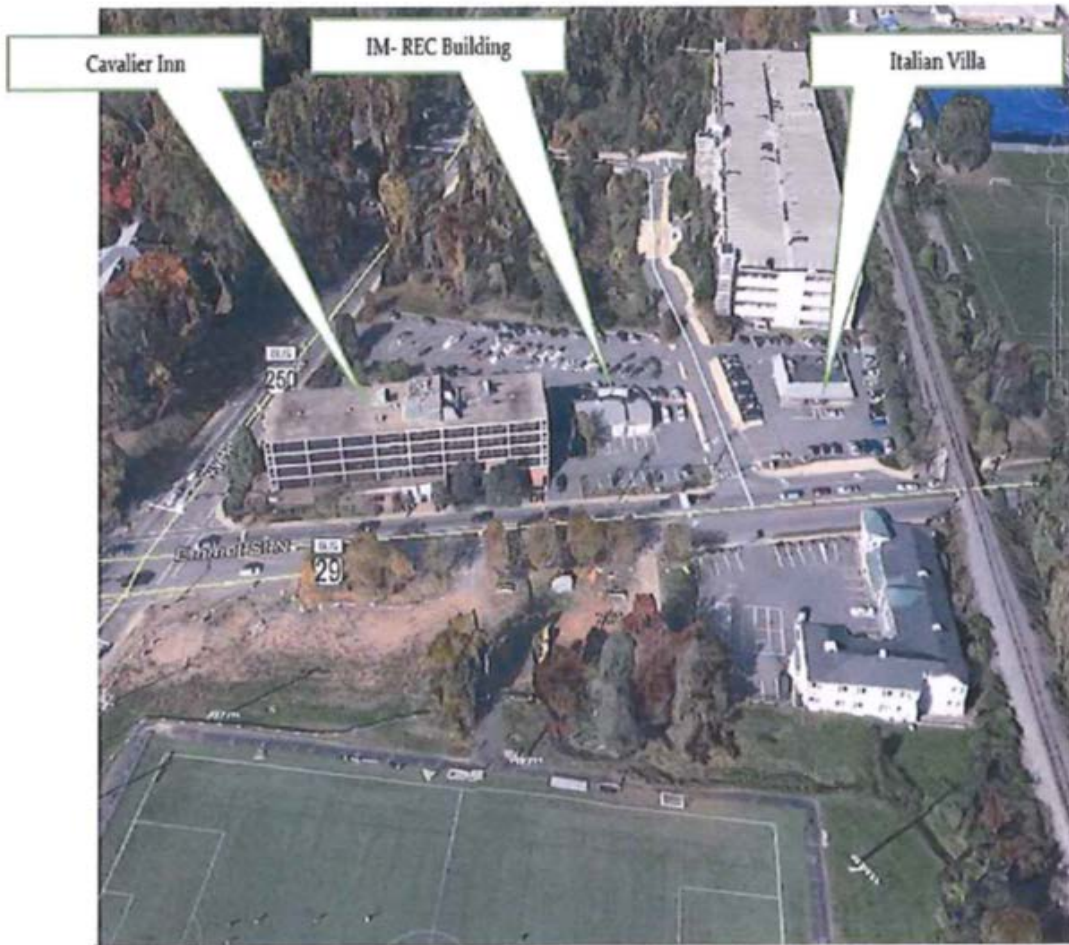
# ACQUISITION OF MEADOW CREEK CORPORATION FROM UVA FOUNDATION

# Acquisition of the Meadow Creek Corporation

---

- The Meadow Creek Corporation (MCC) was established by the UVA Foundation in 1998
- MCC owns three properties proximate to the Ivy/Emmet intersection
  1. Cavalier Inn
  2. Intramurals-Recreation building
  3. Italian Villa restaurant

# Acquisition of the Meadow Creek Corporation



- Purchase is in anticipation of future redevelopment of the Ivy Corridor project
- Authorized purchase price: \$12,900,000 plus demolition, due diligence and incidental costs





# DELEGATION OF SIGNATORY AUTHORITY FOR MEDICAL CENTER CONTRACTS

# Delegation of Signatory Authority for Medical Center Contracts

---

- The Board of Visitors is required to approve execution of any contract where annual spending exceeds \$5 million
- Medical Center has four such contracts for the Board's consideration:
  1. Virginia Blood Services – blood products and services
  2. Medtronic – spinal implants
  3. CDW Corporation – computer hardware, software, servers and peripherals
  4. Hill-Rom – nurse call system, upgrade of existing infrastructure, and new patient tower



UNIVERSITY  
of VIRGINIA

# COMMENDATION OF DANIEL M. MEYERS AND COUNCIL ON FOUNDATIONS

# Commendation of Daniel M. Meyers and Council on Foundations

---

- Council on Foundation was charged in 2007 to promote strategic coordination within the University's decentralized advancement function
- Dan Meyers has served as a member of the Council on Foundations, as the Curry School's representative, and as consulting member to the Board of Visitors Finance Committee
- We thank Dan Meyers for his support, dedication and for sharing his valuable expertise with the University



UNIVERSITY  
of VIRGINIA

INTRODUCTION OF  
AVP FOR SAFETY  
AND CEO OF UVIMCO



# EXECUTIVE VICE PRESIDENT'S REMARKS

# 2018 Long-Term Debt Issuance

---

- \$200 million issued on April 25<sup>th</sup>, 2018
- Second tranche under the September 2017 “shelf” registration
- 30-year maturity
- Yield- 3.824%
- Proceeds primarily used for Emergency Room Bed Tower and Residence Halls



# Benefits of the Shelf Registration

---

- ❖ More efficient access to capital markets
- ❖ Reduced issuance expenses
- ❖ Reduced staff time devoted to bond issuance



# Benefits of the AAA Rating

---

- ❖ Lower cost of capital – recent higher education bond sales show a .40% difference between AAA and AA-rated schools (savings of \$800,000 per year)
- ❖ Market access – making it easier to sell bonds and obtain credit
- ❖ Reputation – UVA's credit rating shows its fiscal strength to donors, creditors, and stakeholders

# Rating Agency Commentary

---

Strengths	Risks
Market position	Deterioration of cash and investments
Operating performance	Reductions in state or healthcare funding
Student demand	Faculty turnover
Financial resources	Federal funding pressures
Fundraising	Material increase in debt

# Debt Portfolio

- \$1.89 billion (long-term debt outstanding as of 5/31/18)
- Cost of Debt Capital - 3.91%

