

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS**

**Meeting of the
Finance Committee**

June 4, 2021

FINANCE COMMITTEE

Friday, June 4, 2021

9:30 – 10:45 a.m.

Ballroom, Boar's Head Pavilion

Committee Members:

Robert M. Blue, Chair

C. Evans Poston Jr., Vice Chair

Frank M. Conner III

Thomas A. DePasquale

John A. Griffin

Louis S. Haddad

Robert D. Hardie

Maurice A. Jones

James V. Reyes

James B. Murray Jr., Ex-officio

Ellen M. Bassett, Faculty Member

AGENDA

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**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: June 4, 2021

COMMITTEE: Finance

AGENDA ITEM: I.A. Major Capital Plan Project Financial Plans

BACKGROUND: When the administration recommends a capital project, there are two major considerations to be evaluated by the Board of Visitors. The Buildings and Grounds Committee determines whether to add the project to the Multi-Year Major Capital Plan, and the Finance Committee evaluates whether there is a sound financing plan to pay for the estimated project cost and additional operating costs expected once the project is complete. For reference, the 2021 Major Capital Plan is attached in the Appendix.

DISCUSSION:

(1) Chemistry Building Fume Exhaust Renewal: The existing fume hood exhaust system in the Chemistry Building Addition is nearly 30 years old and needs replacing. A 2018 air entrainment study discovered the fume exhaust system does not meet plume height standards, which could allow re-entrainment of exhaust into the surrounding buildings. This project will add exhaust fan redundancy and enhance operational safety through increasing exhaust plume height, eliminating positively pressurized ductwork in the penthouse, and improving maintenance infrastructure. The estimated project budget is \$8.5M and will be paid by deferred maintenance funds.

(2) Massie Road Utility Extension: This project will extend heating and cooling energy from the existing Massie Road Plant and electrical power from the existing Alderman Road substation to provide additional capacity to serve the redevelopment along Emmet Street and the Ivy Road Corridor. The scope includes approximately 2,250 linear feet each of underground chilled and heating water supply and return pipe, a condensate recovery pipe, and approximately 500 linear feet of 13kV electrical duct bank. At full capacity, the expanded infrastructure will be capable of serving over 2M GSF of new space. The estimated project budget is \$11.0M that will be funded by \$5.0M in utility recoveries and \$6.0M in debt to be repaid through future utility rates.

(3) Tech Talent Investment Program Phase I: Through the Virginia Tech Talent Investment Program (TTIP), the Commonwealth will provide \$33M in support, including \$8M in capital support, to UVA over 20 years to increase Computer Science, Computer Engineering, and Computer Software Engineering degrees. A programming study completed in fall 2020 evaluated space needs and recommended a phased approach to meet those needs through the renovation of existing space and new construction. The first phase of the TTIP will renovate old, inefficient areas of Thornton Hall to increase faculty office capacity at an estimated cost of \$3.0M to be funded by state general funds.

ACTION REQUIRED: Approval by the Finance Committee and by the Board of Visitors

**FINANCING PLANS FOR THE CHEMISTRY BUILDING FUME EXHAUST RENEWAL,
MASSIE ROAD UTILITY EXTENSION, AND TECH TALENT INVESTMENT PROGRAM
PHASE I**

WHEREAS, the financing plan for the Chemistry Building Fume Exhaust Renewal calls for the use of deferred maintenance funds in the amount of \$8.5M; and

WHEREAS, the financing plan for the Massie Road Utility Extension calls for the use of debt in the amount of \$6M and the use of operating cash in the amount of \$5M; and

WHEREAS, the financing plan for the Tech Talent Investment Program Phase I calls for the use of state general funds in the amount of \$3M;

RESOLVED, the Board of Visitors approves the financing plans for the Chemistry Building Fume Exhaust Renewal, Massie Road Utility Extension, and Tech Talent Investment Program Phase I.

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: June 4, 2021

COMMITTEE: Finance

AGENDA ITEM: I.B. Disposition of Real Property: Priscilla A. Randall Estate

BACKGROUND: Pursuant to Article Second of the Last Will and Testament of Priscilla A. Randall (the “Will”), executed on January 28, 2020, Ms. Randall devised her interest in certain real estate in Barrington, RI to the University of Virginia Foundation, the Rector and Visitors of UVA, and the UVA School of Architecture Foundation, to be administered pursuant to the terms of Agreement for The Priscilla A. Randall Landscape Architecture Fund dated September 10, 2019. Ms. Randall died on April 7, 2020. The Will has been admitted to probate in the Office of the Probate Court of the Town of Barrington in Bristol County, RI.

DISCUSSION: The property, located at 27 Pleasant Street, Barrington, Rhode Island is a 2-bedroom bungalow, measuring a total of 2,101 square feet with an assessed value of \$313,000. The University and the Architecture Foundation desire to sell the property as expeditiously as possible through engaging UVAF and other third parties as agents to control, manage, maintain, repair, preserve, market, and sell the property. The net proceeds from the sale of the property will be directed to the Priscilla A. Randall Landscape Architecture Fund, which provides fellowships to graduate students in the School of Architecture’s Graduate Fellowship Program in Landscape Architecture, with a preference for students whose work focuses on environmental sustainability and the well-being of humanity.

ACTION REQUIRED: Approval by the Finance Committee and by the Board of Visitors

DISPOSITION OF REAL PROPERTY – PRISCILLA A. RANDALL ESTATE

WHEREAS, The Rector and Visitors of the University of Virginia, the University of Virginia Foundation, and the UVA School of Architecture Foundation are beneficiaries of the Estate of Priscilla A. Randall and jointly own the property described as residential property located at 27 Pleasant Street in Barrington, Rhode Island; and

WHEREAS, the Board of Visitors finds it to be in the best interest of the University for such property to be sold;

RESOLVED, the Board of Visitors hereby approves the sale of the foregoing property; and

RESOLVED FURTHER, the Executive Vice President and Chief Operating Officer is authorized, on behalf of the University, to approve the sale of the property for such price and in such manner as she may deem reasonable; to approve and execute all agreements, deeds, affidavits, and other documents related to the maintenance, evaluation, and sale of the subject real estate; to incur reasonable and customary expenses; to approve such reasonable and customary expenses, if any, as may have been incurred by the executor or administrator of the estate in connection with the maintenance, evaluation, and sale of the property; and to take such other actions as deemed necessary and appropriate to consummate the sale of the property and distribution of the University's interest therein; and

RESOLVED FURTHER, that each of the Executive Vice President and Chief Operating Officer and the Associate Vice President for Financial Operations is authorized, on behalf of the University, to approve and execute agency and other agreements with the UVA Foundation and other third parties to perform such actions on the University's behalf as such officer deems necessary and appropriate in connection with the maintenance, evaluation, and sale of the property; and

RESOLVED FURTHER, all prior acts performed by the Executive Vice President and Chief Operating Officer and other officers and agents of the University, in connection with such maintenance, evaluation, and sale of the property and the administration and distribution of the University's interest in same, are in all respects approved, ratified, and confirmed.

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: June 4, 2021

COMMITTEE: Finance

AGENDA ITEM: I.C. 2021-2022 Operating Budget

BACKGROUND: During this fiscal year, the Board of Visitors received reports on the General Assembly session, as well as budget assumptions for the FY2021-2022 operating budget. At a meeting on April 13, 2021, the Board approved tuition and mandatory fees as well as housing and dining rates for FY2021-2022.

Typically, at its June meeting, the Board of Visitors considers the proposed operating budgets for the Academic Division, the University of Virginia's College at Wise (Wise), and the Medical Center, inclusive of the Transitional Care Hospital.

DISCUSSION: The University of Virginia proposes a \$3.99B operating budget for all three divisions.

Academic Division

Available sources for the FY2021-2022 budget reflect Board-approved tuition increases (in-state undergraduate tuition remains constant from FY2020-21), sponsored research activity, state appropriations, and philanthropic success. On the uses side, the operating budget incorporates increased research activity, and salary increases (an average 5% merit pool for staff and faculty), financial aid and general expenses. Overall, the FY2021-2022 Academic Division operating expenditure budget is proposed at \$1.99B, a 5.8% increase over prior year. The proposed budget incorporates the planned expenditure of distributions from the John Lee Pratt Fund. The Pratt distributions will be used to supplement the Academic Division budget to support: 1) faculty salaries and equipment in the Departments of Biology, Chemistry, Mathematics, and Physics; and 2) research and scholarships in the School of Medicine in accordance with the underlying gift agreement.

<i>Sources/Uses</i>	2020-21 <i>Revised</i>	2021-22 <i>Proposed</i>	FY21 Revised vs FY22 Proposed	
			\$	%
<i>Sources</i>				
Net Tuition and Fees	\$ 673.6	\$ 716.4	\$ 42.9	6.4%
State Appropriations	142.2	178.1	35.9	25.2%
Externally Sponsored Research	425.1	434.2	9.2	2.2%
Endowment Distribution/Admin Fee	238.2	249.3	11.1	4.7%
Expendable Gifts	165.4	173.3	7.8	4.7%
Sales, Services, Interest, Other	278.1	264.8	(13.3)	-4.8%
Total Operating Sources	1,922.6	2,016.1	93.5	4.9%
<i>Uses</i>				
Faculty and Staff Salaries	1,231.6	1,289.4	57.8	4.7%
Internal Recoveries	(798.0)	(812.4)	(14.5)	1.8%
Non-personal Services Expenses	1,236.4	1,282.5	46.1	3.7%
Financial Aid	208.5	207.1	(1.4)	-0.7%
Internal Debt Service, Transfers, and Other	1.0	22.0	21.0	<i>Timing</i>
Total Uses	1,879.5	1,988.5	109.1	5.8%
Total Sources and Uses	\$ 43.1	\$ 27.6	\$ (15.5)	

The University of Virginia's College at Wise

The proposed FY2021-2022 operating expenditure budget for Wise is \$56.3M, a 15.1% increase over the prior year.

<i>Sources/Uses</i>	2020-21 <i>Revised</i>	2021-22 <i>Proposed</i>	FY21 Revised vs FY22 Proposed	
			\$	%
<i>Sources</i>				
Net Tuition and Fees	\$ 9.5	\$ 10.1	\$ 0.6	6.3%
State Appropriations	21.3	25.2	3.9	18.3%
Externally Sponsored Research	5.6	8.2	2.6	46.4%
Endowment Distribution/Admin Fee	4.4	4.5	0.1	2.3%
Expendable Gifts	0.5	0.4	(0.1)	-20.0%
Sales, Services, Interest, Other	7.6	7.9	0.3	3.9%
Total Operating Sources	48.9	56.3	7.4	15.1%
<i>Uses</i>				
Faculty and Staff Salaries	26.5	28.7	2.2	8.3%
Internal Recoveries	(0.4)	(0.4)	-	0.0%
Non-Personal Services Expenses	16.4	20.8	4.4	26.8%
Financial Aid	6.4	7.2	0.8	12.5%
Total Uses	48.9	56.3	7.4	15.1%
Total Sources and Uses	\$ -	\$ -	\$ -	

Medical Center

The Health System Board will consider the Medical Center FY2021-2022 operating and capital budgets, which include the Transitional Care Hospital, at its June 3, 2021 meeting and will recommend approval of the \$1.95B operating budget, a 6.7% increase over the prior year, and the \$122.6M capital budget proposals.

	2020-21 <i>Revised</i>	2021-22 <i>Proposed</i>	FY21 Revised vs FY22 Proposed	
			\$	%
Revenue				
Net Patient Service Revenue	\$ 1,839.6	\$ 1,950.9	\$ 111.3	6.1%
Other Revenue	52.7	65.1	12.4	23.6%
Total Operating Revenue	1,892.2	2,016.0	123.8	6.5%
Expense				
Labor	823.1	824.4	1.3	0.2%
Supplies, Utilities, and Other	855.7	964.8	109.1	12.7%
Interest	18.6	29.5	10.9	58.5%
Depreciation	129.8	131.3	1.5	1.1%
Total Operating Expense	1,827.2	1,950.0	122.7	6.7%
Operating Income/(Loss) before Transfers	65.0	66.0	1.0	1.6%
Health System Transfers	(43.9)	(40.9)	3.0	-6.9%
Operating Income/(Loss) after Transfers	21.1	25.1	4.0	19.1%
Operating Cash flow after Transfers	\$ 150.9	\$ 156.4	\$ 5.5	3.7%

ACTION REQUIRED: Approval by the Finance Committee and by the Board of Visitors

2021-2022 OPERATING BUDGET FOR THE ACADEMIC DIVISION

RESOLVED, the 2021-2022 \$1.99B operating budget for the Academic Division, including distributions from the John Lee Pratt Fund, is approved as recommended by the President and the Chief Operating Officer.

2021-2022 OPERATING BUDGET FOR THE UNIVERSITY OF VIRGINIA'S COLLEGE AT WISE

RESOLVED, the 2021-2022 \$56.3M operating budget for The University of Virginia's College at Wise is approved as recommended by the President and the Chief Operating Officer.

**2021-2022 OPERATING AND CAPITAL BUDGETS FOR THE UNIVERSITY OF VIRGINIA
MEDICAL CENTER**

RESOLVED, the 2021-2022 \$1.95B operating budget and the \$122.6M capital budget for the University of Virginia Medical Center is approved as recommended by the President, the Executive Vice President for Health Affairs, the Chief Operating Officer, and the Health System Board.

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: June 4, 2021

COMMITTEE: Finance

AGENDA ITEM: I.D. Debt Shelf Registration

BACKGROUND: For over three decades, the University has issued long-term bonds to provide external financing for capital projects. In 2002, the University developed a debt portfolio management program to manage debt by optimizing debt structure and providing stability to internal borrowing units. In order to further provide the University with flexibility to move more nimbly to seek debt funding when market conditions are optimal, the University established a debt shelf in 2017, 2019 and again in 2020.

DISCUSSION: The shelf request of up to \$400M will enable the University to react quickly to advantageous market conditions. The debt shelf will allow the University to advance fund approved capital projects with long-term debt, to utilize taxable proceeds for general management needs, to provide liquidity throughout the cash-flow cycle, and to replace near-term debt maturities, such as the Series 2015B Bonds (\$31.3M), maturing in August 2021.

ACTION REQUIRED: Approval by the Finance Committee and by the Board of Visitors

**ISSUANCE OF GENERAL REVENUE PLEDGE BONDS AS PART THE UNIVERSITY'S
CAPITAL PROJECT FINANCING PROGRAM**

WHEREAS, by the resolution adopted September 15, 2017 (the "Initial Authorizing Resolution"), the Board of Visitors (the "Board") authorized a multi-year capital project financing program (the "Program") that is used by The Rector and Visitors of the University of Virginia (the "University") from time to time to finance or refinance the costs of capital and other projects, including capitalized interest, financing costs, working capital, general corporate purposes and the refunding of prior obligations of the University (collectively, the "Projects"), subject to the limitations and parameters set forth in the Initial Authorizing Resolution and in one or more subsequent resolutions of the Board; and

WHEREAS, under the authority of the Initial Authorizing Resolution, the University entered into a Master Bond Resolution (Multi-Year Capital Program) dated September 28, 2017 (as supplemented and amended, the "Program Resolution"); and

WHEREAS, the bonds issued under the Program Resolution (the "Bonds") are secured by a general revenue pledge of the University and are not in any way a debt of the Commonwealth of Virginia (the "Commonwealth") and do not create or constitute any indebtedness or obligation of the Commonwealth, either legal, moral, or otherwise; and

WHEREAS, the Board desires to authorize additional financing under the Program of up to \$400,000,000 of taxable or tax-exempt Bonds that may be issued by the University from time to time to finance or refinance one or more Projects, all subject to the limitations and parameters described (1) below, (2) in the Program Resolution, and (3) in the applicable Series Resolution (as defined below);

RESOLVED, the Board hereby implements the plan of finance described in the recitals hereto by authorizing the issuance, from time to time, of one or more series of Bonds for the financing or refinancing of the Projects (including those Projects financed by the Series 2015B Bonds), and providing for the terms thereof, by adopting one or more resolutions that supplement and amend (as needed) the Program Resolution (each a "Series Resolution"), which shall provide the final terms of the Bonds and such other matters as may be necessary or desirable; and

RESOLVED FURTHER, the President of the University or the Executive Vice President and Chief Operating Officer of the University, in consultation with the Chair of the Board's Finance Committee, is authorized to approve the final terms of each series of Bonds, including, without limitation, their original principal amounts and series, the specific Projects to be financed or refinanced, their maturity dates and amounts, redemption provisions, prices and interest rates, tax status of interest on each series of Bonds, provided that (i) the maximum aggregate principal amount of all Bonds to be issued hereunder shall not exceed \$400,000,000; (ii) the Bonds shall be issued at fixed or variable rates with a maximum yield on any fixed rate series, and the maximum initial yield on any variable rate series, not to exceed 6.00% per annum; and (iii) the final maturity of all Bonds shall not exceed 101 years beyond issuance date; and

RESOLVED FURTHER, the President of the University or the Executive Vice President and Chief Operating Officer of the University are each hereby authorized to negotiate, execute, and deliver certain documents related to the Bonds, including a Series Resolution for each series of Bonds; and

RESOLVED FURTHER, all officers of the University are authorized and directed to take all such further actions, including without limitation the designation of underwriters, paying agents, remarketing agents, solicitation agents, trustees, and liquidity providers for the Bonds, and to execute all such instruments, agreements, documents, and certificates as they shall deem necessary or desirable to carry out the terms of the plan of finance presented to this meeting, including without limitation entering into, amending or terminating any liquidity facilities, swap or other interest rate management agreements associated with plan of finance presented to this meeting; and

RESOLVED FURTHER, pursuant to the Section 147(f) of the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder, the University designates the Executive Vice President and Chief Operating Officer of the University as the public hearing

officer to hold any public hearings required in order to ensure the tax-exempt status of interest on all or a portion of the Bonds; and

RESOLVED FURTHER, all acts of all officers of the University which are in conformity with the purposes and intent of this Resolution and in carrying out the plan of finance presented to this meeting are ratified, approved, and affirmed; and

RESOLVED FURTHER, upon approval, this action shall take effect immediately.

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: June 4, 2021

COMMITTEE: Finance

AGENDA ITEM: I.E.1. Quasi-Endowment Actions: Establishment of the Saunders Family Professorship in Engineering Restricted Quasi-Endowment Fund for the School of Engineering and Applied Science

BACKGROUND: The School of Engineering and Applied Science has proposed the creation of a new endowed professorship with \$2M in gift money received from the estate of Ann Lee Brown and a University match under the Bicentennial Professorship Fund Matching Program. The new professorship would be supported through the creation of the proposed new quasi-endowment fund.

In June of 1996, the Board of Visitors authorized the Executive Vice President and Chief Operating Officer to approve individual quasi-endowment transactions, including establishments and divestments that are less than \$2M. Individual quasi-endowment transactions of \$2M or more require the approval of the Board of Visitors.

DISCUSSION: The School of Engineering and Applied Science is requesting the creation of a new Saunders Family Professorship in Engineering Restricted Quasi-Endowment Fund.

The new quasi-endowment will be funded by an investment of \$2M of gift funds received from the estate of Ann Lee Brown in honor of Dr. James Aylor, Dean Emeritus of the School of Engineering and Applied Science. This quasi-endowment qualifies for the Bicentennial Professorship Fund Matching Program and the University will match half of the gift money, or \$1M, for a total of \$3M in initial funding.

Income generated from the fund would be used to support salary and fringe benefits of the professorship holder and, upon approval of the dean, could also be used to support the scholarly activities of the professorship holder.

ACTION REQUIRED: Approval by the Finance Committee and by the Board of Visitors

CREATION OF THE SAUNDERS FAMILY PROFESSORSHIP IN ENGINEERING RESTRICTED QUASI-ENDOWMENT FUND

WHEREAS, the School of Engineering and Applied Science wishes to create a new restricted quasi-endowment fund for an engineering professorship under the University's Bicentennial Professorship Fund Matching Program;

RESOLVED, the Board of Visitors authorizes the creation of the Saunders Family Professorship in Engineering Restricted Quasi-Endowment Fund.

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: June 4, 2021

COMMITTEE: Finance

AGENDA ITEM: I.E.2. Quasi-Endowment Actions: Divestment of the School of Medicine's Academic Advancement Restricted Quasi-Endowment Fund

BACKGROUND: The School of Medicine's Academic Advancement Restricted Quasi-Endowment Fund was established in 1997 with funds transferred from the School of Medicine's Academic Advancement Fund, which was established to advance the general academic mission of the School. As of February 28, 2021, the investments of the Academic Advancement Restricted Quasi-Endowment Fund totaled approximately \$7.86M.

In June of 1996, the Board of Visitors authorized the Executive Vice President and Chief Operating Officer to approve individual quasi-endowment transactions, including establishments and divestments that are less than \$2M. Individual quasi-endowment transactions of \$2M or more require the approval of the Board of Visitors.

DISCUSSION: The School of Medicine is requesting the divestment of the entire remaining balance of the Academic Advancement Restricted Quasi-Endowment Fund. The School of Medicine wishes to use the divested funds for the Pinn Hall Brick Replacement capital project.

ACTION REQUIRED: Approval by the Finance Committee and by the Board of Visitors

DIVESTMENT OF THE SCHOOL OF MEDICINE ACADEMIC ADVANCEMENT RESTRICTED QUASI-ENDOWMENT FUND

WHEREAS, the School of Medicine wishes to divest the remaining balance of the Academic Advancement Restricted Quasi-Endowment Fund;

RESOLVED, the Board of Visitors authorizes the divestment of the Academic Advancement Restricted Quasi-Endowment Fund.

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: June 4, 2021

COMMITTEE: Finance

AGENDA ITEM: II.A. Executive Vice President's Remarks

BACKGROUND: The Executive Vice President and Chief Operating Officer will inform the committee members of recent events that do not require formal action, but of which they should be made aware.

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY**

BOARD MEETING: June 4, 2021

COMMITTEE: Finance

AGENDA ITEM: II.B. Defined Contribution Retirement Plan: Written Report of the Retirement Administrative Committee

BACKGROUND: The University is the plan sponsor of a number of defined contribution retirement plans, including the Optional Retirement Plan for Employees of the University of Virginia and the Optional Retirement Plan for Employees of the University of Virginia Medical Center.

At its June 2, 2007 meeting, the Finance Committee of the Board of Visitors approved a revised Retirement Program Policy. The revised policy established the role of the Finance Committee of the Board of Visitors to provide oversight of the retirement plans and to report annually to the Board.

On May 24, 2021, Mr. Robert Blue met with the Executive Vice President and Chief Operating Officer and representatives of the Retirement Administrative Committee to review the Plans' annual performance and to discuss the administration of the program. Minutes of that meeting follow.

Minutes

University of Virginia
Board of Visitors Finance Committee Appointees on Retirement Program Oversight
May 24, 2021. 3:45 p.m.

Board of Visitors Finance Committee Appointees:

Robert Blue
James Murray

In Attendance:

Retirement Administrative Committee Members:

John Kosky - Interim Chief Human Resources Officer

Others:

JJ Davis – Executive Vice President and Chief Operating Officer (EVP-COO)
David King – Retirement Plan/Financial Wellness Manager
Megan Lowe – Assistant Vice President and Chief of Staff to the EVP-COO
Barry Schmitt – CAPTRUST Financial Advisors
Fran Slacum – CAPTRUST Financial Advisors

The Retirement Administrative Committee (RAC) meets quarterly to review investment performance with CAPTRUST and to evaluate the overall success of the University's retirement program offerings. Mr. Robert Blue, as Finance Committee Chair, and Mr. James Murray, Finance Committee member, work with the RAC to oversee the retirement program and report back to the Finance Committee on an annual basis.

There were three agenda items for this meeting: update of FY20 activities, funds overview and annual review of performance, and future initiatives under consideration.

I. Update of FY21 Activities

John Kosky provided an overview of the retirement programs. The University is the plan sponsor of nine qualified retirement plans. The two largest are the Defined Contribution Retirement Plan for the General Faculty, Executive, Senior Administrative, Managerial, and Professional University Staff of the University of Virginia and the Defined Contribution Retirement Plan for Employees of the University of Virginia Medical Center.

Fiduciary Training

Barry Schmitt of CAPTRUST provided the RAC fiduciary training in 2020. It is important for fiduciaries to recognize best practices for their decisions and actions and receive sufficient education and training to understand their duties. Duties reviewed included the duty to be prudent, duty of loyalty and impartiality, duty to diversify, duty to monitor and supervise, duty to ensure reasonable plan costs, and duty to avoid prohibited transactions.

CARES Act

In March 2020, the CARES Act was passed, and the three key retirement related provisions allow for a withdrawal from the Retirement Plan up to \$100,000 for participants affected by the pandemic, the increasing of the maximum amount available that a participant can borrow from the lesser of \$50,000 or 50% of their account balance to lesser of \$100,000 or 100% of their account balance, and a temporary waiver of required minimum distributions for calendar year 2020. UVA adopted these provisions for the 403b plan. As of December 31, 2020, UVA employees had taken 292 CARES Act distributions, 44 loan suspensions and 13 CARES Act loans.

TIAA Group Contracts and Retirement Plan Loans

In April of 2021, UVA completed a migration from TIAA individual contracts to TIAA's Retirement Choice/Retirement Choice Plus Contracts. The new contracts are institutionally owned, remove required investment options, provide increased employer mapability for TIAA and CREF accounts, and allow for fee leveling and small-balance withdrawals in annuities. Collateralized loans were replaced with the newer Retirement plan loans at TIAA.

Charter and Reconstitution of the RAC membership

Administrative matters (non-fiduciary, non-investment) will be reviewed by a separate Committee and the RAC will be more focused strictly on the fiduciary responsibilities of the assets of the Plans as outlined in the Investment Policy Document and Charter. RAC committee membership is also detailed in the Charter with continued representation from across all of UVA. The CHRO remain as the Chair.

Withdrawal Options and Small Balance Payouts

To increase flexibility to access funds, UVA has amended Plans to allow for in-service withdrawals beginning at age 59.5. UVA is also in the process of adding forced lump-sum cashouts for terminated employees if their balance is under \$5,000.

Fees

Fidelity reduced their fee from 6.5 basis points to 6.25 bps in a fixed fee arrangement (savings of approximately \$50,000/year). TIAA reduced their fee from 4.8 basis points to 4.3 bps – an approximate cost savings of \$130,000.

II. **Fund Overview and December 31st, 2020 Annual Performance**

Barry Schmitt discussed CAPTRUST's December 31, 2020 Industry and Market Update and Performance Review, reminding the appointees that the RAC meets quarterly with CAPTRUST to monitor fund performance and once per year each of the vendors is invited to the RAC to present on their participant activity and fund performance. The details of the report are available in the Defined Contribution Quarterly Report (Dec 2020) for review. Despite an uptick in interest rates in the

first quarter, most asset classes have posted solid returns so far in 2021. Vaccine-driven optimism and historic levels of fiscal and monetary stimulus continued to fuel stock market returns as economies began to reopen, while concerns emerged over rising inflation pressures. Key themes through March 31, 2021, included U.S. stocks rallied into the new year, posting solid gains in the first quarter. Resilient corporate earnings have provided a tailwind so far this year, International developed stocks are in positive territory for 2021 but have lagged their U.S. counterparts this year as slower vaccine deployment and reopening have hampered recovery in those regions, emerging market stocks have slowed from last year's torrid pace due to a stronger U.S. dollar, bonds notched a loss in the first quarter as interest rates rose from historically low levels, and despite rising interest rates, real estate rebounded from last year's weakness on reopening optimism.

III. **Future Initiatives under Consideration**

Near-Term Goals

- Fee Policy/fee leveling
- Vanguard Developed Market Index share class change

Long-Term Goals

- RFP for vendors (Fidelity and TIAA-CREF) - Vendor consolidation and/or Master Administrator

The meeting was adjourned at 4:15 p.m.

APPENDIX

UVA PROPOSED 2021 MAJOR CAPITAL PLAN

Project (\$ in millions)	Budget	State GF	Gifts	Debt	Cash
Academic Division					
<i>Projects under construction</i>					
Alderman Library Renewal	\$ 152.50	\$ 132.50	\$ 20.00		
Gilmer Hall and Chemistry Building Renovation	\$ 197.03	\$ 146.70		\$ 42.53	\$ 7.80
Inn at Darden	\$ 135.00		\$ 30.00	\$ 91.50	\$ 13.50
Ivy Corridor Landscape & Infrastructure Phase I	\$ 60.00			\$ 56.00	\$ 4.00
Lambeth Field Apartments HVAC Improvements	\$ 14.50			\$ 14.50	
Low Temperature Hot Water Conversion	\$ 35.00			\$ 35.00	
North Grounds Mechanical Plant & Infrastructure	\$ 13.00				\$ 13.00
Pavilion VIII Renovation	\$ 4.75		\$ 4.75		
Pinn Hall Building Envelope	\$ 22.00				\$ 22.00
Student Health and Wellness Center	\$ 100.00		\$ 70.00	\$ 30.00	
West Grounds Chilled Water Capacity	\$ 8.00			\$ 8.00	
<i>Projects in planning/design approved to complete construction documents</i>					
<i>Gift-funded projects may proceed to construction only when have (1) 100% enforceable pledges and (2) 50% cash in hand</i>					
Brandon Avenue Upper-Class Residence Hall	\$ 114.00			\$ 96.00	\$ 18.00
Chemistry Building Fume Exhaust Renewal	\$ 8.50				\$ 8.50
Contemplative Sciences Center	\$ 60.00		\$ 45.00		\$ 15.00
McIntire Academic Facility	\$ 101.00			\$ 101.00	
Physics Building Renewal	\$ 58.20	\$ 58.20			
School of Data Science	\$ 48.00		\$ 5.50	\$ 42.50	
Smith Hall Renovation (Darden)	\$ 14.00		\$ 7.20	\$ 6.80	
UVA Hotel & Conference Center	\$ 130.50			\$ 110.50	\$ 20.00
<i>Projects in planning/design approved to complete schematic design (reevaluate funding plan for feasibility of continuing to construction documents)</i>					
Athletics Complex Phase III (Football Building & McCue)	\$ 70.00		\$ 70.00		
Athletics Complex Phase IV (Olympic Sports)	\$ 27.00		\$ 27.00		
<i>Proposed new projects</i>					
Democracy Institute	TBD				
Massie Road Utility Extension	\$ 11.00			\$ 6.00	\$ 5.00
Tech Talent Investment Program Phase I	\$ 3.00	\$ 3.00			

Project (\$ in millions)	Budget	State GF	Gifts	Debt	Cash
Academic Division continued					
<i>Defer/do not proceed without prior approval by executive leadership</i>					
Center for the Arts (planning)	\$ 16.00		\$ 16.00		
Fontaine Infrastructure & Parking Garage	\$ 87.00			\$ 87.00	
Interdisciplinary Research Buildings - 2030 Plan (planning)	\$ 1.00				\$ 1.00
Batten School Academic Building	\$ 60.00		\$ 60.00		
Environmental Health & Safety Facility	\$ 28.00			\$ 28.00	
Old Cabell Hall Renewal	\$ 60.00	\$ 60.00			
Pinn Hall Renovation Phase II	\$ 38.00			\$ 38.00	
UVA Museum (planning)	\$ 3.00		\$ 3.00		
Center for Politics	\$ 14.00		\$ 14.00		
Darden Academic Building	\$ 85.00		\$ 85.00		
Fontaine Central Energy Plant & Utilities	\$ 35.00			\$ 35.00	
Student Activities Building	\$ 17.00			\$ 17.00	
<i>Programming/planning studies (will inform future capital projects)</i>					
Athletics/North Grounds Parking Garage	\$ 0.20				\$ 0.20
Chemistry Addition Chillers Replacement	\$ 0.50				\$ 0.50
Grounds Plan Update	\$ 0.30				\$ 0.30
Massie Road Utility Plant Expansion	\$ 0.50				\$ 0.50
Strategic Thermal Energy	\$ 0.75				\$ 0.75
Tech Talent Investment Program Phases II and III	\$ 0.05				\$ 0.05

Project (\$ in millions)	Budget	State GF	Gifts	Debt	Cash
UVA Health					
Complete construction					
Ivy Mountain Musculoskeletal Center	\$ 174.70			\$ 72.70	\$ 102.00
University Hospital Expansion	\$ 391.60			\$ 376.04	\$ 15.56
Complete design and hold (do not proceed to construction)					
Cancer Center - MRI LINAC	\$ 8.00				\$ 8.00
Defer/do not proceed without prior approval by executive leadership					
Consumer Ambulatory Clinic (tenant fit-out)	\$ 15.00				\$ 15.00
Focused Ultrasound Expansion	\$ 16.50				\$ 16.50
Data Center	\$ 23.00				\$ 23.00
Multi-Disciplinary Ambulatory Clinic Building	\$ 155.00			\$ 77.50	\$ 77.50
Proposed new studies (will inform future capital projects)					
UVA Health Clinic Lab Building	\$ 0.53				\$ 0.53
UVA Hospital Façade Replacement	\$ 1.35				\$ 1.35
College at Wise					
Project in planning/design (proceed to construction when design complete)					
Wyllie Library Renovation and Conversion	\$ 13.55	\$ 13.55			
Defer/do not proceed without prior approval by executive leadership and state authorization (if needed)					
Darden Hall Renovation	\$ 24.70	\$ 24.70			
Sandridge Science Center Lab Wing Renovation	\$ 39.10	\$ 39.10			
Athletic Building	\$ 24.70		\$ 24.70		
Bowers-Sturgill Hall Renovation	\$ 5.90	\$ 5.90			
Campus Welcome/Public Safety Facility	\$ 5.60	\$ 5.60			
Music Education Center	\$ 45.20	\$ 22.60	\$ 22.60		
Technology Classroom Building	\$ 44.40	\$ 44.40			
Zehmer Hall Renovation	\$ 23.10	\$ 23.10			