



THE RECTOR AND VISITORS OF THE  
UNIVERSITY OF VIRGINIA

March 3, 2023

**MEMORANDUM**

**TO: The Finance Committee:**

Robert M. Blue, Chair  
James B. Murray Jr., Vice Chair  
Carlos M. Brown  
Thomas A. DePasquale  
Louis S. Haddad

Robert D. Hardie  
Babur B. Lateef, M.D.  
James V. Reyes  
Douglas D. Wetmore  
Whittington W. Clement, Ex Officio

**and**

**The Remaining Members of the Board:**

Mark T. Bowles  
Elizabeth M. Cranwell  
U. Bertram Ellis Jr.  
Stephen P. Long, M.D.  
Angela Hucles Mangano

L.F. Payne  
Amanda L. Pillion  
Susan E. Kirk, Faculty Member  
Lily A. Roberts, Student Member

**FROM:** Susan G. Harris

**SUBJECT:** Minutes of the Meeting of the Finance Committee on March 3, 2023

The Finance Committee of the Board of Visitors of the University of Virginia met, in open session, at 8:30 a.m. on Friday, March 3, 2023. Robert M. Blue, Chair, presided.

Committee Members present: Whittington W. Clement, Carlos M. Brown, Thomas A. DePasquale, Louis S. Haddad, Robert D. Hardie, James B. Murray Jr., Babur B. Lateef, M.D., James V. Reyes (by Zoom), and Douglas D. Wetmore.

Mark T. Bowles, Elizabeth M. Cranwell, U. Bertram Ellis Jr., Stephen P. Long, M.D. (by Zoom), Angela H. Mangano (by Zoom), L.F. Payne, Amanda L. Pillion, Susan E. Kirk, M.D., and Lily A. Roberts also attended.

Present as well were James E. Ryan, Ian B. Baucom, Jennifer Wagner Davis, K. Craig Kent, M.D., Susan G. Harris, Donna P. Henry, Clifton M. Iler, Kennedy Kipps, Megan K. Lowe, Mark Luellen, David W. Martel, Clark L. Murray, Margaret Grundy Noland, Debra D. Rinker, Margot M. Rogers, and Colette Sheehy.

Presenters: Augie Maurelli and Robert P. Durden.

Chairman Blue began the meeting by reviewing the agenda. He then turned to Ms. Davis to present the action items.

**Action Item: Property Disposition of UVA Health Caton Merchant House Assisted Living**

Caton Merchant House is an assisted living facility that was started 35 years ago by Prince William Medical Center. It is located at 9201 Portner Avenue, Manassas, VA and has 78 residential units. After exploring the strategic options, it was determined that it would be in the best interest of the University of Virginia, UVA Community Health, Caton Merchant House, and the surrounding community for UVA Community Health to transfer Caton Merchant House to a third party for continued operation as an assisted living facility.

On motion, duly seconded, the committee approved the following resolution and recommended it for full Board approval:

**PROPERTY DISPOSITION OF UVA HEALTH CATON MERCHANT HOUSE ASSISTED LIVING**

WHEREAS, UVA Community Health, Inc., a wholly owned subsidiary of The Rector and Visitors of the University of Virginia (University of Virginia), is the sole owner of UVA Prince William Health System, which in turn is the sole owner of UVA Health Caton Merchant Assisted Living (Caton Merchant House), an assisted living facility located at 9201 Portner Avenue, Manassas, VA 20110; and

WHEREAS, the University of Virginia and UVA Community Health have determined that it would be in the best interest of UVA Community Health, Caton Merchant House, and the surrounding community, for UVA Community Health to transfer Caton Merchant House to a third party for continued operation as an assisted living facility;

RESOLVED, the Board of Visitors hereby authorizes the Executive Vice President and Chief Operating Officer and her designees to take all actions necessary to finalize the transaction that will convey Caton Merchant House to a selected senior living organization under substantially the same terms of that letter of intent between UVA Community Health and the selected organization dated December 19, 2022, including to execute all deeds,

documents, and agreements deemed necessary and appropriate to approve and consummate the foregoing, to approve such reasonable and customary expenses, if any, as may have been or may be incurred by UVA Community Health, and to take such other actions as are deemed necessary and appropriate in connection with the foregoing, all on behalf of the University of Virginia, UVA Community Health, Caton Merchant House, UVA Prince William Health System, and/or any other controlled affiliated of UVA Community Health, as applicable; and

RESOLVED FURTHER, all prior acts performed by the Executive Vice President and Chief Operating Officer and her designees in connection with the evaluation and sale of Caton Merchant House are in all respects approved, ratified, and confirmed.

**Action Item: Signatory Authority for Medical Center Contract for Arthroscopy/Orthopedic Products**

This is a Medical Center contract with Arthrex, Inc. for arthroscopy and orthopedical products and is outside signatory authority of Executive Vice President for Health Affairs (who has been delegated authority by the Executive Vice President and Chief Operating Officer to approve certain Health System documents).

On motion, duly seconded, the committee approved the following resolution and recommended it for full Board approval:

**SIGNATORY AUTHORITY FOR MEDICAL CENTER CONTRACT FOR ARTHROSCOPY/  
ORTHOPEDIC PRODUCTS**

RESOLVED, the Board of Visitors authorizes the Executive Vice President and Chief Operating Officer to execute the contract on behalf of the Medical Center with Arthrex, Inc. for Orthopedic products.

**Action Item: Divestment of Center for Politics Quasi-Endowments**

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. That amount was increased to \$5M at the last meeting. Any quasi-endowment action above \$5M requires approval of the Board of Visitors. The Center for Politics currently has an estimated project cost of approximately \$10M which includes an approximately 10,000 square-foot addition/renovation, landscape improvements, as well as media and furniture outfit representing a total project cost of approximately \$10M and a 24-to-30-month completion timeline. The timeline for the Center for Politics Project will require funds over the next 30 months with the largest funding source being the Center for Politics Building Expansion Quasi-Endowment and Unrestricted Quasi-Endowment. These two quasi endowments currently have a market value of over \$7M and \$3.8M, respectively. The divestment of these quasi-endowments is necessary to ensure successful financing of The Center for Politics Building Expansion.

On motion, duly seconded, the committee approved the following resolution and recommended it for full Board approval:

**DIVESTMENT OF THE CENTER FOR POLITICS QUASI-ENDOWMENTS**

WHEREAS, the timeline for the Center for Politics Project will require funds over the next 30 months with the largest funding source being the Center for Politics Building Expansion Quasi-Endowment and Unrestricted Quasi-Endowment; and

WHEREAS, the two quasi endowments currently have a market value of over \$7M and \$3.8M, respectively; and

WHEREAS, the Board of Visitors approves any quasi-endowment action above \$5M; and

WHEREAS, the divestment of these quasi-endowments is necessary to ensure successful financing of The Center for Politics Building Expansion;

RESOLVED, The Center for Politics is approved to divest its quasi-endowment accounts (GF002073 and GF002631) over the next 30 months, as needed, with the earliest divestment occurring as of June 30, 2023.

**Action Item: Signatory Authority for Contract to Provide Comprehensive Health Insurance Plan for Enrolled Students at the University in Charlottesville**

Ms. Davis said the University seeks to create and maintain a safe and healthy environment in which students can live and learn. Since 1969, all University of Virginia students have been

required to have health insurance. Currently, students charged the full comprehensive fees with their tuition are required to have health insurance coverage and are enrolled in the Aetna Student Health plan through this contract unless they show proof of coverage by another health insurance provider. Approximately 16,850 students meet requirements to waive participation.

UVA is currently in the process of negotiating a new, comparable contract with a student health insurance provider to provide coverage to approximately 5,200 enrollees. The University subsidizes the plan's annual premium cost for graduate students who earn at least \$5,000 in wages over the course of the fiscal year as teaching or research assistants. Of the 5,200 students enrolled, approximately 2,080 are subsidized graduate students.

This annual subsidy and payment to Aetna exceeds \$5M. On motion, duly seconded, the committee approved the following resolution and recommended it for full Board approval:

**SIGNATORY AUTHORITY FOR CONTRACT TO PROVIDE COMPREHENSIVE HEALTH INSURANCE PLAN FOR STUDENTS ENROLLED AT THE UNIVERSITY IN CHARLOTTESVILLE**

RESOLVED, the Board of Visitors authorizes the Executive Vice President and Chief Operating Officer to execute a contract with a health insurance company to obtain comprehensive student health insurance for students enrolled at the University in Charlottesville, expected to exceed \$5 million in University-paid premiums annually.

**Action Item: Recognition of Vice President and Chief Information Officer Virginia Evans**

Ms. Davis recognized Virginia Evans who has stepped down from her role as vice president and chief information officer at the end of December and is now helping her with a few special projects until she officially retires from the University in April. Ms. Davis said she was drawn to UVA by the tremendous talent here, and she was fortunate to inherit Virginia as a member of her leadership team when she came to UVA in 2018. Virginia Evans has worked at the University for nearly 30 years, and her influence has reached across Grounds. In recent years, Virginia Evans has led the University through the implementation of new technologies and the advancement of the technology infrastructure. She has positioned the University to continually and seamlessly update the systems used by our faculty, staff, and students every day, and built a solid foundation for collaborative work with partners across Grounds.

Chairman Blue presented Ms. Evans with a gift and a bouquet of roses and thanked her on behalf of the Finance Committee and the entire Board of Visitors for her service to the University.

On motion, duly seconded, the committee approved the following resolution and recommended it for full Board approval:

**COMMENDING RESOLUTION FOR VICE PRESIDENT AND CHIEF INFORMATION OFFICER VIRGINIA EVANS**

WHEREAS, Virginia Evans is a 1984 alumna of the University of North Carolina at Chapel Hill, having earned a Bachelor of Science degree in Business Administration with a concentration in Accounting; and

WHEREAS, after working for Arthur Anderson & Co. following her graduation from UNC, Ms. Evans found her way to Charlottesville, where she worked for a small accounting firm before taking her first position at the University as a programmer analyst and budget analyst in 1986; and

WHEREAS, Ms. Evans left Charlottesville for several years to do consulting work with Andersen Consulting and develop coding and project management skills then returned to Charlottesville and earned a Master of Science degree in Management Information Systems from the McIntire School in 1994; and

WHEREAS, Ms. Evans took a job as a process support team member in the UVA Medical Center (1994-95), and went on to serve the University as assistant to the vice president and chief information officer (1995), chief operating officer of information technology and communication (1995-99), technical lead for the Integrated Systems Project (1999-2000), executive assistant to the vice president for finance (2001-2003), assistant vice president for integrated system development and support (2003-11), associate vice president for ITS (2011-14), and chief information officer (2014-2020), and vice president and chief information officer (2020-2022); and

WHEREAS, during her years of employment, Ms. Evans has been a collaborative partner and major contributor to initiatives that sustain and advance the University such as the adoption of new cloud-based technology platforms that enable UVA to continually and seamlessly update systems for users across Grounds from email, office, and classroom software, and collaboration tools to human resources and finance systems; an ongoing project to bring courses across 10 of the University's 12 schools onto a single learning management system; enterprise-wide programs including identify management, a data warehouse, the student information system, document imaging, and mass communication platforms; custom applications and consulting services including website hosting and design; classroom multi-media support, a pan-University IT help desk, and managing a program for partners across Grounds to provide desktop computing support to faculty and staff; and

WHEREAS, Ms. Evans served critical leadership roles in managing the University's response to a nation-state cyberattack in 2015 and, in spring 2020, quickly shifting 4,200 in-person classes to online format due to the COVID-19 pandemic; and

WHEREAS, Ms. Evans has assembled and supported a strong team in information technology services and information security, and has built a foundation for collaborative work with partners across the University; and

WHEREAS, Ms. Evans' team is positioned to carry on the excellent work they have done together while she transitions to retirement; and

WHEREAS, the Finance Committee of the Board of Visitors is grateful for Ms. Evans' expertise and the thoughtful approach she has brought to her work throughout her years at the University;

RESOLVED, the Finance Committee of the Board of Visitors commends Virginia Evans for her devoted service to the University, respects her as a valued colleague, and wishes her success and happiness in all her future endeavors.

### **Report: 2023 General Assembly**

Ms. Davis said the 2023 Session adjourned on Saturday, February 25 without approving a budget. The deadline for the Governor's action is Monday, March 27. The session will reconvene on Wednesday, April 12. Legislators continue to work on the final amended FY2024 budget. They have passed a stopgap budget to address four key items, all unrelated to Higher Education.

Ms. Davis said there are several potential scenarios: convene a special session if they reach a compromise prior to the end of the fiscal year or revert to the FY2024 budget passed by the General Assembly and signed by Governor Youngkin during the 2022 Session with a 5% base salary increase, and additional funding for financial aid, but no new operating funds over FY23.

**Report: Endowment Report: Market Value and Performance as of December 31, 2022**

UVIMCO's chief executive officer, Mr. Robert Durden, provided an overview of the current market environment and the asset allocation, performance, and liquidity position of the Long-Term Pool as of December 31, 2022, and addressed questions from the committee.

Assets under management were \$13.4B at the end of 2022. The primary objective is to maximize long-term real returns commensurate with the risk tolerance of the University. The policy portfolio is 75/25 equity and fixed income. They forecast generating an average 8% annual return going forward, which will meet the University's objectives.

Performance: for one year, the long-term pool was down 8.8% with the policy portfolio down 16.4%. So, even with a negative return this past year, long term pool performance has been much better than the policy portfolio for 1, 3, 5, 10, and 20 years. Real estate, resources, and absolute return outperformed on a one-year basis. Mr. Durden spoke about asset allocation and risk management strategies.

**Report: FY2022 Financials**

Ms. Davis said after a robust national search, she was delighted to introduce Mr. Augie Maurelli as the new vice president for finance and chief financial officer. He came to the University as associate vice president for financial operations in December 2019. Over the last three years, he played an important role in the finance strategic transformation, leading a governance committee that oversaw the creation of a new chart of accounts and managing multiple workstreams.

Mr. Maurelli is responsible for overseeing the University's consolidated financial statements, along with developing financial strategy and plans for effective allocation of resources to support the University's key strategic initiatives and priorities. He will provide oversight of the Academic Division's operating budget and collaborate with UVA Health finance leaders who oversee their operating budget.

Mr. Maurelli joined Ms. Davis in giving an overview of the FY2022 Financials.

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Chairman Blue adjourned the meeting at 9:39 a.m.

SGH:ddr

These minutes have been posted to the University of Virginia's Board of Visitors website:

<http://bov.virginia.edu/committees/205>