

**UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS  
MEETING OF THE  
FINANCE COMMITTEE  
FEBRUARY 20, 2014**

FINANCE COMMITTEE

Thursday, February 20, 2014

2:45 - 4:00 p.m.

Board Room, The Rotunda

Committee Members:

Victoria D. Harker, Chair

John A. Griffin, Vice Chair

Frank B. Atkinson

Marvin W. Gilliam Jr.

Stephen P. Long, M.D.

Edward D. Miller, M.D.

Linwood H. Rose

George Keith Martin, Ex-officio

Daniel M. Meyers, Consulting Member

Martin N. Davidson, Faculty

Consulting Member

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UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 20, 2014

COMMITTEE: Finance

AGENDA ITEM: I.A. Rescission of Milton Airport as Surplus Property

BACKGROUND: The Milton Airport property in Albemarle County was purchased by the University in 1939, and operated as an airfield until the 1970s. Located six miles southeast of Charlottesville, the property consists of approximately 172 acres, 140 of which are within the 100-year flood plain.

DISCUSSION: In 1995, the Board of Visitors declared Milton Airport surplus to the needs of the University due in part to its location and to the lack of a well-defined plan for the use of the site. Since this declaration, the property has been used in various capacities by the University and currently serves as the site for ecoMod, a research and educational project in the School of Architecture that creates sustainable modular and renovated housing units for affordable housing organizations; the University Police Department outdoor firing range; a radionuclide monitoring station for the Department of Defense; and the site for operation of model airplanes by the Mechanical and Aerospace Department in the School of Engineering and Applied Science.

The University, City of Charlottesville and Albemarle County have agreed to establish a joint firearms training facility on the site that would replace the current outdoor range used by the University Police Department. The three agencies have received a grant to cover over half of the facility's construction. The three police forces will proportionally share operating costs. The new facility will allow officers from the University, Charlottesville, and Albemarle to improve their coordinated response to major emergencies.

Given the current and the potential future uses of the site, it is recommended that the Board rescind the previously adopted declaration of Milton Airport as surplus property.

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

RESCIND DECLARATION OF MILTON AIRPORT PROPERTY AS SURPLUS  
PROPERTY

WHEREAS, in February 1995 the Board of Visitors declared the Milton Airport property surplus to the needs of the University; and

WHEREAS, the property has not been sold or transferred, and has continued to be used in various capacities by the University; and

WHEREAS, it would serve the best interests of the University to continue its ownership of this property;

RESOLVED, the Board of Visitors rescinds the declaration of Milton Airport as surplus property.

UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 20, 2014

COMMITTEE: Finance

AGENDA ITEM: I.B. Establishment of and Investment in the School of Medicine Harrison Distinguished Teaching Professorships Quasi-Endowment

BACKGROUND: In June 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 \$2 million. Individual quasi-endowment transactions of \$2 million or more require the approval of the Board of Visitors.

DISCUSSION: The School of Medicine has \$6 million in unspent Eminent Scholars endowment distribution and has reviewed with the Provost its wishes to establish a quasi-endowment named the Harrison Distinguished Teaching Professorships Quasi-Endowment. The School of Medicine wishes to invest these funds for a total of five years before divesting. This quasi-endowment will provide an annual stream of (non-Eminent Scholars) endowment income which will be used to further support the faculty appointed to the Harrison Distinguished Teaching Professorships.

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

ESTABLISHMENT OF THE SCHOOL OF MEDICINE HARRISON DISTINGUISHED TEACHING PROFESSORSHIPS QUASI-ENDOWMENT

WHEREAS, the School of Medicine has \$6 million in unspent Eminent Scholars distribution and wishes to create a quasi-endowment entitled the Harrison Distinguished Teaching Professorships Quasi-Endowment; and

WHEREAS, the School of Medicine shall invest these funds for no less than five years, and, thereafter, will divest, as needed, to provide funding to meet major commitments for the support of the faculty appointed to the Harrison Distinguished Teaching Professorships;

RESOLVED, the Board of Visitors authorizes the creation by the School of Medicine of the Harrison Distinguished Teaching Professorships Quasi-Endowment.

UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 20, 2014

COMMITTEE: Finance

AGENDA ITEM: I.C. Capital Project Approval: Wilson Hall  
Renewal

BACKGROUND: The Board of Visitors approves major capital projects every two years with the update of the Major Capital Projects Program. This plan was last approved in April 2013. When the University identifies new projects outside the biennial update cycle, approval by the Finance and Buildings and Grounds Committees is required. The Finance Committee will review the financial plans and the Buildings and Grounds Committee will review the proposed projects for inclusion in the University's Major Capital Projects Program.

DISCUSSION: The University recommends the following revision to the multi-year capital program.

|  |                              |
|--|------------------------------|
| <i>Wilson Hall Renewal - Maintenance Reserve</i>             | <i>\$1.65 million</i>        |
| <i>College of Arts and Sciences Gifts and Available Cash</i> | <i><u>\$3.00 million</u></i> |
|  | <i>\$4.65 million</i>        |

The Wilson Hall Renewal project will provide interior renewal of the entire building, a partial renovation of the first and second floors, and a new accessible entrance at the first floor south elevation facing Jefferson Park Avenue. Improvements will include a new sprinkler system, new lighting, modification to HVAC and Building Automation System control systems, new security access, and increased access and utilization of natural light for interior spaces. The project will be funded by an allocation of maintenance reserve funds and cash balances held by the College of Arts and Sciences.

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

REVISION TO THE UNIVERSITY'S MAJOR CAPITAL PROJECTS PROGRAM -  
WILSON HALL RENEWAL

WHEREAS, the University proposes the addition of the Wilson Hall Renewal project to the Major Capital Projects Program;

RESOLVED, the Board of Visitors approves the addition of the Wilson Hall Renewal project, at an estimated cost of \$4.65 million, to the University's Major Capital Projects Program.



UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 20, 2014

COMMITTEE: Finance

AGENDA ITEM: I.D. Delegation of Authority to Declare  
Official Intent to Issue Bonds to Reimburse  
Expenditures

BACKGROUND: The University of Virginia routinely undertakes projects that it initially funds with cash or operating funds. In most cases, these expenditures are later reimbursed with tax-exempt debt. In order for the University to use proceeds of the tax-exempt debt to reimburse certain qualified expenditures related to a project, federal tax regulations require a formal intent-to-issue resolution to be approved by the Board of Visitors or its designee.

Although the reimbursement rules require the adoption of a formal intent-to-issue resolution, they also allow a borrower to delegate the ability to declare its intent to reimburse to one or more individuals, which are usually either officers or Board of Visitors members.

In the past, the University would include each intent-to-issue resolution on the Finance Committee's agenda for approval. This resolution often appeared on the Committee's agenda multiple times in a single year. So far in FY 2014, the following project intent-to-issue authorizations were approved by the Board of Visitors: North Grounds Mechanical Plant; Alderman Road Residence Area Replacement Housing, Phase 4, Building 6; Facilities Management Shop Support/Office Building; Rugby Road Office Building; Ambulatory Practice Space (Medical Center); and the Education Resource Center (Medical Center).

DISCUSSION: Delegation of this authority would eliminate the need for the Board of Visitors to continually adopt intent-to-issue resolutions. Such delegation would require the Board of Visitors to designate the appropriate individual(s).

The delegation would also allow the University to act more quickly on these types of matters, which may be useful in the event the Board of Visitors is not scheduled to meet for several months, or if a project expenditure is almost 60 days old and about to become ineligible for reimbursement under the IRS

rules. Other peer institutions have adopted this practice with positive results.

Most important, such delegation does not change current Board of Visitors policies which give only the Board of Visitors the authority to (a) authorize any capital project, (b) authorize the financial plan for any capital project and (c) authorize the issuance of tax-exempt debt. All of these powers are reserved to the Board of Visitors.

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

DELEGATION OF AUTHORITY TO DECLARE OFFICIAL INTENT TO ISSUE BONDS TO REIMBURSE EXPENDITURES

WHEREAS, the United States Department of the Treasury has promulgated Treasury Regulations Section 1.150-2 (the "IRS Regulations") governing when the allocation of bond proceeds to reimburse expenditures previously made by an issuer or beneficiary of a bond issue shall be treated as an expenditure of the bond proceeds; and

WHEREAS, the IRS Regulations provide that a declaration of official intent by an issuer or beneficiary may provide evidence that, on or prior to the date of payment of expenditures, the issuer or beneficiary intended to reimburse such expenditures with proceeds of bonds; and

WHEREAS, the Rector and Visitors of the University of Virginia (the "University") issues bonds, or is the beneficiary of bonds, from time to time; and

WHEREAS, Section 1.150-2(e)(1) of the IRS Regulations authorizes any persons designated by the issuer to declare official intent on behalf of the issuer;

RESOLVED, the Board of Visitors hereby designates the Executive Vice President and Chief Operating Officer of the University and the Chair of the Finance Committee, who must act in concert, as persons authorized to declare official intent to issue bonds on behalf of the University pursuant to the IRS Regulations.

UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

**BOARD MEETING:** February 20, 2014

**COMMITTEE:** Finance

**AGENDA ITEM:** I.E.1. Faculty and Staff Housing Rates,  
2014-2015

**BACKGROUND:** The University operates 87 faculty and staff housing units, including individual houses, cottages, Lawn Pavilions, townhouses, and apartments. State policy requires that rents charged by the University for faculty and staff housing reflect the market rate for similarly sized and equipped properties.

**DISCUSSION:** University faculty and staff housing rates are proposed to increase by an average of 2.7% from the 2013-2014 rates.

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

**FACULTY AND STAFF HOUSING RATES FOR 2014-2015**

RESOLVED, the faculty and staff housing rates are approved as indicated, effective July 1, 2014. Should a property be vacated during the year, the Executive Vice President and Chief Operating Officer or his designee is authorized to increase the rate to market level.

| <u>Properties</u>             | <u>Utilities<br/>Furnished</u> | <u>Rents<br/>2013-2014<br/>Per Month</u> | <u>Amount<br/>of<br/>Increase</u> | <u>Percent<br/>of<br/>Increase</u> | <u>Rents<br/>2014-2015<br/>Per Month</u> | <u>Utilities<br/>Paid By<br/>Occupant</u> |
|-------------------------------|--------------------------------|--|-----------------------------------|------------------------------------|--|---|
| <u>Piedmont Estates</u>       |                                |  |                                   |                                    |  |   |
| 1 Bedroom Apt. (7)(F)         | AC,C,D,E,G,T,WS                | \$730                                    | \$10                              | 1.37%                              | \$740                                    | V   |
| 2 Bedroom Apt. (16)           | AC,C,D,E,G,T,WS                | \$855                                    | \$30                              | 3.51%                              | \$885                                    | V   |
| Houses (3BR) (16)             | C,D,E,G,HVAC,T,WS              | \$1,240                                  | \$45                              | 3.63%                              | \$1,285                                  | V   |
| Townhouses (3BR)(5)           | C,D,E,G,HVAC,T,WS              | \$1,140                                  | \$40                              | 3.51%                              | \$1,180                                  | V   |
| Farmhouse Apt. 1 & 3 (1BR)(F) | AC,C,D,E,G,T,WS                | \$760                                    | \$25                              | 3.29%                              | \$785                                    | V   |
| Farmhouse Apt. 2 (3BR)(F)     | AC,C,D,E,G,T,WS                | \$1,085                                  | \$40                              | 3.69%                              | \$1,125                                  | V   |
| Farmhouse Apt. 4 (2BR)(F)     | AC,C,D,E,G,T,WS                | \$910                                    | \$35                              | 3.85%                              | \$945                                    | V   |

| <u>Properties</u>                      | <u>Utilities<br/>Furnished</u> | <u>Rents<br/>2013-2014<br/>Per Month</u> | <u>Amount<br/>of<br/>Increase</u> | <u>Percent<br/>of<br/>Increase</u> | <u>Rents<br/>2014-2015<br/>Per Month</u> | <u>Utilities<br/>Paid By<br/>Occupant</u> |
|--|--------------------------------|--|-----------------------------------|------------------------------------|--|---|
| <b><u>Sundry</u></b>                   |                                |  |                                   |                                    |  |   |
| Vyssotsky Cottage (3BR)                | AC,C,D,E,G,T,WS                | \$1,190                                  | \$45                              | 3.78%                              | \$1,235                                  | V   |
| McGuffey Cottage (Eff)(F)              | AC,C,D,E,T,V,WS                | \$620                                    | \$20                              | 3.23%                              | \$640                                    |   |
| Upper Mews (1BR)(F)                    | AC,C,D,E,HP,T,WS               | \$825                                    | \$0                               | 0.00%                              | \$825                                    | V   |
| Lower Mews (1BR)(F)                    | AC,C,D,E,HP,T,WS               | \$800                                    | \$0                               | 0.00%                              | \$800                                    | V   |
| Monroe Hill Range (1BR)                | C,D,E,HVAC,T,V,WS              | \$1,085                                  | \$15                              | 1.38%                              | \$1,100                                  |   |
| Brown College Apts. (2BR)(2)           | C,D,E,HVAC,T,V,WS              | \$835                                    | \$30                              | 3.59%                              | \$865                                    |   |
| Hereford Coll. Apts.(2BR)(2)           | C,D,E,HVAC,T,V,WS              | \$960                                    | \$0                               | 0.00%                              | \$960                                    |   |
| Hereford Coll. Principal Res.<br>(3BR) | C,D,E,HVAC,T,V,WS              | \$1,495                                  | \$5                               | 0.33%                              | \$1,500                                  |   |
| 102 Cresap Fac. Apt.(1BR)(F)           | C,D,E,G,HVAC,T,V,WS            | \$880                                    | \$0                               | 0.00%                              | \$880                                    |   |
| Orchard House Rooms(5)(F)              | AC,C,D,E,G,T,WS                | \$525                                    | \$20                              | 3.81%                              | \$545                                    | V   |
| 118 Oakhurst, Upper (2BR)              | AC,C,D,E,G,T,WS                | \$930                                    | \$30                              | 3.23%                              | \$960                                    | V   |
| 118 Oakhurst, Lower (2BR)              | AC,C,D,E,G,T,WS                | \$1,055                                  | \$15                              | 1.42%                              | \$1,070                                  | V   |
| 424 Shea House (1BR)                   | C,D,E,G,HVAC,T,V,WS            | \$880                                    | \$0                               | 0.00%                              | \$880                                    |   |
| 423 Shea House (2BR)                   | C,D,E,G,HVAC,T,V,WS            | \$1,015                                  | \$0                               | 0.00%                              | \$1,015                                  |   |
| 004 Lewis (1BR)                        | C,D,E,G,HVAC,T,V,WS            | \$880                                    | \$0                               | 0.00%                              | \$880                                    |   |
| Hedge House (2BR)                      | AC,C,D,E,G,T,WS                | \$930                                    | \$35                              | 3.76%                              | \$965                                    | V   |
| <b><u>E &amp; G Properties</u></b>     |                                |  |                                   |                                    |  |   |
| Montebello (3BR)                       | AC,D,E,G,V,WS                  | \$1,340                                  | \$30                              | 2.24%                              | \$1,370                                  | C,T                                       |
| Big Morea (4BR)                        | AC,D,E,G,T,V,WS                | \$1,295                                  | \$40                              | 3.09%                              | \$1,335                                  | C   |
| Little Morea (2BR)                     | AC,D,E,G,T,V,WS                | \$1,030                                  | \$25                              | 2.43%                              | \$1,055                                  | C   |
| Sunnyside (3BR)                        | AC,E,O,T,WS                    | \$1,900                                  | \$30                              | 1.58%                              | \$1,930                                  | C,D,V                                     |
| Monroe Hill House(3BR)                 | D,E,HVAC,T,V,WS                | \$1,410                                  | \$30                              | 2.13%                              | \$1,440                                  | C   |
| Weedon House (6BR)                     | D,E,HVAC,T,V,WS                | \$3,050                                  | \$50                              | 1.64%                              | \$3,100                                  | C   |
| Morven Guest House (5BR)(F)            | D,E,G,HVAC,T,WS                | \$2,800                                  | \$85                              | 3.00%                              | \$2,885                                  | C,V                                       |
| Pavilion I (3BR)                       | D,E,HVAC,T,V,WS                | \$1,675                                  | \$35                              | 2.09%                              | \$1,710                                  | C   |
| Pavilion II (3BR)                      | D,E,HVAC,T,V,WS                | \$1,470                                  | \$30                              | 2.04%                              | \$1,500                                  | C   |
| Pavilion III (3BR)                     | D,E,HVAC,T,V,WS                | \$1,365                                  | \$25                              | 1.83%                              | \$1,390                                  | C   |

| <u>E &amp; G Properties (Continued)</u> | <u>Utilities<br/>Furnished</u> | <u>Rents<br/>2013-2014<br/>Per Month</u> | <u>Amount<br/>of<br/>Increase</u> | <u>Percent<br/>of<br/>Increase</u> | <u>Rents<br/>2014-2015<br/>Per Month</u> | <u>Utilities<br/>Paid By<br/>Occupant</u> |
|---|--------------------------------|--|-----------------------------------|------------------------------------|--|---|
| Pavilion IV (3BR)                       | AC,D,E,HP,T,V,WS               | \$1,085                                  | \$20                              | 1.84%                              | \$1,105                                  | C   |
| Pavilion V (5BR)                        | D,E,HVAC,T,V,WS                | \$1,800                                  | \$35                              | 1.94%                              | \$1,835                                  | C   |
| Pavilion VI (4BR)                       | D,E,HVAC,T,V,WS                | \$1,415                                  | \$30                              | 2.12%                              | \$1,445                                  | C   |
| Pavilion VIII Upper (3BR)               | D,E,HVAC,T,V,WS                | \$930                                    | \$30                              | 3.23%                              | \$960                                    | C   |
| Pavilion VIII Lower (1BR)               | D,E,HVAC,T,V,WS                | \$670                                    | \$15                              | 2.24%                              | \$685                                    | C   |
| Pavilion IX (3BR)                       | D,E,HVAC,T,V,WS                | \$1,365                                  | \$25                              | 1.83%                              | \$1,390                                  | C   |
| Pavilion X (4BR)                        | D,E,HVAC,T,V,WS                | \$2,000                                  | \$40                              | 2.00%                              | \$2,040                                  | C   |

**Notes:**

- The (F) designates properties that are furnished.
- Utility abbreviations are as follows: AC (window air conditioning), C (cable TV), D (data), E (electric), G (gas), HP (heating plant), HVAC (heating, ventilation & air conditioning), O (oil), P (propane), T (trash), V (voice) and WS (water, sewer).
- Morven Guest House was acquired during FY14 to be managed by the University under lease from the Foundation.

UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 20, 2014

COMMITTEE: Finance

AGENDA ITEM: I.E.2. Student Housing Rates, 2014-2015

BACKGROUND: The University's Office of Housing and Residence Life manages 6,680 on-Grounds beds in a variety of traditional, apartment, suite, and program-specific accommodations, serving first-year, upper-class, and graduate students. The fall 2013 occupancy was 98%, and approximately 41% of undergraduate students were housed on-Grounds. The University of Virginia's College at Wise manages 725 beds, offering traditional, apartment, and suite arrangements. Housing approximately 40% of full-time enrolled students, the fall 2013 occupancy rate was 82%.

DISCUSSION: For the current fiscal year (2013-2014), the average double room rate at Virginia public colleges and universities is \$5,330. The comparable average at the University is \$5,288, restated from \$5,337 because of the reclassification of the Brown College beds as singles. The University of Virginia's College at Wise charges an average of \$6,036.

The University proposes a \$204 increase in the average housing double room rate to \$5,492 per nine-month academic year for 2014-2015. This increase is approximately 3.9%. Individual rate increases reflect a proposed revision in the rate structure that consolidates the number of rates from 18 to 10 and better aligns the rates by similar facility type.

The rate proposal will cover increases in salaries and fringe benefits (9.1%) and rising operating costs (5.6%) which include utilities and facility maintenance and housekeeping. The proposal will also support an increased contribution to capital reserves to fund planned major renovation initiatives including the Gooch/Dillard and McCormick Road residence halls and the construction of new upper-class housing.

The University of Virginia's College at Wise proposes a \$192 increase in the average housing room rate to \$6,228 for 2014-2015. The proposed overall housing rates will increase by approximately 3.2% to cover operating costs and build capital

reserves as proposed in the business plan developed in support of the construction of the two residence halls opened in 2007 and 2010.

The proposed resolution also addresses summer 2015 housing rates for the Mountain Lake Biological Station.

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

**STUDENT HOUSING RATES FOR 2014-2015**

RESOLVED, rental increases for student housing facilities are approved as shown below, effective beginning with the 2014-2015 session:

|  | Actual<br>2013-2014<br>Per Student<br><u>Per Session</u> | Amount of<br><u>Increase</u> | Percent<br><u>Increase</u> | Proposed<br>2014-2015<br>Per Student<br><u>Per Session</u> |
|--|--|------------------------------|----------------------------|--|
| <b>First-Year Housing</b>  |  |                              |                            |  |
| Alderman Road, McCormick Road,<br>Gooch/Dillard, Hereford College,<br>Brown College and the International<br>Residential College, first-year rooms | \$5,270  | \$210                        | 3.98%                      | \$5,480  |
| <b>Upper-class Housing</b>   |  |                              |                            |  |
| <b><u>Brown College</u></b>  |  |                              |                            |  |
| Single Room (w/shared bath)  | \$6,140  | \$240                        | 3.91%                      | \$6,380  |
| <b><u>Lawn</u></b>   |  |                              |                            |  |
| Single Room  | \$5,930  | \$240                        | 4.05%                      | \$6,170  |
| Single Room (no fireplace)   | \$5,780  | \$240                        | 4.15%                      | \$6,020  |
| <b>IRC - Mary Munford/Roberta Gwathmey</b>   |  |                              |                            |  |
| Double Room  | \$5,290  | \$210                        | 3.97%                      | \$5,500  |
| Single Room  | \$5,930  | \$240                        | 4.05%                      | \$6,170  |
| <b>IRC - Lewis/Hoxton</b>  |  |                              |                            |  |
| Double Room  | \$5,730  | -\$230                       | -4.01%                     | \$5,500  |
| Small Double Room  | \$5,460  | \$40                         | 0.73%                      | \$5,500  |
| Single Room  | \$6,200  | \$250                        | 4.03%                      | \$6,450  |
| Single Room (w/bath)   | \$6,460  | \$200                        | 3.10%                      | \$6,660  |
| <b>Hereford (College &amp; JMW)</b>  |  |                              |                            |  |
| Double Room  | \$5,270  | \$230                        | 4.36%                      | \$5,500  |
| Single Room  | \$5,330  | \$370                        | 6.94%                      | \$5,700  |
| <b>French House</b>  |  |                              |                            |  |
| Large Double Room  | \$5,900  | \$30                         | 0.51%                      | \$5,930  |
| Double Room  | \$5,730  | \$200                        | 3.49%                      | \$5,930  |
| Single Room  | \$6,310  | \$350                        | 5.55%                      | \$6,660  |
| <b>Russia House</b>  |  |                              |                            |  |
| Double Room  | \$5,710  | \$220                        | 3.85%                      | \$5,930  |
| Single Room  | \$6,220  | \$440                        | 7.07%                      | \$6,660  |
| <b>Spanish House</b>   |  |                              |                            |  |
| Double Room  | \$5,730  | \$200                        | 3.49%                      | \$5,930  |
| Single Room  | \$6,310  | \$350                        | 5.55%                      | \$6,660  |
| <b>Shea House</b>  |  |                              |                            |  |

|   | Actual<br>2013-2014<br>Per Student<br><u>Per Session</u> | Amount of<br><u>Increase</u> | Percent<br><u>Increase</u> | Proposed<br>2014-2015<br>Per Student<br><u>Per Session</u> |
|---|--|------------------------------|----------------------------|--|
| Upper-class Housing (Continued)   |  |                              |                            |  |
| Double Room   | \$5,730  | \$200                        | 3.49%                      | \$5,930  |
| Single Room   | \$6,310  | \$350                        | 5.55%                      | \$6,660  |
| Apartments  |  |                              |                            |  |
| <u>Copeley III &amp; IV</u>   |  |                              |                            |  |
| Two Bedroom (single occ.)   | \$7,320  | -\$660                       | -9.02%                     | \$6,660  |
| Two Bedroom (double occ.)   | \$5,760  | \$170                        | 2.95%                      | \$5,930  |
| <u>Lambeth Field</u>  |  |                              |                            |  |
| Two Bedroom (double occ.)   | \$5,760  | \$170                        | 2.95%                      | \$5,930  |
| Three Bedroom (double occ.)   | \$5,620  | \$310                        | 5.52%                      | \$5,930  |
| <u>Bice House</u>   |  |                              |                            |  |
| Single Bedroom (single occ.)  | \$6,290  | \$370                        | 5.88%                      | \$6,660  |
| Two Bedroom (double occ.)   | \$5,760  | \$170                        | 2.95%                      | \$5,930  |
| Three Bedroom (double occ.)   | \$5,620  | \$310                        | 5.52%                      | \$5,930  |
| <u>Faulkner (Hench, Mitchell, Younger)</u>  |  |                              |                            |  |
| Four Bedroom (Single occ.)  | \$6,290  | \$370                        | 5.88%                      | \$6,660  |
| Large Four Bedroom (Single occ.)  | \$7,320  | -\$660                       | -9.02%                     | \$6,660  |
| Graduate Housing  |  |                              |                            |  |
| <u>Range</u>  |  |                              |                            |  |
| Range Single Room 9 Month   | \$5,930  | \$240                        | 4.05%                      | \$6,170  |
| Range Single Room 12 Month  | \$8,260  | -\$30                        | -0.36%                     | \$8,230  |
| Crackerbox Single Room 12 Month   | \$8,260  | -\$30                        | -0.36%                     | \$8,230  |
| Apartments (Per Month)  |  |                              |                            |  |
| <u>Copeley Hill I &amp; II</u>  |  |                              |                            |  |
| One Bedroom (furnished)   | \$730  | \$25                         | 3.42%                      | \$755  |
| One Bedroom (unfurnished)   | \$700  | \$25                         | 3.57%                      | \$725  |
| Two Bedroom (furnished)   | \$900  | \$30                         | 3.33%                      | \$930  |
| Two Bedroom (unfurnished)   | \$870  | \$30                         | 3.45%                      | \$900  |
| Three Bedroom (furnished)   | \$1,060  | \$40                         | 3.77%                      | \$1,100  |
| Three Bedroom (unfurnished)   | \$1,020  | \$40                         | 3.92%                      | \$1,060  |
| <u>University Gardens</u>   |  |                              |                            |  |
| One Bedroom (furnished)   | \$730  | \$25                         | 3.42%                      | \$755  |
| One Bedroom (unfurnished)   | \$700  | \$25                         | 3.57%                      | \$725  |
| Two Bedroom (furnished)   | \$900  | \$30                         | 3.33%                      | \$930  |
| Two Bedroom (unfurnished)   | \$870  | \$30                         | 3.45%                      | \$900  |
| <u>College at Wise</u>  |  |                              |                            |  |
| McCrary   | \$5,433  | \$190                        | 3.50%                      | \$5,623  |
| Asbury, Commonwealth, Culbertson,<br>Henson, Randolph, Theme Housing,<br>Thompson, Townhouses | \$6,260  | \$219                        | 3.50%                      | \$6,479  |



SUMMER SESSION HOUSING RATE

|  | <u>Actual<br/>Summer 2013</u> | <u>Amount of<br/>Increase</u> | <u>Percent<br/>Increase</u> | <u>Proposed<br/>Summer 2014</u> |
|--|-------------------------------|-------------------------------|-----------------------------|---------------------------------|
| Per person, per night, double occ.<br>(21-night minimum) | \$24                          | \$1                           | 4.17%                       | \$25                            |

MOUNTAIN LAKE BIOLOGICAL STATION HOUSING DAILY RATES

|                   | <u>Actual<br/>Summer 2014</u> | <u>Amount of<br/>Increase</u> | <u>Percent<br/>Increase</u> | <u>Proposed<br/>Summer 2015</u> |
|-------------------|-------------------------------|-------------------------------|-----------------------------|---------------------------------|
| Dormitories       | \$7.75                        | \$0.25                        | 3.22%                       | \$8.00                          |
| Cabins/Apartments | \$11.00                       | \$0.25                        | 2.27%                       | \$11.25                         |

UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 20, 2014

COMMITTEE: Finance

AGENDA ITEM: I.F. Dining Services Rates, 2014-2015

BACKGROUND: The University of Virginia provides a variety of contract meal plans for students, ranging from unlimited dining to a declining balance spending account. Revenues received from contract dining, retail operations, vending, concessions, and catering must cover all operating costs, including food, labor, capital, and indirect costs. The University contracts with ARAMARK for dining services. The College at Wise contracts with Chartwells for these services.

DISCUSSION: The proposed University meal plan rate increases for 2014-2015 range from zero to 4.3% with an average increase of 4.0%. The proposed rate increases are necessary to cover increases in personnel costs, food costs, and other operating expenses. Personnel costs are expected to increase 3.0% and food costs 2.5%. Enhanced dining programs, including new menu programs and services, and customer service initiatives will contribute to increased operating and capital costs. In 2013-2014, approximately 8,760 University students purchased contract meal plans.

The University of Virginia's College at Wise meal plan rate increases range from 3.9% to 4.1% and reflect increases in food and operating costs. The College at Wise serves approximately 785 students on contract meal plans.

The proposed resolution also addresses summer 2015 dining rates for the Mountain Lake Biological Station.

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

**CONTRACT RATES FOR DINING SERVICES FOR 2014-2015 FOR THE ACADEMIC DIVISION AND THE UNIVERSITY OF VIRGINIA'S COLLEGE AT WISE**

RESOLVED, the student contract rates for dining services are approved as shown below, effective beginning with the 2014-2015 session:

|  | <u>Actual<br/>2013-14</u> | <u>Amount of<br/>Increase</u> | <u>Percent<br/>Increase</u> | <u>Proposed<br/>2014-15</u> |
|--|---------------------------|-------------------------------|-----------------------------|-----------------------------|
| <u>Regular Meal Plans (1,2,3)</u>                              |                           |                               |                             |                             |
| Ultimate Access w/ \$600 Plus Dollars                          | \$4,580                   | \$190                         | 4.15%                       | \$4,770                     |
| All Access 7 w/ \$300 Plus Dollars                             | \$4,380                   | \$180                         | 4.11%                       | \$4,560                     |
| All Access 5 w/ \$600 Plus Dollars                             | \$3,810                   | \$160                         | 4.20%                       | \$3,970                     |
| Semester 50 w/ \$700 Plus Dollars                              | \$1,600                   | \$60                          | 3.75%                       | \$1,660                     |
| Semester 100 w/ \$800 Plus Dollars                             | \$2,460                   | \$100                         | 4.07%                       | \$2,560                     |
| Add-On 25 Meals w/ \$35 Plus Dollars (per semester)            | \$250                     | \$10                          | 4.00%                       | \$260                       |
| <u>Residential College/Language House Meal Plans (1,2,3,4)</u> |                           |                               |                             |                             |
| Ultimate Access w/ \$600 Plus Dollars                          | \$4,690                   | \$190                         | 4.05%                       | \$4,880                     |
| All Access 7 w/ \$300 Plus Dollars                             | \$4,490                   | \$180                         | 4.01%                       | \$4,670                     |
| All Access 5 w/ \$600 Plus Dollars                             | \$3,920                   | \$160                         | 4.08%                       | \$4,080                     |
| Semester 50 w/ \$700 Plus Dollars                              | \$1,710                   | \$60                          | 3.51%                       | \$1,770                     |
| Semester 100 w/ \$800 Plus Dollars                             | \$2,570                   | \$100                         | 3.89%                       | \$2,670                     |
| <u>Athletic Meal Plans (1,2,3)</u>                             |                           |                               |                             |                             |
| All Access 7 w/ \$300 Plus Dollars                             | \$4,490                   | \$180                         | 4.01%                       | \$4,670                     |
| Semester 50 w/ \$700 Plus Dollars                              | \$1,710                   | \$60                          | 3.51%                       | \$1,770                     |
| Semester 80 w/ \$750 Plus Dollars                              | \$2,250                   | \$90                          | 4.00%                       | \$2,340                     |
| Semester 100 w/ \$800 Plus Dollars                             | \$2,570                   | \$100                         | 3.89%                       | \$2,670                     |
| <u>Other (1,3,5)</u>   |                           |                               |                             |                             |
| Graduate 50 w/ \$350 Plus Dollars                              | \$1,250                   | \$50                          | 4.00%                       | \$1,300                     |
| RA Semester 50 w/ \$260 Plus Dollars                           | \$1,160                   | \$50                          | 4.31%                       | \$1,210                     |
| Law School Meal Plan   | \$200                     | \$0                           | 0.00%                       | \$200                       |

| <u>Summer Session Meal Plan Rates (1)</u> | <u>Actual<br/>Summer 2013</u> | <u>Amount of<br/>Increase</u> | <u>Percent<br/>Increase</u> | <u>Proposed<br/>Summer 2014</u> |
|---|-------------------------------|-------------------------------|-----------------------------|---------------------------------|
| 20 Meals w/ \$40 Plus Dollars             | \$200                         | \$0                           | 0.0%                        | \$200                           |
| 40 Meals w/ \$80 Plus Dollars             | \$380                         | \$0                           | 0.0%                        | \$380                           |
| 60 Meals w/ \$120 Plus Dollars            | \$560                         | \$0                           | 0.0%                        | \$560                           |

- (1) Plus Dollars are credited to a student's identification card and may be used in the same manner as cash at any board dining hall and/or retail operation.
- (2) First-year students are required to purchase an All Access 7 or Ultimate Access meal plan.
- (3) Add-On 25 Meals is available to all Semester meal plan holders and may be purchased any time during the academic year.
- (4) Some residential colleges and language houses have a dining requirement as part of their program.
- (5) Law School students are allowed to deposit a minimum \$200 per academic year into a dining spending account.

| <u>The University of Virginia's College at Wise</u> | <u>Actual<br/>2013-14</u> | <u>Amount of<br/>Increase</u> | <u>Percent<br/>Increase</u> | <u>Proposed<br/>2014-15</u> |
|---|---------------------------|-------------------------------|-----------------------------|-----------------------------|
| 225 Block Plan w/\$100 Dining Dollars               | \$4,156                   | \$166                         | 3.99%                       | \$4,322                     |
| 175 Block Plan w/\$100 Dining Dollars               | \$3,954                   | \$158                         | 4.00%                       | \$4,112                     |
| 150 Block Plan w/\$350 Dining Dollars               | \$3,954                   | \$158                         | 4.00%                       | \$4,112                     |
| 80 Block Commuter Plan (per semester)               | \$540                     | \$22                          | 4.07%                       | \$562                       |
| 50 Block Commuter Plan (per semester)               | \$353                     | \$14                          | 3.97%                       | \$367                       |
| 25 Block Commuter Plan (per semester)               | \$182                     | \$7                           | 3.85%                       | \$189                       |

| <u>MOUNTAIN LAKE BIOLOGICAL STATION</u> | <u>Actual<br/>Daily 2014</u> | <u>Amount of<br/>Increase</u> | <u>Percent<br/>Increase</u> | <u>Proposed<br/>Daily 2015</u> |
|---|------------------------------|-------------------------------|-----------------------------|--------------------------------|
| Adult                                   | \$28.00                      | \$0.50                        | 1.8%                        | \$28.50                        |
| Children 13 & older                     | \$28.00                      | \$0.50                        | 1.8%                        | \$28.50                        |
| Children 3 to 12                        | \$17.00                      | \$0.00                        | 0.0%                        | \$17.00                        |
| Children 2 & under                      | \$0.00                       | \$0.00                        | 0.0%                        | \$0.00                         |

UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 20, 2014

COMMITTEE: Finance

AGENDA ITEM: I.G. 2014-2015 Tuition and Required Fees for Graduate, Professional, and Special Programs

BACKGROUND: In previous years at the February meeting, the Finance Committee considered tuition proposals for only those Academic Division programs whose academic year began in May or June rather than in August. All remaining tuition proposals were considered by the Board in April. This year, the Board will set all 2014-2015 tuition and fee rates for the Academic Division (excluding undergraduate tuition rates for regular session, the School of Continuing and Professional Studies [SCPS], 2015 summer session, and study abroad) at the February meeting. The enabling resolution covers academic year and summer session tuition rates for graduate, first professional, and continuing education students, as well as required fees and activity fees. Tuition and fees for 2014-2015 for the University of Virginia's College at Wise will be considered in April.

DISCUSSION: The proposed graduate tuition rates for all graduate programs for the 2014-2015 academic year are included in the resolution.

The proposed tuition rates for the Graduate School of Arts and Sciences represent an increase between 2.4% and 2.7%. For the McIntire School of Commerce M.S. programs, the proposal includes a 1.2% increase in Accounting, a 2.5% to 2.6% increase in Commerce, and a 3.1% increase in the Masters in Information Technology (MIT).

The Darden School proposes to reduce the differential between in-state and out-of-state tuition and fees from \$5,000 to \$3,000 for its full-time MBA program beginning with the 2014 entering class. Tuition and fees for entering full-time MBA students will increase by 8.0% over the current rate for Virginians and by 3.7% over the current rate for non-Virginians. Tuition and fees for continuing Virginia and non-Virginia students will increase by 4.0% and 3.7%, respectively. Incremental revenue generated will be used to fund investments

in faculty and staff compensation, curriculum enhancement, and other essential program costs.

For entering students in the Darden School MBA for Executives (MBAE) program, tuition and fees are proposed to increase by 3.9% for Virginians and non-Virginians. Similarly, tuition and fees for entering students in the Darden School Global MBA for Executives (GMBAE) program are proposed to increase by 3.6% for Virginians and non-Virginians.

The Law School also proposes to reduce the differential between in-state and out-of-state tuition and fees from \$5,000 to \$3,000 for its JD and LLM programs beginning with the 2014 entering class. The School's proposal represents an increase of 8.1% for in-state 1L and LLM students and 3.6% for out-of-state 1L and LLM students over what the year one students pay in the current year. Total tuition and fees for all 2L and 3L students are proposed to increase by 4.0% for Virginians and 3.6% for non-Virginians.

As the Law School increases in-state tuition, it will increase its commitment to scholarships and loan forgiveness at a percentage rate at least equal to the annual increase in tuition and required fees. Incremental revenue generated will be used to fund increases in financial aid, utilities and facility maintenance, faculty and staff compensation, and electronic library resources.

The proposal reflects a 1.6% increase in tuition and fees for Virginians in the School of Medicine and a 1.5% increase for non-Virginians. The proposal continues to phase in the Clinical Performance Education Center fee of \$1,400 for medical students in years one and two, \$1,000 for students in year three, and \$750 for students in year four.

Currently, the University charges an application fee of \$60 for all graduate programs. As proposed for 2014-15, each graduate school will charge a unique application rate that better aligns with the actual cost of administering the application process and with the prevailing market rates charged by peer institutions.

The proposal includes various recommended increases for other tuition and fees. These recommendations are based upon market conditions and program needs for each individual program, as well as progress towards aligning Summer Session, January Term, and SCPS charges with regular session tuition charges.

The proposal includes an increase of \$72 in total mandatory comprehensive fees for regular session students, an increase of 3.0% for Virginians and 2.3% for non-Virginians.

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

**APPROVAL OF TUITION, REQUIRED FEES, AND OTHER CHARGES FOR THE ACADEMIC DIVISION FOR FISCAL YEAR 2014-2015**

**RESOLVED, the tuition and required fees and other charges applicable to the Academic Division are approved as shown below, effective July 1, 2014:**

Unless otherwise noted, all per credit hour tuition rates for full-time programs are derived by dividing the applicable annual tuition rate by the average course load. Such per credit hour rates are assessed only to students who are enrolled in an approved part-time program or have been approved for a reduced load.

|  | Virginian           |                       |                        |                     | Non-Virginian       |                       |                        |                     |
|--|---------------------|-----------------------|------------------------|---------------------|---------------------|-----------------------|------------------------|---------------------|
|  | 2013-14<br>Approved | Amount of<br>Increase | Percent of<br>Increase | 2014-15<br>Proposed | 2013-14<br>Approved | Amount of<br>Increase | Percent of<br>Increase | 2014-15<br>Proposed |
| <b>REGULAR SESSION</b>   |                     |                       |                        |                     |                     |                       |                        |                     |
| <b>Graduate School - Tuition and All Required Fees, including University Activity Fee and excluding School Activity Fee (which varies by school):</b>      |                     |                       |                        |                     |                     |                       |                        |                     |
| Graduate School of Arts & Sciences (PhD students in years 1-3, including PhD in Architecture and PhD in Nursing)   | \$ 16,260           | \$ 418                | 2.6%                   | \$ 16,678           | \$ 26,266           | \$ 652                | 2.5%                   | \$ 26,918           |
| Graduate School of Arts & Sciences (PhD students in years 4-completion, including PhD in Architecture and PhD in Nursing)                                  | \$ 6,748            | \$ 180                | 2.7%                   | \$ 6,928            | \$ 7,430            | \$ 180                | 2.4%                   | \$ 7,610            |
| Graduate School of Arts & Sciences (Master's degrees and graduate certificate programs, including MPH/MS programs in the Dept of Public Health Sciences)   | \$ 16,722           | \$ 430                | 2.6%                   | \$ 17,152           | \$ 26,740           | \$ 662                | 2.5%                   | \$ 27,402           |
| M.S. in Statistics (Data Science)  | n/a                 | \$ 24,514             | n/a                    | \$ 24,514           | n/a                 | \$ 39,196             | n/a                    | \$ 39,196           |
| Biomedical Sciences Graduate Program (Years 1-2 for students with a master's degree and MSTP students, years 1-3 for all other students)                   | \$ 16,260           | \$ 418                | 2.6%                   | \$ 16,678           | \$ 26,266           | \$ 652                | 2.5%                   | \$ 26,918           |
| Biomedical Sciences Graduate Program (Years 3-completion for students with a master's degree and MSTP students, years 4-completion for all other students) | \$ 4,002            | \$ 100                | 2.5%                   | \$ 4,102            | \$ 4,002            | \$ 100                | 2.5%                   | \$ 4,102            |
| Batten School's Master of Public Policy Post Graduate Program and Accelerated Bachelor/Master of Public Policy Program (second year only)                  | \$ 17,669           | \$ 835                | 4.7%                   | \$ 18,504           | \$ 31,258           | \$ 1,900              | 6.1%                   | \$ 33,158           |
| School of Nursing Clinical Nurse Leader Program  | \$ 18,382           | \$ 3,272              | 17.8%                  | \$ 21,654           | \$ 30,254           | \$ 5,502              | 18.2%                  | \$ 35,756           |
| Clinical Nurse Leader Program Credit Hour  | \$ 570              | \$ 110                | 19.3%                  | \$ 680              | \$ 970              | \$ 190                | 19.6%                  | \$ 1,160            |
| School of Engineering and Applied Science Full-time Students (> or = 9 class credits + 3 research hrs/semester)  | \$ 16,800           | \$ 498                | 3.0%                   | \$ 17,298           | \$ 26,806           | \$ 498                | 1.9%                   | \$ 27,304           |
| School of Engineering and Applied Science Full-time Research-Only Students (> or = 12 research hrs/semester)   | \$ 6,162            | \$ 120                | 1.9%                   | \$ 6,282            | \$ 6,162            | \$ 120                | 1.9%                   | \$ 6,282            |
| School of Engineering and Applied Science Class Credit Hour (if not full-time or research-only)  | \$ 746              | \$ 23                 | 3.1%                   | \$ 769              | \$ 1,264            | \$ 23                 | 1.8%                   | \$ 1,287            |
| School of Engineering and Applied Science Research Credit Hour (if not full-time or research-only)   | \$ 155              | \$ 2                  | 1.3%                   | \$ 157              | \$ 155              | \$ 2                  | 1.3%                   | \$ 157              |
| All Other Full-time Students (> or = 9 class credits + 3 research hrs/semester)  | \$ 16,260           | \$ 498                | 3.1%                   | \$ 16,758           | \$ 26,266           | \$ 498                | 1.9%                   | \$ 26,764           |
| All Other Full-time Research Only Students (> or = 12 research hrs/semester)   | \$ 4,002            | \$ 120                | 3.0%                   | \$ 4,122            | \$ 4,002            | \$ 120                | 3.0%                   | \$ 4,122            |
| All Other Students Class Credit Hour (if not full-time or research-only)   | \$ 746              | \$ 23                 | 3.1%                   | \$ 769              | \$ 1,264            | \$ 23                 | 1.8%                   | \$ 1,287            |
| All Other Students Research Credit Hour (if not full-time or research-only)  | \$ 65               | \$ 2                  | 3.1%                   | \$ 67               | \$ 65               | \$ 2                  | 3.1%                   | \$ 67               |



|  | Virginian           |                       |                        |                     | Non-Virginian       |                       |                        |                     |
|--|---------------------|-----------------------|------------------------|---------------------|---------------------|-----------------------|------------------------|---------------------|
|  | 2013-14<br>Approved | Amount of<br>Increase | Percent of<br>Increase | 2014-15<br>Proposed | 2013-14<br>Approved | Amount of<br>Increase | Percent of<br>Increase | 2014-15<br>Proposed |
| <b>School of Commerce</b> - Tuition and All Required Fees, including University and School Activity Fees:                                |                     |                       |                        |                     |                     |                       |                        |                     |
| M.S. in Accounting, including \$1,010 Program Fee  | \$ 29,100           | \$ 340                | 1.2%                   | \$ 29,440           | \$ 35,220           | \$ 410                | 1.2%                   | \$ 35,630           |
| M.S. in Accounting Optional Accounting Immersion Program (per course)  | \$ 2,125            | \$ 65                 | 3.1%                   | \$ 2,190            | \$ 2,125            | \$ 65                 | 3.1%                   | \$ 2,190            |
| M.S. in Commerce, including \$8,225 International Study Fee  | \$ 39,990           | \$ 1,005              | 2.5%                   | \$ 40,995           | \$ 45,210           | \$ 1,185              | 2.6%                   | \$ 46,395           |
| M.S. in MIT, including Program Fee   | \$ 41,765           | \$ 1,285              | 3.1%                   | \$ 43,050           | \$ 41,765           | \$ 1,285              | 3.1%                   | \$ 43,050           |
| M.S. in MIT, Optional Independent Study (per credit hour)  | \$ 1,402            | \$ (311)              | -22.2%                 | \$ 1,091            | \$ 1,402            | \$ (311)              | -22.2%                 | \$ 1,091            |
| <b>School of Medicine</b> - Tuition and All Required Fees, including University and School Activity Fees:                                |                     |                       |                        |                     |                     |                       |                        |                     |
| Full-time Students   | \$ 44,826           | \$ 708                | 1.6%                   | \$ 45,534           | \$ 55,288           | \$ 854                | 1.5%                   | \$ 56,142           |
| MD/MBA Program - Spring 2015 Semester  | \$ 22,684           | \$ 653                | 2.9%                   | \$ 23,337           | \$ 26,208           | \$ 690                | 2.6%                   | \$ 26,898           |
| <b>Darden Graduate School of Business Administration</b> - Tuition and All Required Fees, including University and School Activity Fees: |                     |                       |                        |                     |                     |                       |                        |                     |
| Full-time MBA Students (existing students)   | \$ 50,900           | \$ 2,050              | 4.0%                   | \$ 52,950           | \$ 55,900           | \$ 2,050              | 3.7%                   | \$ 57,950           |
| Full-time MBA Students (entering class)  | \$ 50,900           | \$ 4,050              | 8.0%                   | \$ 54,950           | \$ 55,900           | \$ 2,050              | 3.7%                   | \$ 57,950           |
| MBA for Executives (entering class), including Program Fee   | \$ 64,950           | \$ 2,525              | 3.9%                   | \$ 67,475           | \$ 64,950           | \$ 2,525              | 3.9%                   | \$ 67,475           |
| Global MBA for Executives (entering class), including Program Fee  | \$ 69,950           | \$ 2,525              | 3.6%                   | \$ 72,475           | \$ 69,950           | \$ 2,525              | 3.6%                   | \$ 72,475           |
| PhD Students (years 1-2)   | \$ 16,260           | \$ 418                | 2.6%                   | \$ 16,678           | \$ 26,266           | \$ 652                | 2.5%                   | \$ 26,918           |
| PhD Students (years 3-completion)  | \$ 6,748            | \$ 180                | 2.7%                   | \$ 6,928            | \$ 7,430            | \$ 180                | 2.4%                   | \$ 7,610            |
| <b>School of Law</b> - Tuition and All Required Fees, including University and School Activity Fees:                                     |                     |                       |                        |                     |                     |                       |                        |                     |
| Full-time JD (1L) and LLM Students   | \$ 47,900           | \$ 3,900              | 8.1%                   | \$ 51,800           | \$ 52,900           | \$ 1,900              | 3.6%                   | \$ 54,800           |
| Full-time JD (2L and 3L) Students  | \$ 47,900           | \$ 1,900              | 4.0%                   | \$ 49,800           | \$ 52,900           | \$ 1,900              | 3.6%                   | \$ 54,800           |
| Full-time Research-Only Students   | \$ 6,100            | \$ 1,300              | 21.3%                  | \$ 7,400            | \$ 6,900            | \$ 500                | 7.2%                   | \$ 7,400            |

|   | Virginian           |                       |                        |                     | Non-Virginian       |                       |                        |                     |
|---|---------------------|-----------------------|------------------------|---------------------|---------------------|-----------------------|------------------------|---------------------|
|   | 2013-14<br>Approved | Amount of<br>Increase | Percent of<br>Increase | 2014-15<br>Proposed | 2013-14<br>Approved | Amount of<br>Increase | Percent of<br>Increase | 2014-15<br>Proposed |
| <b><u>SPECIAL SESSION AND OTHER</u></b>   |                     |                       |                        |                     |                     |                       |                        |                     |
| School of Engineering and Applied Science Accelerated Master's Program in Systems Engineering (Tuition and All Required Fees)   | \$ 38,250           | \$ -                  | 0.0%                   | \$ 38,250           | \$ 38,250           | \$ -                  | 0.0%                   | \$ 38,250           |
| <b>School of Continuing and Professional Studies (SCPS) - Tuition and All Required Fees:</b>  |                     |                       |                        |                     |                     |                       |                        |                     |
| Post-Baccalaureate Pre-Medical Certificate Program  | \$ 25,815           | \$ 1,000              | 3.9%                   | \$ 26,815           | \$ 30,966           | \$ 1,000              | 3.2%                   | \$ 31,966           |
| National Criminal Justice Command College Program (graduate level)  | \$ 5,970            | \$ 480                | 8.0%                   | \$ 6,450            | \$ 12,090           | \$ 630                | 5.2%                   | \$ 12,720           |
| <b>SCPS - Tuition per credit hour</b>   |                     |                       |                        |                     |                     |                       |                        |                     |
| Bachelor of Interdisciplinary Studies   | \$ 357              | \$ 18                 | 5.0%                   | \$ 375              | \$ 1,140            | \$ 18                 | 1.6%                   | \$ 1,158            |
| Bachelor of Professional Studies - Health Sciences Management   | n/a                 | \$ 475                | n/a                    | \$ 475              | n/a                 | \$ 1,258              | n/a                    | \$ 1,258            |
| Commonwealth Graduate Engineering Program   | \$ 492              | \$ 39                 | 7.9%                   | \$ 531              | \$ 809              | \$ 65                 | 8.0%                   | \$ 874              |
| Graduate  | \$ 380              | \$ 30                 | 7.9%                   | \$ 410              | \$ 788              | \$ 40                 | 5.1%                   | \$ 828              |
| Community Scholars Graduate   | \$ 380              | \$ 12                 | 3.2%                   | \$ 392              | \$ 1,176            | \$ 59                 | 5.0%                   | \$ 1,235            |
| K-12 Educators (Undergraduate and Graduate, per credit hour)  | \$ 300              | \$ 9                  | 3.1%                   | \$ 309              | \$ 672              | \$ 12                 | 1.8%                   | \$ 684              |
| Music Lessons (13 1-hr Lessons/Semester)  | \$ 730              | \$ 18                 | 2.5%                   | \$ 748              | \$ 730              | \$ 18                 | 2.5%                   | \$ 748              |
| Fully Online Graduate Degree and Certificate Programs (per credit hour)   | \$ 500              | \$ -                  | 0.0%                   | \$ 500              | \$ 500              | \$ -                  | 0.0%                   | \$ 500              |
| Credits Taken In Excess of 125% of Program Requirements (per credit hour)   | \$ 346              | \$ -                  | 0.0%                   | \$ 346              | \$ -                | \$ -                  | 0.0%                   | \$ -                |
| <b><u>2015 Summer Session, 2015 January Term, and Mt. Lake Biological Station</u></b>   |                     |                       |                        |                     |                     |                       |                        |                     |
| Graduate Class Credit Hour  | \$ 380              | \$ 12                 | 3.2%                   | \$ 392              | \$ 770              | \$ 24                 | 3.1%                   | \$ 794              |
| Graduate Research Credit Hour   | n/a                 | \$ 67                 | n/a                    | \$ 67               | n/a                 | \$ 67                 | n/a                    | \$ 67               |
| Research Only (full-time load of research hours, per summer)  | \$ 780              | \$ 24                 | 3.1%                   | \$ 804              | \$ 721              | \$ 24                 | 3.3%                   | \$ 745              |
| Clinical Nurse Leader program (per credit hour)   | \$ 570              | \$ 110                | 19.3%                  | \$ 680              | \$ 970              | \$ 190                | 19.6%                  | \$ 1,160            |
| School of Medicine (per summer)   | \$ 17,830           | \$ 267                | 1.5%                   | \$ 18,097           | \$ 22,323           | \$ 335                | 1.5%                   | \$ 22,658           |
| Continuous Enrollment Fee (per summer)  | \$ 206              | \$ -                  | 0.0%                   | \$ 206              | \$ 206              | \$ -                  | 0.0%                   | \$ 206              |
| Summer Language Institute Fee   | \$ 45               | \$ 15                 | 33.3%                  | \$ 60               | \$ 45               | \$ 15                 | 33.3%                  | \$ 60               |
| <b>OTHER: Other contracted course and cooperative program tuition and required fee rates, including tuition for specialized graduate and professional credit courses, approved on a basis consistent with University contracting policies and procedures by the Executive Vice President and Chief Operating Officer. Discounts to summer session and January term rates, approved on a basis consistent with University policies and procedures by the Executive Vice President and Chief Operating Officer.</b> |                     |                       |                        |                     |                     |                       |                        |                     |

|   | <b>All Students</b> |                       |                        |                     |
|---|---------------------|-----------------------|------------------------|---------------------|
|   | 2013-14<br>Approved | Amount of<br>Increase | Percent of<br>Increase | 2014-15<br>Proposed |
| <b>OTHER CHARGES</b>  |                     |                       |                        |                     |
| <b>Application Fees:</b>                                    |                     |                       |                        |                     |
| Undergraduate (excluding SCPS BIS and certificate programs) | \$ 70               | \$ -                  | 0.0%                   | \$ 70               |
| Graduate Architecture                                       | \$ 60               | \$ 15                 | 25.0%                  | \$ 75               |
| Graduate Arts & Sciences                                    | \$ 60               | \$ 25                 | 41.7%                  | \$ 85               |
| Graduate Batten   | \$ 60               | \$ -                  | 0.0%                   | \$ 60               |
| Graduate Curry  | \$ 60               | \$ 15                 | 25.0%                  | \$ 75               |
| Graduate Engineering  | \$ 60               | \$ -                  | 0.0%                   | \$ 60               |
| Graduate Nursing  | \$ 60               | \$ 15                 | 25.0%                  | \$ 75               |
| SCPS (undergraduate and graduate programs)                  | \$ 70               | \$ -                  | 0.0%                   | \$ 70               |
| International Study   | \$ 90               | \$ -                  | 0.0%                   | \$ 90               |
| Law   | \$ 80               | \$ -                  | 0.0%                   | \$ 80               |
| Darden  | \$ 215              | \$ 35                 | 16.3%                  | \$ 250              |
| Darden (PhD program only)                                   | \$ 100              | \$ -                  | 0.0%                   | \$ 100              |
| Medicine  | \$ 80               | \$ -                  | 0.0%                   | \$ 80               |
| Undergraduate Commerce                                      | \$ 75               | \$ -                  | 0.0%                   | \$ 75               |
| Graduate Commerce   | \$ 75               | \$ -                  | 0.0%                   | \$ 75               |
| <b>Activity Fees:</b>                                       |                     |                       |                        |                     |
| All Full-time Students                                      | \$ 50               | \$ -                  | 0.0%                   | \$ 50               |
| Arts & Sciences   | \$ 8                | \$ -                  | 0.0%                   | \$ 8                |
| Graduate Arts & Sciences                                    | \$ 10               | \$ -                  | 0.0%                   | \$ 10               |
| Architecture  | \$ 66               | \$ -                  | 0.0%                   | \$ 66               |
| Batten  | \$ 36               | \$ -                  | 0.0%                   | \$ 36               |
| Commerce  | \$ 86               | \$ -                  | 0.0%                   | \$ 86               |
| Graduate Commerce   | \$ 100              | \$ -                  | 0.0%                   | \$ 100              |
| Darden (MBA)  | \$ 56               | \$ -                  | 0.0%                   | \$ 56               |
| Education   | \$ 20               | \$ -                  | 0.0%                   | \$ 20               |
| Engineering   | \$ 20               | \$ -                  | 0.0%                   | \$ 20               |
| Law   | \$ 40               | \$ -                  | 0.0%                   | \$ 40               |
| Medicine  | \$ 52               | \$ -                  | 0.0%                   | \$ 52               |
| Nursing   | \$ 24               | \$ -                  | 0.0%                   | \$ 24               |
| <b>Residential College Fees:</b>                            |                     |                       |                        |                     |
| Hereford  | \$ 120              | \$ -                  | 0.0%                   | \$ 120              |
| Brown   | \$ 120              | \$ -                  | 0.0%                   | \$ 120              |
| International   | \$ 220              | \$ -                  | 0.0%                   | \$ 220              |
| Mosaic  | \$ 220              | \$ -                  | 0.0%                   | \$ 220              |
| French  | \$ 100              | \$ -                  | 0.0%                   | \$ 100              |
| Spanish   | \$ 100              | \$ -                  | 0.0%                   | \$ 100              |
| Monroe Lane   | \$ 100              | \$ -                  | 0.0%                   | \$ 100              |

|  | <b>All Students</b> |                       |                        |                     |
|--|---------------------|-----------------------|------------------------|---------------------|
|  | 2013-14<br>Approved | Amount of<br>Increase | Percent of<br>Increase | 2014-15<br>Proposed |
| <b>OTHER CHARGES</b>   |                     |                       |                        |                     |
| Engineering Course Fee (per credit hour) - third- and fourth-year students | \$ 32               | \$ -                  | 0.0%                   | \$ 32               |
| Nursing Laboratory Fee (per credit hour) - excluding CNL students          | \$ 60               | \$ -                  | 0.0%                   | \$ 60               |
| Clinical Services Fee - Nursing (BSN students, excludes RN to BSN)         | \$ 190              | \$ -                  | 0.0%                   | \$ 190              |
| Clinical Services Fee - Nursing (Clinical Nurse Leader program students)   | \$ 220              | \$ -                  | 0.0%                   | \$ 220              |
| Clinical Services Fee - Medicine   | \$ 160              | \$ 24                 | 15.0%                  | \$ 184              |
| Clinical Performance Education Center Fee - Medicine (Year 1 students)     | \$ 1,400            | \$ -                  | 0.0%                   | \$ 1,400            |
| Clinical Performance Education Center Fee - Medicine (Year 2 students)     | \$ 1,000            | \$ 400                | 40.0%                  | \$ 1,400            |
| Clinical Performance Education Center Fee - Medicine (Year 3 students)     | \$ 750              | \$ 250                | 33.3%                  | \$ 1,000            |
| Clinical Performance Education Center Fee - Medicine (Year 4 students)     | \$ 500              | \$ 250                | 50.0%                  | \$ 750              |
| Orientation Fee (effective for first-year students entering Summer 2014)   | \$ 210              | \$ -                  | 0.0%                   | \$ 210              |
| Orientation Fee (effective for transfer students entering Summer 2014)     | \$ 130              | \$ -                  | 0.0%                   | \$ 130              |
| SCPS Continuing Education Unit Fee   | \$ 50               | \$ -                  | 0.0%                   | \$ 50               |
| Continuous Enrollment Fee (per term)                                       | \$ 206              | \$ -                  | 0.0%                   | \$ 206              |
| International Student Fee (annual)   | \$ 100              | \$ -                  | 0.0%                   | \$ 100              |
| Study Abroad Administrative Fee (for students attending non-UVA programs)  | \$ 400              | \$ -                  | 0.0%                   | \$ 400              |

**APPROVAL OF ALLOCATION OF REQUIRED FEE FOR 2014-15 REGULAR SESSION OF THE ACADEMIC DIVISION**

**RESOLVED**, the annual required fee for all on-Grounds, degree-seeking students (with the exception of those assessed the special session fee) and Post-Baccalaureate Pre-Medical Certificate students is established, effective July 1, 2014, in the amount of \$2,464 for in-state students and \$3,146 for out-of-state students; and

**RESOLVED FURTHER**, the full-time mandatory regular session fee is allocated for 2014-15 as follows:

|  | Virginian           |                       |                        |                     | Non-Virginian       |                       |                        |                     |
|--|---------------------|-----------------------|------------------------|---------------------|---------------------|-----------------------|------------------------|---------------------|
|  | 2013-14<br>Approved | Amount of<br>Increase | Percent of<br>Increase | 2014-15<br>Proposed | 2013-14<br>Approved | Amount of<br>Increase | Percent of<br>Increase | 2014-15<br>Proposed |
| OOS Debt Service - Capital Outlay and ETF  | \$ -                | \$ -                  | 0.0%                   | \$ -                | \$ 682              | \$ -                  | 0.0%                   | \$ 682              |
| Technology Fee                             | \$ 190              | \$ -                  | 0.0%                   | \$ 190              | \$ 190              | \$ -                  | 0.0%                   | \$ 190              |
| E&G Facilities Construction and Renovation | \$ 190              | \$ -                  | 0.0%                   | \$ 190              | \$ 190              | \$ -                  | 0.0%                   | \$ 190              |
| Classroom Renewal Fee                      | \$ 32               | \$ -                  | 0.0%                   | \$ 32               | \$ 32               | \$ -                  | 0.0%                   | \$ 32               |
| Arts Fee                                   | \$ 12               | \$ 4                  | 33.3%                  | \$ 16               | \$ 12               | \$ 4                  | 33.3%                  | \$ 16               |
| Academic Credentialing Fee                 | \$ 20               | \$ -                  | 0.0%                   | \$ 20               | \$ 20               | \$ -                  | 0.0%                   | \$ 20               |
| Subtotal Required E&G Fees                 | \$ 444              | \$ 4                  | 0.9%                   | \$ 448              | \$ 1,126            | \$ 4                  | 0.4%                   | \$ 1,130            |
| Athletics                                  | \$ 657              | \$ -                  | 0.0%                   | \$ 657              | \$ 657              | \$ -                  | 0.0%                   | \$ 657              |
| Student Health                             | \$ 401              | \$ 16                 | 4.0%                   | \$ 417              | \$ 401              | \$ 16                 | 4.0%                   | \$ 417              |
| Recreational Facilities                    | \$ 321              | \$ 63                 | 19.6%                  | \$ 384              | \$ 321              | \$ 63                 | 19.6%                  | \$ 384              |
| Newcomb Hall                               | \$ 208              | \$ -                  | 0.0%                   | \$ 208              | \$ 208              | \$ -                  | 0.0%                   | \$ 208              |
| University Transit                         | \$ 173              | \$ 5                  | 2.9%                   | \$ 178              | \$ 173              | \$ 5                  | 2.9%                   | \$ 178              |
| Auxiliary Debt Service                     | \$ 98               | \$ (17)               | -17.3%                 | \$ 81               | \$ 98               | \$ (17)               | -17.3%                 | \$ 81               |
| Student Programming                        | \$ 27               | \$ -                  | 0.0%                   | \$ 27               | \$ 27               | \$ -                  | 0.0%                   | \$ 27               |
| Microsoft Licensing Fee                    | \$ 20               | \$ -                  | 0.0%                   | \$ 20               | \$ 20               | \$ -                  | 0.0%                   | \$ 20               |
| Data Center Fee                            | \$ 24               | \$ -                  | 0.0%                   | \$ 24               | \$ 24               | \$ -                  | 0.0%                   | \$ 24               |
| Safe Ride                                  | \$ 12               | \$ -                  | 0.0%                   | \$ 12               | \$ 12               | \$ -                  | 0.0%                   | \$ 12               |
| WTJU                                       | \$ 7                | \$ 1                  | 14.3%                  | \$ 8                | \$ 7                | \$ 1                  | 14.3%                  | \$ 8                |
| Subtotal Required Auxiliary Fees           | \$ 1,948            | \$ 68                 | 3.5%                   | \$ 2,016            | \$ 1,948            | \$ 68                 | 3.5%                   | \$ 2,016            |
| <b>REGULAR SESSION TOTAL</b>               | \$ 2,392            | \$ 72                 | 3.0%                   | \$ 2,464            | \$ 3,074            | \$ 72                 | 2.3%                   | \$ 3,146            |

**APPROVAL OF ALLOCATION OF REQUIRED FEE FOR THE 2014-2015 SPECIAL SESSIONS OF THE ACADEMIC DIVISION**

WHEREAS, certain programs are not full-time residential programs but are located on the Charlottesville grounds; a different fee schedule is appropriate;

RESOLVED, the special session fee for the Academic Division is established, effective with the fall 2014 session, in the amount of \$228 for in-state students and \$287 for out-of-state students and assessed to: 1) students enrolled in the summer session; 2) students enrolled in on-Grounds executive programs; 3) students enrolled in on-Grounds Bachelor of Interdisciplinary Studies and SEAS Produced in Virginia programs; 4) on-Grounds, degree-seeking, graduate students enrolled in a total of three or fewer credit hours; and 5) students enrolled in the McIntire MS Information Technology - Northern Virginia location; and

RESOLVED, the students enrolled in the summer session also will be assessed a fee for services provided by Student Health, effective summer 2015, in the amount of \$138; and

RESOLVED FURTHER, the mandatory special session fee is allocated for 2014-15 as follows:

|  | Virginian           |                       |                        |                     | Non-Virginian       |                       |                        |                     |
|--|---------------------|-----------------------|------------------------|---------------------|---------------------|-----------------------|------------------------|---------------------|
|  | 2013-14<br>Approved | Amount of<br>Increase | Percent of<br>Increase | 2014-15<br>Proposed | 2013-14<br>Approved | Amount of<br>Increase | Percent of<br>Increase | 2014-15<br>Proposed |
| OOS Debt Service - Capital Outlay and ETF                | \$ -                | \$ -                  | 0.0%                   | \$ -                | \$ 59               | \$ -                  | 0.0%                   | \$ 59               |
| Technology Fee   | \$ 11               | \$ -                  | 0.0%                   | \$ 11               | \$ 11               | \$ -                  | 0.0%                   | \$ 11               |
| E&G Facilities Construction and Renovation               | \$ 29               | \$ -                  | 0.0%                   | \$ 29               | \$ 29               | \$ -                  | 0.0%                   | \$ 29               |
| Classroom Renewal Fee                                    | \$ 9                | \$ -                  | 0.0%                   | \$ 9                | \$ 9                | \$ -                  | 0.0%                   | \$ 9                |
| Arts Fee   | \$ 6                | \$ 2                  | 33.3%                  | \$ 8                | \$ 6                | \$ 2                  | 33.3%                  | \$ 8                |
| Academic Credentialing Fee                               | \$ 5                | \$ -                  | 0.0%                   | \$ 5                | \$ 5                | \$ -                  | 0.0%                   | \$ 5                |
| Recreational Facilities                                  | \$ 63               | \$ 2                  | 3.2%                   | \$ 65               | \$ 63               | \$ 2                  | 3.2%                   | \$ 65               |
| Newcomb Hall   | \$ 36               | \$ -                  | 0.0%                   | \$ 36               | \$ 36               | \$ -                  | 0.0%                   | \$ 36               |
| University Transit                                       | \$ 49               | \$ 3                  | 6.1%                   | \$ 52               | \$ 49               | \$ 3                  | 6.1%                   | \$ 52               |
| Microsoft Licensing Fee                                  | \$ 7                | \$ -                  | 0.0%                   | \$ 7                | \$ 7                | \$ -                  | 0.0%                   | \$ 7                |
| Safe Ride  | \$ 5                | \$ -                  | 0.0%                   | \$ 5                | \$ 5                | \$ -                  | 0.0%                   | \$ 5                |
| WTJU   | \$ 1                | \$ -                  | 0.0%                   | \$ 1                | \$ 1                | \$ -                  | 0.0%                   | \$ 1                |
| <b>SPECIAL SESSION TOTAL - Other Than Summer Session</b> | <b>\$ 221</b>       | <b>\$ 7</b>           | <b>3.2%</b>            | <b>\$ 228</b>       | <b>\$ 280</b>       | <b>\$ 7</b>           | <b>2.5%</b>            | <b>\$ 287</b>       |
| Student Health   | \$ 133              | \$ 5                  | 3.8%                   | \$ 138              | \$ 133              | \$ 5                  | 3.8%                   | \$ 138              |
| <b>SPECIAL SESSION TOTAL - Summer Session</b>            | <b>\$ 354</b>       | <b>\$ 12</b>          | <b>3.4%</b>            | <b>\$ 366</b>       | <b>\$ 413</b>       | <b>\$ 12</b>          | <b>2.9%</b>            | <b>\$ 425</b>       |

**APPROVAL OF ALLOCATION OF REQUIRED FEE FOR 2014-2015 FULL-TIME, RESEARCH-ONLY, OFF-GROUNDS GRADUATE STUDENTS**

WHEREAS, full-time, research-only, graduate students are conducting research not located on the University grounds; a different fee schedule is appropriate;

RESOLVED, the full-time, research only, off-Grounds graduate fee for the Academic Division is established, effective with the fall 2014 session, in the amount of \$647 for in-state students and \$647 for out-of-state students; and

RESOLVED FURTHER, the mandatory full-time, research only, off-Grounds graduate fee is allocated for 2014-15 as follows:

|                               | Virginian           |                       |                        |                     | Non-Virginian       |                          |                        |                     |
|-------------------------------|---------------------|-----------------------|------------------------|---------------------|---------------------|--------------------------|------------------------|---------------------|
|                               | 2013-14<br>Approved | Amount of<br>Increase | Percent of<br>Increase | 2014-15<br>Proposed | 2013-14<br>Approved | Amount<br>of<br>Increase | Percent of<br>Increase | 2014-15<br>Proposed |
| Technology Fee                | \$ 190              | \$ -                  | 0.0%                   | \$ 190              | \$ 190              | \$ -                     | 0.0%                   | \$ 190              |
| Academic Credentialing Fee    | \$ 20               | \$ -                  | 0.0%                   | \$ 20               | \$ 20               | \$ -                     | 0.0%                   | \$ 20               |
| Student Health                | \$ 401              | \$ 16                 | 4.0%                   | \$ 417              | \$ 401              | \$ 16                    | 4.0%                   | \$ 417              |
| Microsoft Licensing Fee       | \$ 20               | \$ -                  | 0.0%                   | \$ 20               | \$ 20               | \$ -                     | 0.0%                   | \$ 20               |
| <b>TOTAL FOR ALL STUDENTS</b> | <b>\$ 631</b>       | <b>\$ 16</b>          | <b>2.5%</b>            | <b>\$ 647</b>       | <b>\$ 631</b>       | <b>\$ 16</b>             | <b>2.5%</b>            | <b>\$ 647</b>       |

**APPROVAL OF REQUIRED OFF-GROUNDS FEE FOR THE 2014-2015 ACADEMIC DIVISION**

WHEREAS, certain programs offered by the University are not located on the Charlottesville grounds; a different fee schedule is appropriate;

RESOLVED, the per credit hour fee is established, effective July 1, 2014, in the amount of \$20 for students enrolled in programs located outside of the Charlottesville grounds (excluding full-time, research only, off-Grounds graduate students and including all online courses, all off-Grounds programs, SEAS Produced in Virginia, and SEAS National Institute of Aerospace).

UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 20, 2014

COMMITTEE: Finance

AGENDA ITEM: I.H. Budget Amendments Transmitted to the General Assembly

BACKGROUND: The action taken by the Board of Visitors in September 2013 to approve the budget amendment requests to the Governor permitted the resubmission of requests not addressed by the Budget Bill to the General Assembly for its consideration. On January 10th, the University of Virginia submitted nine amendments to the General Assembly for consideration; four were resubmittals from those originally proposed to the Governor through operating budget amendments in September (new undergraduate enrollment growth, start-up packages for new and replacement STEM faculty, economic development accelerator, and cancer and medical translational research), and five were new amendments (four for the Academic Division and one for the Medical Center).

The College at Wise resubmitted two amendments (STEM Early College Academy and Appalachian Prosperity Project) and one new amendment.

DISCUSSION: The new amendments are as follows:

AGENCY 207 - Academic Division:

Focused Ultrasound - (Language only) - The Governor's proposed budget provides funding for the Focused Ultrasound Surgery Foundation to support core programs and research activities. In light of a recent opinion from the Commonwealth's Attorney General that no state appropriation can be used to contribute to a private non-profit organization, the University is requesting a language amendment to change Focused Ultrasound Surgery Foundation to Focused Ultrasound Surgery Center.

Thornton Hall "Clean Room" Renovation - (\$2.4 million GF in year one) - The University is requesting general funds to renovate the UVA Microfabrication Laboratories or "Clean Room" located in Thornton Hall's C Wing. The Clean Room provides the dust-free, temperature-controlled, and humidity-controlled



environment necessary for fabrication of microelectronic materials, circuits, and devices. It supports research and teaching activity in the College, SEAS, and Medicine. The Room was constructed in the 1980s and has not been comprehensively updated or renewed since. Key systems which support safety are missing or fall below modern safety standards (e.g., no functioning fire suppression system, no back-up power supply for hoods and exhaust, exhaust fans located inside the building, incorrect control system function). The renovations are intended to keep the present facility in safe operation for approximately ten years, with the intention of creating a new facility in a future science building if justified by program activity. Accordingly, the project will be limited to addressing urgent safety deficiencies.

Detailed Planning for Gilmer Hall and the Chemistry Building - (\$6.0 million NGF in year one) - The University requests authorization to continue detailed planning for renovation of Gilmer Hall and the Chemistry Building in order to be ready for construction funding in 2015. The request asks for non-general fund authority, with the understanding that those non-general funds will be reimbursed upon the state's approval of construction funding.

Virginia Foundation for the Humanities - (\$150,000 GF in year one and year two) - For 40 years, Virginia Foundation for the Humanities (VFH) has developed and supported humanities programming and education in communities large and small across Virginia. Community grants have been at the heart of the work since 1974 and empower non-profit, civic, historical, and educational institutions throughout the Commonwealth to explore and share history, literature, and traditional folklife. In many instances, community grants provide vital seed-funding that leverages funds from other sources, multiplying the investment many times over. VFH grants spark economic development statewide with benefits for education, tourism, and community asset development.

AGENCY 209 - Medical Center:

State Share of Supplemental Payments for Private Hospital Partners - (Language only) - The Center for Medicare Services (CMS) has approved a State Plan Amendment that allows the U.Va. Medical Center to provide non-general funds to CMS through the Department of Medical Assistance Services that will be matched and provided to Culpeper Regional Hospital. The funds will be used to enhance payment for the treatment of Medicaid patients.

The Medical Center is comfortable providing the matching funds and would like to remove financial barriers to transferring low-acuity Medicaid patients who live in the Culpeper County area to the Culpeper Regional Hospital, which in many cases is the most appropriate provider setting. The Medical Center needs the open beds to treat high-acuity Virginians in need of the broad range of services available at its facility. The proposed amendment will facilitate the treatment of Virginians in an appropriate setting with no general funds required. Further, this transaction will reduce the Commonwealth's Medicaid cost, as it is less costly to treat patients in a lower-cost community hospital.

AGENCY 246 - University of Virginia's College at Wise:

Wyllie Renovation and Conversion - (\$250,000 GF in year one) - This amendment provides planning funds for the renovation and conversion of the existing Wyllie Library Building which is being replaced with a new library to meet the needs of the College's continued growth. This project is included in the Commonwealth six-year plan, Chapter 309. Completion of the new library is scheduled in 2016. It is vital to the College's continued growth and development in the STEM-H fields to have this building's pre-planning and planning completed so that construction can take place following the opening of the new library. A key component in the renovated facility will be new nursing laboratories so that the program can continue to grow. From 2009-10 until 2012-13 the program had a 100 percent increase in graduates. The success of the program along with growth has been the 100 percent pass rate on the nursing boards. The renovation and conversion will also provide academic space for other key programs on campus enabling the College to continue its overall growth and aid the Commonwealth in obtaining an additional 100,000 graduates.

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

STATE OPERATING BUDGET AMENDMENTS FOR THE 2014-2016 BIENNIUM FOR THE ACADEMIC DIVISION, THE MEDICAL CENTER, AND THE UNIVERSITY OF VIRGINIA'S COLLEGE WISE

WHEREAS, the six new budget amendment recommendations - Focused Ultrasound, Thornton Hall "Clean Room" Renovation, Detailed Planning for Gilmer Hall and the Chemistry Building, Virginia Foundation for the Humanities, State Share of Supplemental Payments for Private Hospital Partners, and Wyllie

Renovation and Conversion - represent priorities of the University;

RESOLVED, the Board of Visitors of the University of Virginia endorses and supports the six budget amendments to the 2014-2016 budget not previously considered; and

RESOLVED FURTHER, the President or her designee is authorized to transmit to the General Assembly the new budget amendments.

UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 20, 2014

COMMITTEE: Finance

AGENDA ITEM: II.A. Legislative Budget Actions for  
2014-2016

ACTION REQUIRED: None

BACKGROUND: On December 16th, Governor McDonnell presented to the General Assembly his proposed 2014-2016 biennial budget. The General Assembly will consider the Governor's proposed amendments during its long session, which began January 8th. The House Appropriations and Senate Finance Committees released their amendments to the introduced budget on February 16th. The House of Delegates and the Senate must take final action on their versions of the Budget Bill by February 20th. The General Assembly is scheduled to adjourn on March 8th.

DISCUSSION: The Executive Vice President and Chief Operating Officer and the Vice President for Management and Budget will review the status of the General Assembly activity with regard to the 2014-2016 biennial budget, particularly the amendments proposed by the House Appropriations and Senate Finance Committees and other relevant actions that may occur after the distribution of these materials.

UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 20, 2014

COMMITTEE: Finance

AGENDA ITEM: II.B. Endowment Report - Market Value and Performance as of December 31, 2013

ACTION REQUIRED: None

BACKGROUND: The University of Virginia Investment Management Company (UVIMCO) provides investment management services to the Rector and Visitors of the University of Virginia and its related Foundations. Assets deposited in UVIMCO are held in the custody and control of UVIMCO on behalf of the University and Foundations within a long-term, co-mingled investment pool.

UVIMCO's primary objective in managing the pool is to maximize long-term real return commensurate with the risk tolerance of the University. To achieve this objective, UVIMCO actively manages the pool in an attempt to achieve returns that consistently exceed the returns on a passively managed benchmark with similar asset allocation and risk. Recognizing that the University must attract outstanding students, faculty, and staff and provide them appropriate resources, UVIMCO attempts to manage pool assets to provide long-term real returns that compare favorably with the returns of endowments of other outstanding schools. UVIMCO does not set spending rates. UVIMCO communicates the Pool's risk and return estimates to the University and Foundations for their consideration in setting spending rates.

DISCUSSION: The December 31, 2013, report follows.

Quarter-End December 2013

SUMMARY

The following commentary summarizes the current market environment and the asset allocation, performance (unaudited) and liquidity position of the Long Term Pool as of and for periods ending December 31, 2013. We also summarize our risk management strategy for the Long Term Pool, which remains focused on market, manager and liquidity risk.

2013 proved to be one for the record books. Our long-term policy portfolio of 60% global public equity, 10% global public real estate, and 30% global investment-grade fixed income earned 13.4%, as developed equity markets around the globe posted incredible returns during yet another year of easy monetary policy. While equities enjoyed an ebullient rise in prices, bond markets suffered. As a result of the strong equity market, the Long Term Pool's market exposure trended up during 2013, but the Pool's overall risk remains consistent with that of the policy portfolio. The Long Term Pool outperformed the policy benchmark by 320 basis points in 2013, generating a return of 16.6%. Private investments were cash flow positive in 2013, as distributions of \$492 million from private equity, real estate, resources, and credit dwarfed capital calls of \$249 million.

While the following commentary provides helpful color on the market environment and Pool performance in 2013, we prefer to focus on long-term and not short-term results. For the twenty-year period ending December 31, 2013, the Long Term Pool returned 11.9% versus the policy portfolio return of 7.4%.

## MARKET ENVIRONMENT

### Reflections on 2013

2013 was quite a year for equities in the developed markets. These markets continued to climb higher with the S&P 500 ending the year up 32.4% and the MSCI All Country World Index up 23.4%. Leading the pack were Japan, with the Nikkei 225 rising 59.3% in 2013, and U.S. small cap stocks, which gained 38.8% during the year (Russell 2000). GDP and corporate earnings growth were both relatively low in 2013 but equities rallied anyway, supported again by easy monetary policies around the globe. European markets posted a second consecutive year of 20%+ returns, as fears surrounding the sovereign debt crisis and viability of the euro continued to recede. Conversely, markets in the emerging world actually declined in 2013, with the MSCI Emerging Markets Index falling 2.3% on a USD basis.

As expected, a good year for stocks produced a less favorable year for most bonds. The 10-year Treasury yield rose 1.3% in 2013, crossing the 3% threshold to end the year at 3.03%. Driven mainly by a rise in rates, the Barclays U.S. Aggregate Bond Index ended down 2.0% for the year, its first decline since 1999. One exception was the high yield junk bond market, which returned 7.4% (the Barclays U.S. High Yield Index), primarily due to high yield credit's strong correlation

with the equity markets. The tightening of high-yield spreads exceeded the impact from the fall in treasuries prices.

Investors spent 2013 closely monitoring the Fed, hoping to get insight into the timing of potential tapering or an increase in short term rates. After a year of guessing when tapering would occur, the decision to finally start tapering came in December, and equity markets responded with a slight uptick. Although the amount of tapering was small (from \$85 billion to \$75 billion monthly), the Fed's action began the necessary end to extended government assistance to the markets. However, outgoing Fed Chairman Ben Bernanke clearly stated that tapering does not equal tightening, and rates should stay low until unemployment falls below 6.5%. The front end of the yield curve remained flat while the long end has begun to steepen. Market participants generally expect Fed policy to remain largely unchanged under incoming Chair Janet Yellen.

As noted above, emerging markets underperformed developed markets in 2013, and the underperformance was evident in both equities and bonds. The JPMorgan Emerging Market Bond Index was down 8.3% for the year, while the MSCI Emerging Markets Index returned 3.8% (in local currency). Both were hit in June, when the Fed announced that tapering was a possibility. Investors moved out of risky assets, fearing a decline in Fed support. Although the Fed reiterated their support for emerging markets, investors in these segments remained jittery.

One of the biggest losses for the year came from gold, where prices dropped 28%, the most in 32 years. Investors pulled \$38 billion from gold funds this year as the equity markets rallied but inflation expectations stayed low. Gold bullion prices peaked in September 2011 at \$1,923, but closed 2013 at \$1,200.

#### Positioning for 2014

Equity investors remain very bullish. A survey produced by Investors Intelligence shows the percentage of bearish investor newsletters currently being produced is 14.4%, a new 27-year low (*Investor Intelligence*, December 17, 2013). A separate survey done at the end of 2013 by the American Association of Individual Investors had the percentage of bullish individuals at 55%, the highest level in three years (*Wall Street Journal*, December 26, 2013). Money is flowing into equity mutual funds, and the skew in the options market shows a lack of bearish bets. Even well-known bears such as New York University economist

Nouriel Roubini (aka Dr. Doom), Hugh Hendry from Eclectica, and Byron Wien of Blackstone have adjusted their sentiments and turned slightly bullish; perhaps they feel they cannot truly overcome the continued monetary expansion efforts of central banks.

Supporting the bulls is a sense of domestic confidence as America enjoys the recovery of the housing market, improving consumer balance sheets, and escalated domestic shale gas and oil production. This energy revolution is leading the recovery in the U.S. manufacturing sector and will be a contributing factor to the growth of investment in America. The bulls have a lot of data to support their collective belief that equity prices will continue to rise in 2014.

So, where does all of this optimism leave us? History shows that overwhelming investor confidence is one of the best leading indicators of a strong market correction. Does the market's positive response to initial Fed tapering signal true strength in underlying economic conditions, or was the tapering too anticipated and slight to matter? Do the public markets still offer good risk/reward opportunities, or has the ebullience of the last few years caused valuations to become unreasonable? The Long Term Pool benefited greatly from the recent market rally, but we remain cautious about the short term and focused on the long term. We expect that the recent run-up in equity prices will lead to lower than normal future equity returns. Therefore, the Long Term Pool must continue to outperform the policy portfolio to support the future spending needs of the University. We maintain our approach of investing with the most talented investment managers. We utilize the same extensive diligence process for new investments, and take money off the table when appropriate. We invest with managers who can navigate markets both good and bad, exploiting unique opportunities to produce positive long-term alpha.

#### ASSET ALLOCATION

UVIMCO's long-term policy portfolio continues to be an allocation of 60% global public equity, 10% global public real estate, and 30% global investment grade fixed income. This portfolio is designed to provide long-term growth from equities, an inflation hedge from real assets, and deflation hedge from fixed income.

The Long Term Pool's actual allocation as of December 31, 2013 is 67.3% to equity managers, 12.4% to real asset managers



and 20.3% to fixed income (including marketable alternatives, credit, and cash). Looking through to our managers' underlying investments, the Long Term Pool has a 57.8% allocation to equities, 13.8% allocation to real assets and 28.4% allocation to fixed income (including credit) and cash as of December 31, 2013. During the past year, the Pool's equity exposure has risen by over 6% as a result of both new allocations to equity managers and rising equity prices. As we noted in September, we have begun to actively reduce the Long Term Pool's equity exposure by trimming certain positions and hedging with portfolio overlays, when needed, to keep our equity risk in line with that of our policy portfolio.

## PERFORMANCE

The Long Term Pool generated a return of 16.6% in 2013, 3.2% more than the policy benchmark return of 13.4%. Our highest absolute returns came from the venture capital, public equity, long/short equity, and marketable alternatives & credit portfolios. Not surprisingly, the worst performers were the near zero returns generated by our bonds and cash.

The following commentary provides color on performance versus benchmarks, recognizing the short-term tracking error inherent in UVIMCO's investments versus the passive policy portfolio. As stated many times in our prior reports, we prefer to evaluate the performance of the Long Term Pool over longer-term time horizons as the managers with whom we invest employ long-term investment strategies. The Pool returned 10.2% over the last ten years, outpacing the policy benchmark by 300 basis points annually. Over the last 20 years, the Pool delivered an annualized return of 11.9%, beating the policy benchmark by 450 basis points.

## EQUITIES

### Public Equity

The public equity portfolio gained 25.0% in the twelve months ending December 31, 2013, versus 23.4% for the MSCI All Country World Index (MSCI ACWI). This healthy level of aggregate performance masked a wide dispersion of returns across geographies and individual managers. Developed market equities rose sharply in 2013, with major indices in the United States, Japan, and Europe all generating U.S. dollar gains well in excess of 20%. Our managers who invest primarily within developed markets had a great year, with seven of the eight

outperforming the global index and several of our largest relationships generating returns in excess of 40%. Conversely, emerging markets were weak in 2013, and the Long Term Pool's public equity investments remain tilted towards emerging markets. Our four emerging markets managers bring a high level of local or regional expertise to what tend to be large, less efficient markets. While none of them were able to match the returns of the MSCI ACWI for the year, as a group they materially outperformed the emerging market benchmark by over 860 bps. It is a testament to the capabilities of all our managers that the public equity portfolio outperformed in 2013 despite this emerging market tilt.

The long-term results for the public equity portfolio have been outstanding. On a five-year basis, the portfolio generated an annualized return of 26.4%, outperforming what was a very strong market environment by more than 10 percentage points per year. On a ten-year basis, our public equity portfolio produced annualized returns of 14.8%, well ahead of the MSCI ACWI's annualized returns of 7.7%. As has been noted in previous commentaries, we do not expect to sustain this long-term outperformance, although we maintain the same portfolio tilts (emerging markets and high quality consumer companies) that helped drive the portfolio's excess returns over time. Most importantly, though, we have benefited from exceptional stock selection by our managers. In the current environment, where markets have enjoyed broad-based multiple expansion and correlations between stocks have begun to decline, our managers' ability to add value through individual security selection is critical. We expect to adjust the public equity portfolio if and when valuations become less appealing, but will continue to focus on partnering with exceptional fundamental managers as the primary driver of long-term returns.

#### Long/Short Equity

The long/short equity portfolio gained 21.7% in the twelve months ending December 31, 2013, comparing favorably to the 17.7% return achieved by the Dow Jones Credit Suisse Long/Short Equity Index, but slightly behind the 23.4% return of the MSCI ACWI. Our hedge fund managers had a strong year on the long side in 2013, as unlevered long returns for the group were generally well ahead of global market indices. However, 2013 proved to be a particularly difficult year for shorting given the continued rise in markets and the breadth of participation in the equity rally. For example, the S&P 500 Index rose 32% in 2013, 92% of stocks in the index posted positive price gains for

the year, and several of the best performing names were those with high levels of short interest at the start of the year. Therefore, we are very pleased with the overall performance of our long/short portfolio in 2013, given the headwinds facing short positions and our long/short portfolio's net market exposure of about 50% in 2013. Our managers remain committed to generating returns on both the long and the short side, and many have noted that the opportunity set of overvalued, structurally challenged shorts has grown following the bull market of 2013.

Over the past decade, the long/short portfolio has generated compound annual returns of 10.0%, outpacing the 7.0% gain in the long/short index and the 7.7% gain in the MSCI ACWI. Our hedge fund managers have achieved solid results over the past decade by utilizing fundamental research to uncover attractive long and short opportunities on a global basis, and by being nimble in their positioning in different market environments. They have historically delivered equity-like returns with lower levels of market risk, as well as downside protection in periods of market distress. Therefore, our long/short managers continue to play an important role in the broader portfolio.

#### Private Equity

The Long Term Pool's private equity portfolio earned 16.9% in 2013 versus the 23.4% gain recorded by the MSCI ACWI. The buyout portfolio earned 10.7% for the year, while our venture capital investments gained 42.3%. We expect our private equity investments to underperform soaring public markets in the short term, and we view our buyout portfolio's 10.7% return as healthy while we continue to focus most on long-term returns. The venture capital return of 42.3% in 2013 reflects a very good year for both the venture capital industry in general and UVIMCO's portfolio. Our 10-year annual private equity return is 11.7% versus 7.7% for the MSCI ACWI. The buyout and venture capital portfolios returned annualized returns of 12.6% and 9.5% respectively over the past decade, both earning a healthy margin over the public benchmark.

A large number of private companies went public in 2013, which is typical when public equity markets are particularly receptive to new stock offerings. The National Venture Capital Association and Thomson Reuters reported that 82 venture-backed companies raised \$11.3 billion in IPOs in 2013. That is the most IPOs backed by venture capital since 2007, and 2013 was the first time in a decade that the market exhibited three

consecutive quarters of 20 or more VC-backed IPOs. The healthy stock market and what appears to be a pickup in the U.S. economy could keep the IPO market strong well into 2014, and a number of high profile companies like Airbnb, Box, Dropbox, Square, and Spotify have signaled the possibility of an IPO in 2014.

As part of the IPO parade in 2013, several high-profile companies went public, with the most notable one being Twitter. Twitter's IPO raised close to \$2 billion in November, representing the largest social media offering since the Facebook IPO in May 2012. UVIMCO has exposure to both Twitter and FireEye, a notable security software provider that had an IPO in September. In addition to the IPO activity, many IPOs have since traded higher than their initial closing price, resulting in significant write-ups across UVIMCO's venture capital portfolio as shares of these companies have not yet been distributed. For example, the Twitter shares have done quite well in the initial after-market, and are up about 40% from the opening day closing price of \$44.90. UVIMCO did receive a substantial number of stock distributions during 2013, which were sold as market conditions permitted.

On the M&A side, 2013 was a relatively weak year. Thomson Reuters reported global deal volume of \$2.4 trillion, down 6% from 2012 and the lowest annual dollar volume since 2009. Similarly, the number of global M&A transactions in 2013 totaled roughly 36,800, a 7% decrease from 2012 and the slowest year since 2005. Deal volume in the U.S. was flat, but one of the more notable transactions of 2013 was the \$1.1 billion acquisition of Tumblr by Yahoo.

2013 was one of the best years since 2003 for cash distributions from private equity funds. During the year, our private equity portfolio had cash distributions of \$212 million versus capital calls of \$94 million, resulting in a net cash flow of \$118 million to the Long Term Pool.

## REAL ASSETS

### Real Estate

Our real estate portfolio returned 12.4% in 2013 versus the 0.8% return achieved by the real estate component of our policy portfolio benchmark, an equally weighted index of publicly-traded U.S. and international real estate securities. The Long Term Pool's 2013 return of 12.4% from real estate comes from a broad base of managers who focus on a variety of regions and

sectors, so the portfolio's recent performance is not tied to the success of any individual market or strategy. Of note, managers with whom we invested in 2007 and 2008 were meaningful contributors to this year's performance.

Although we are pleased with this short-term performance, our real estate portfolio has generated weak absolute and relative returns (versus the public real estate benchmark) over long time periods. Annualized returns over ten and 20 years have been -0.1% and 3.2%, trailing the benchmark by 810 bps and 490 bps, respectively. UVIMCO's real estate strategy has been the source of extensive reevaluation over the past nine months, and we continue to assess the objectives and future direction of this program.

Our real estate portfolio's 2013 outperformance versus the public benchmark contrasts sharply with recent years, which reflected strong appreciation in REITs as investors searched for yield. In 2013, the international real estate securities component of our benchmark was modestly positive, while the U.S. portion saw a slight decline. Broadly speaking, REITs were negatively impacted by the Fed's discussions of plans to taper its stimulus efforts, and REIT prices also declined following 2013 losses in longer-dated Treasury markets. As always, it is worth noting that UVIMCO's portfolio has low international exposure and no exposure to the public REIT market, which can result in a large degree of tracking error versus the benchmark.

Capital calls for real estate were \$61 million in 2013, a material decrease from 2012 resulting from the real estate portfolio's continued maturation. Distributions were \$87 million, resulting in net cash inflows from real estate of \$26 million for the year. These cash flows combined with appreciation resulted in a stable exposure of 8% to real estate as of December 31, 2013. We committed \$107 million to a select handful of real estate managers in 2013, which increased our current unfunded commitments in real estate to \$191 million at year end.

## Resources

Commodity markets continued to struggle in 2013 as sluggish economic growth, low inflation, and supply/demand imbalances negatively impacted most commodity prices. The Goldman Sachs Commodity Index fell 1.2% in 2013, marking its third consecutive flat or down year. As previously noted, gold had its first down year in 13 years, falling 28.3% on concerns that the Fed would

begin to slow its monetary stimulus. Energy was the only subset of the Goldman Sachs Commodity Index to generate positive returns in 2013. The NYMEX Henry Hub Natural Gas spot price ended the year at \$4.2, an increase of 26% since January 1 and a 120% increase since 2012 lows. This increase in natural gas prices is primarily a function of more balanced supply and demand versus the enormous supply overhang that existed in 2012. The WTI Crude Oil price gained 7.2% in 2013, similarly benefiting from stronger demand in the developed world as well as lower than anticipated supply. Global commodity-related equities generated slightly positive returns for the year, with the S&P Global Natural Resources Equity Index appreciating by 1.0%. However, exploration and production companies significantly outperformed other sectors, with the S&P Oil and Gas Exploration and Production Index gaining 28.2%. This performance reflects the surge in U.S. oil production, which increased over 15% during the first 10 months of 2013.

Against this market backdrop, UVIMCO's resources portfolio continued to deliver positive returns. For the calendar year, UVIMCO's resources portfolio returned 3.8%, comparing favorably to the 0.8% earned in 2013 by the blended MSCI Real Estate Index. Long-term performance continues to be strong, as the resources portfolio has earned 22.5% annually over the past decade versus the benchmark return of 8.0%.

The resources portfolio generated positive net cash flows of \$98 million during 2013, with distributions of \$152 million exceeding capital calls of \$54 million. Approximately a third of these distributions, or \$46 million, came from the exit of one co-investment in commodity infrastructure. As a result of these strong distributions, the Long Term Pool's allocation to resources declined during 2013 from 6.5% to 4.4%. UVIMCO committed \$63 million to resources managers in 2013, bringing our total unfunded commitments to resources to \$212 million.

## FIXED INCOME AND MARKETABLE ALTERNATIVES

### Marketable Alternatives and Credit

The marketable alternatives and credit portfolio gained 16.3% in 2013 versus a negative 1.1% return on the Barclays Aggregate Bond Index and 7.4% earned by the Barclays High Yield Index. UVIMCO's portfolio consists of managers in both hedge fund and drawdown structures, who focus on earning strong risk adjusted returns in distressed debt, structured products, real estate, equities and direct lending. The marketable

alternatives and credit portfolio is typically less sensitive to equity market swings than our public equity and long/short equity portfolios.

The credit markets had a strong year as both rates and defaults stayed low, and companies continued to refinance their debt. Higher yielding assets exhibited strong correlation with the equity markets and tightening spreads. Junk bond yields got as low as 5%, and finished the year at 5.7%. Issuance of syndicated loans reached \$683 billion as investors moved from high yield bonds to floating rate loans in anticipation of a potential rise in rates in the coming years. Because of the increased demand for loans, the market saw an increase in "covenant-lite" loans, which offer fewer protections for lenders. "Covenant lite" loans made up 60% of the loans sold in 2013, compared to 25% in 2007.

UVIMCO's marketable alternatives and credit managers invest opportunistically and avoid markets that they feel are overvalued. These managers source unique opportunities through their extensive networks and analyze unique investment opportunities through deep, insightful research. Throughout 2013, we saw a small shift in the portfolio as our credit managers increased their equity-related investments. Investment themes included participation in the dislocated shipping industry through public and private investments, participation in the distressed municipal bond market, and liquidations related to the financial crisis.

#### Bonds and Cash

Our bonds and cash portfolios continue to be managed as a source of liquidity. As of December 31, 2013, liquid U.S. Treasury bonds and cash comprised 9.7% of the Long Term Pool. Over time, we continue to expect the sum of our bond and cash portfolios to vary between 8% and 12% of the Long Term Pool. Although this is a drag on returns (especially in a zero interest rate environment), we believe it provides insurance against future turbulent markets and will allow us to fund attractive investments that will more than make up for the return drag.

Our government bond portfolio is invested in short-term U.S. Treasury notes and bonds with maturities under three years. The average duration of this portfolio as of December 31, 2013 was 1.05 years. We continue to maintain our position in short duration bonds, as we feel that the small additional return

available from longer duration bonds does not compensate us for the risk of higher rates in the near future. Our cash portfolio is invested in U.S. Treasury bills and notes with maturities less than one year and U.S. Treasury-guaranteed Repurchase Agreements with U.S. domiciled counterparties. The duration of the cash portfolio as of December 31, 2013 was 0.35 years. The negligible returns reported for UVIMCO's short-term cash investments are consistent with an environment in which current interest rates are near 0%.

## RISK MANAGEMENT

Investors may be willing to bear risk if they are adequately compensated with future higher returns. At UVIMCO, we are willing to bear certain risks, but others must be eliminated if we are unable to absorb the downside losses or if we do not earn a sufficient risk premium from assuming those risks. We consider three broad portfolio risks when managing the Long Term Pool - market risk, manager risk, and liquidity risk - and evaluate these factors relative to the risk tolerance of the Long Term Pool shareholders.

### Market Risk

The largest risk factor present in the Long Term Pool is equity market risk. Over the long term, we manage equity market risk through our investments in managers. In the short term, we monitor the Long Term Pool's equity exposure with portfolio overlays through the options and futures markets.

A common definition of market risk is the standard deviation or volatility of a portfolio's return. Volatility provides a useful proxy for market risk if returns are normally distributed. However, it is clear that both the broad market as well as individual investment strategies are not normally distributed, but rather are subject to a much higher probability of negative "tail" events. Since investment returns are subject to "tail risk", it is useful to complement the standard deviation statistic with an estimate of drawdown risk.

We manage market risk in the Long Term Pool by diversifying across three broad asset classes: equity, fixed income, and real assets. Our objective is to maintain a level of estimated market risk in the Long Term Pool that is consistent with the estimated market risk of the policy portfolio. Our current estimate of the volatility of the Long Term Pool returns is 11.0% versus 11.7% for the policy portfolio. In addition, the



one-percentile tail annual drawdown on the Long Term Pool is estimated to be -27.7%, less than the drawdown estimate of -29.6% on the policy portfolio.

#### Manager Risk

The Long Term Pool invests with more than one hundred external managers. We seek to maintain a portfolio of managers that generates sufficient returns to compensate us for bearing both market risk and the additional risk inherent in working with individual managers. Manager risk includes tracking error or active bets away from the benchmark, operational or business risks, lack of transparency, and leverage.

Over time, UVIMCO has been well compensated for assuming manager risk. Attribution analyses suggest that manager selection is the largest contributor to the Long Term Pool's long-term outperformance versus the policy benchmark and peers.

#### Liquidity Risk

At UVIMCO, we define liquidity risk as an inability to meet any of the following four primary liquidity requirements: (i) withdrawals by the University and foundation investors, (ii) the excess of capital calls over expected capital distributions from private funds, (iii) the need to rebalance exposures following a market decline, and (iv) the ability to deploy cash opportunistically as new investment opportunities arise. We manage this risk by maintaining a portfolio of Treasury bills and bonds, maintaining sufficient liquidity with our public equity and hedge fund managers, and managing the pace of commitments to private investments.

Given our four primary liquidity requirements, we believe that an appropriate target for liquidity is to have 10% of the Long Term Pool invested in assets that are safe and highly liquid, and at least 30% of the Pool should be available for conversion to cash in any twelve-month period. As of December 31, 2013, we had approximately 10% of the Long Term Pool invested in Treasuries, 33% of the Long Term Pool that could be turned to cash within one quarter, and 49% of the Pool that could be turned into cash within one year. We also limit our unfunded commitments to private investments to be no more than 25% of the Long Term Pool. Our goal is to have 15% unfunded commitments outstanding on average. As of year-end, our unfunded commitments were 16% of the Long Term Pool.



**UNIVERSITY of VIRGINIA**  
INVESTMENT MANAGEMENT COMPANY  
**Investment Report**  
**December 31, 2013**

**Investment Activity**

|                                      | Month              | FYTD 2014 <sup>(1)</sup> |
|--------------------------------------|--------------------|--------------------------|
| Beginning Net Asset Value (NAV)      | \$6,306,371,255.21 | \$5,959,541,292.05       |
| Beginning Shares                     | 867,484.37         | 872,182.57               |
| NAV Per Share at Beginning of Period | \$7,269.72         | \$6,832.91               |
| + Contributions                      | \$2,213,242.42     | \$19,401,913.85          |
| - Redemptions                        | (\$36,463,036.05)  | (\$77,730,184.30)        |
| + Investment Return                  | \$122,709,858.17   | \$503,257,856.01         |
| - Fees                               | (\$1,051,061.88)   | (\$10,690,619.74)        |
| Ending Net Asset Value (NAV)         | \$6,393,780,257.87 | \$6,393,780,257.87       |
| Ending Shares                        | 862,721.18         | 862,721.18               |
| NAV Per Share at End of Period       | \$7,411.18         | \$7,411.18               |

**Shareholder Summary**

|                                  | Long Term Pool     | % of NAV |
|----------------------------------|--------------------|----------|
| University of Virginia Endowment | \$3,833,074,030.93 | 60.0%    |
| Affiliated Organizations         | \$1,426,409,866.65 | 22.3%    |
| University Operating Funds       | \$1,134,296,360.29 | 17.7%    |
| Total                            | \$6,393,780,257.87 | 100.0%   |

**Performance**

|  | Market Value <sup>(2)</sup> |              | Time-Weighted Returns |              |              | Annualized  |             |             |             |
|--|-----------------------------|--------------|-----------------------|--------------|--------------|-------------|-------------|-------------|-------------|
|  | \$ Millions                 | %            | MO                    | FYTD         | CYTD         | 3 YR        | 5 YR        | 10 YR       | 20 YR       |
| <b>Long Term Pool</b>                        | <b>6,394</b>                | <b>100.0</b> | <b>1.9</b>            | <b>8.5</b>   | <b>16.6</b>  | <b>12.6</b> | <b>14.5</b> | <b>10.2</b> | <b>11.9</b> |
| <i>Policy Benchmark<sup>(3)</sup></i>        |                             | <i>100.0</i> | <i>0.9</i>            | <i>9.5</i>   | <i>13.4</i>  | <i>8.3</i>  | <i>12.5</i> | <i>7.2</i>  | <i>7.4</i>  |
| <b>Equity</b>                                |                             |              |                       |              |              |             |             |             |             |
| Public                                       | 1,652                       | 25.8         | 1.8                   | 15.0         | 25.0         | 17.1        | 26.4        | 14.8        | 12.3        |
| Long / Short                                 | 1,545                       | 24.2         | 3.3                   | 9.2          | 21.7         | 12.8        | 11.1        | 10.0        | 8.9         |
| Buyout                                       | 832                         | 13.0         | 0.2                   | 3.6          | 10.7         | 13.8        | 17.6        | 12.6        | --          |
| Venture Capital                              | 271                         | 4.2          | 8.4                   | 26.5         | 42.3         | 30.2        | 23.1        | 9.5         | 20.2        |
| <b>Total Equity</b>                          | <b>4,300</b>                | <b>67.2</b>  | <b>2.4</b>            | <b>11.2</b>  | <b>21.6</b>  | <b>15.5</b> | <b>17.5</b> | <b>11.8</b> | <b>14.1</b> |
| <i>MSCI All Country World Equity</i>         |                             | <i>60.0</i>  | <i>1.8</i>            | <i>16.0</i>  | <i>23.4</i>  | <i>10.3</i> | <i>15.5</i> | <i>7.7</i>  | <i>7.4</i>  |
| <b>Real Assets</b>                           |                             |              |                       |              |              |             |             |             |             |
| Real Estate                                  | 510                         | 8.0          | 0.9                   | 4.6          | 12.4         | 9.8         | (7.3)       | (0.1)       | 3.2         |
| Resources                                    | 284                         | 4.4          | 2.8                   | 2.8          | 3.8          | 13.1        | 19.9        | 22.5        | --          |
| <b>Total Real Assets</b>                     | <b>794</b>                  | <b>12.4</b>  | <b>1.6</b>            | <b>3.9</b>   | <b>8.9</b>   | <b>12.3</b> | <b>8.4</b>  | <b>12.2</b> | <b>11.0</b> |
| <i>MSCI Real Estate<sup>(4)</sup></i>        |                             | <i>10.0</i>  | <i>0.4</i>            | <i>(1.1)</i> | <i>0.8</i>   | <i>8.2</i>  | <i>15.3</i> | <i>8.0</i>  | <i>8.1</i>  |
| <b>Fixed Income, Cash &amp; MAC</b>          |                             |              |                       |              |              |             |             |             |             |
| Marketable Alternatives & Credit             | 676                         | 10.6         | 1.6                   | 6.7          | 16.3         | 9.7         | 14.8        | 7.1         | 7.5         |
| Government Bonds                             | 444                         | 6.9          | (0.0)                 | 0.2          | 0.2          | 0.2         | 2.5         | 4.7         | 6.4         |
| Cash & Currency                              | 180                         | 2.8          | (0.0)                 | (0.0)        | (0.2)        | (0.0)       | 0.0         | --          | --          |
| <b>Total Fixed Income, Cash &amp; MAC</b>    | <b>1,300</b>                | <b>20.3</b>  | <b>0.9</b>            | <b>3.5</b>   | <b>7.5</b>   | <b>4.7</b>  | <b>8.9</b>  | <b>5.7</b>  | <b>6.9</b>  |
| <i>Barclays Aggregate Bond<sup>(5)</sup></i> |                             | <i>30.0</i>  | <i>(0.6)</i>          | <i>0.7</i>   | <i>(1.1)</i> | <i>3.4</i>  | <i>4.3</i>  | <i>4.5</i>  | <i>5.7</i>  |
| <b>Portfolio Overlays<sup>(6)</sup></b>      | <b>(0)</b>                  | <b>(0.0)</b> | <b>(0.0)</b>          | <b>(0.1)</b> | <b>--</b>    | <b>--</b>   | <b>--</b>   | <b>--</b>   | <b>--</b>   |

**Investment Report**  
**December 31, 2013**

**Short-Term Liquidity<sup>(7)</sup>**

|   | Actual Liquidity (Cumulative Total % of NAV) |              |              |               |              |
|---|--|--------------|--------------|---------------|--------------|
|   | Weekly                                       | Monthly      | Quarterly    | Semi-Annually | Annually     |
| Public Equity                               | 6%   | 8%           | 14%          | 19%           | 19%          |
| Long / Short Equity                         | -  | 0%           | 9%           | 12%           | 15%          |
| Marketable Alternatives & Credit            | -  | -            | 0%           | 0%            | 5%           |
| Government Bonds                            | 7%   | 7%           | 7%           | 7%            | 7%           |
| Cash  | 3%   | 3%           | 3%           | 3%            | 3%           |
| <b>Total</b>                                | <b>16%</b>                                   | <b>18%</b>   | <b>33%</b>   | <b>41%</b>    | <b>49%</b>   |
| <b>Available Liquidity (\$ in Millions)</b> | <b>992</b>                                   | <b>1,142</b> | <b>2,137</b> | <b>2,642</b>  | <b>3,146</b> |

**Private Funds Market Values and Commitments<sup>(8)</sup>**

| (\$ in Millions)                 | Market Value of Private Investments |            | Uncalled Commitments |            | Private Aggregate |            |
|----------------------------------|-------------------------------------|------------|----------------------|------------|-------------------|------------|
|                                  | Amount                              | % of NAV   | Amount               | % of NAV   | Amount            | % of NAV   |
| Public Equity                    | 139                                 | 2%         | 70                   | 1%         | 210               | 3%         |
| Long / Short Equity              | 15                                  | 0%         | 37                   | 1%         | 52                | 1%         |
| Private Equity                   | 1,103                               | 17%        | 348                  | 5%         | 1,451             | 23%        |
| Real Estate                      | 510                                 | 8%         | 191                  | 3%         | 701               | 11%        |
| Resources                        | 284                                 | 4%         | 212                  | 3%         | 496               | 8%         |
| Marketable Alternatives & Credit | 259                                 | 4%         | 164                  | 3%         | 422               | 7%         |
| <b>Total</b>                     | <b>2,310</b>                        | <b>36%</b> | <b>1,022</b>         | <b>16%</b> | <b>3,332</b>      | <b>52%</b> |

**Market and Currency Exposure Estimates<sup>(9)</sup>**

| (% of NAV)                   | Policy Ranges   | Actual Exposure | North America | Europe      | Asia        | LAMA <sup>(10)</sup> |
|------------------------------|-----------------|-----------------|---------------|-------------|-------------|----------------------|
| Equity                       | 40 - 70         | 57.8            | 32.4          | 10.5        | 12.1        | 2.9                  |
| Real Assets                  | 5 - 20          | 13.8            | 11.5          | 1.6         | 0.5         | 0.2                  |
| Credit                       | 0 - 20          | 3.9             | 3.2           | 0.3         | 0.0         | 0.5                  |
| Government Bonds             | 5 - 20          | 7.1             | 7.1           | -           | -           | -                    |
| <b>Total Market Exposure</b> | <b>70 - 100</b> | <b>82.7</b>     | <b>54.1</b>   | <b>12.4</b> | <b>12.6</b> | <b>3.6</b>           |
| <i>Policy Ranges</i>         | --              | --              | 25 - 75       | 0 - 40      | 0 - 40      | 0 - 20               |
| Cash & Currency              | 0 - 30          | 17.3            | 18.6          | (2.0)       | (0.3)       | 1.1                  |
| <b>Currency Exposure</b>     | --              | <b>100.0</b>    | <b>72.7</b>   | <b>10.3</b> | <b>12.3</b> | <b>4.6</b>           |
| <i>Policy Ranges</i>         | --              | --              | 50 - 100      | 0 - 30      | 0 - 30      | 0 - 20               |

**Short Term Pool**  
**December 31, 2013**

**Investment Activity**

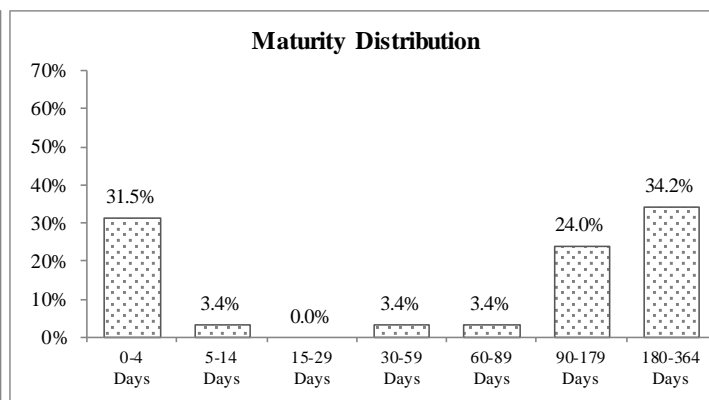
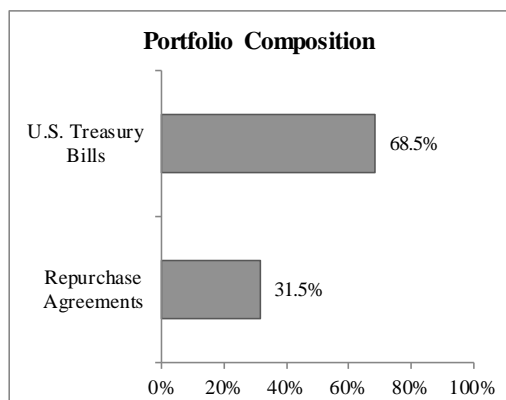
|                                      | <b>Month</b>     | <b>FYTD 2014<sup>(1)</sup></b> |
|--------------------------------------|------------------|--------------------------------|
| Beginning Net Asset Value (NAV)      | \$213,235,184.20 | \$81,260,692.60                |
| Beginning Shares                     | 213,037.17       | 81,195.76                      |
| NAV Per Share at Beginning of Period | \$1,000.93       | \$1,000.80                     |
| + Net Contributions / (Redemptions)  | \$78,761,505.08  | \$210,715,555.72               |
| + Investment Returns                 | \$27,097.46      | \$77,842.62                    |
| - Expenses                           | (\$8,301.03)     | (\$38,605.23)                  |
| Ending Net Asset Value (NAV)         | \$292,015,485.71 | \$292,015,485.71               |
| Ending Shares                        | 291,721.44       | 291,721.44                     |
| NAV Per Share at End of Period       | \$1,001.01       | \$1,001.01                     |

**Plan Account Summary**

|                            | <b>Short Term Pool</b> | <b>% of NAV</b> |
|----------------------------|------------------------|-----------------|
| Long Term Pool Cash        | \$195,684,367.33       | 67.0%           |
| Affiliated Organizations   | \$16,325,261.75        | 5.6%            |
| University Operating Funds | \$80,005,856.63        | 27.4%           |
| Total Short Term Pool      | \$292,015,485.71       | 100.0%          |

**Performance**

|                               | <b>Time-Weighted Returns</b> |             |             | <b>Since Inception (Oct 2012)</b> |                   | <b>Yield to Maturity</b> |
|-------------------------------|------------------------------|-------------|-------------|-----------------------------------|-------------------|--------------------------|
|                               | <b>MO</b>                    | <b>FYTD</b> | <b>CYTD</b> | <b>Annualized</b>                 | <b>Cumulative</b> |                          |
| <b>Short Term Pool</b>        | <b>0.01</b>                  | <b>0.02</b> | <b>0.07</b> | <b>0.08</b>                       | <b>0.10</b>       | <b>0.05</b>              |
| <i>3-Month Treasury Bills</i> | <i>0.01</i>                  | <i>0.03</i> | <i>0.07</i> | <i>0.09</i>                       | <i>0.11</i>       | <i>0.07</i>              |



**Investment Report**  
**December 31, 2013**

**Endnotes**

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- <sup>(1)</sup> UVIMCO's fiscal year runs from July 1 through June 30.
- <sup>(2)</sup> All investments are recorded at estimated fair market value in accordance with UVIMCO's valuation policy.
- <sup>(3)</sup> The Policy Benchmark is the geometrically linked monthly average of the underlying asset classes' benchmarks, weighted by the Fiscal Year 2014 policy target allocations: 60% Equity, 10% Real Assets, 30% Fixed Income.
- <sup>(4)</sup> The Real Estate component of our Fiscal Year 2014 policy portfolio is comprised of 50% MSCI U.S. Real Estate Index and 50% MSCI All Country World Real Estate Index. Prior to January 1995, the benchmark is comprised of 100% FTSE National Association of Real Estate Investment Trusts Equity Index.
- <sup>(5)</sup> The Fixed Income component of our Fiscal Year 2014 policy portfolio is comprised of 50% Barclays Capital U.S. Aggregate Bond Index and 50% Barclays Capital Global Aggregate Bond Index (Hedged in U.S. Dollars). Prior to January 1990, the benchmark is comprised of 100% Barclays Capital U.S. Aggregate Bond Index.
- <sup>(6)</sup> Represents the current market values and performance of overlay positions designed to change the Long Term Pool exposures. Performance is calculated to reflect the impact of overlays relative to the entire Long Term Pool
- <sup>(7)</sup> Represents securities and funds that may be readily sold for cash within the designated time periods.
- <sup>(8)</sup> Represents the market values of investments where distributions are at the sole discretion of the managers, plus all uncalled commitments.
- <sup>(9)</sup> Market and currency exposures are estimated by looking through managers and funds to the underlying security positions. Policy ranges express the expected variation in asset class, regional, and currency exposures during normal market circumstances. Totals may not add due to rounding.
- <sup>(10)</sup> Latin America, Middle East, and Africa.

UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 20, 2014

COMMITTEE: Finance

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

ACTION REQUIRED: None

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

**MISCELLANEOUS FINANCIAL REPORTS**

**Finance Committee**

**University of Virginia**

**February 20, 2014**

# University of Virginia Medical Center Financial Report

SUMMARY OF OPERATING STATISTICS AND FINANCIAL PERFORMANCE MEASURES  
Fiscal Year to Date with Comparative Figures for Prior Year to Date - November FY14

| OPERATING STATISTICAL MEASURES - November FY14 |            |            |            |            |   |            |            |            |            |
|--|------------|------------|------------|------------|---|------------|------------|------------|------------|
| ADMISSIONS and CASE MIX - Year to Date         |            |            |            |            | OTHER INSTITUTIONAL MEASURES - Year to Date |            |            |            |            |
|  | Actual     | Budget     | % Variance | Prior Year |   | Actual     | Budget     | % Variance | Prior Year |
| <b>ADMISSIONS:</b>                             |            |            |            |            | <b>ACUTE INPATIENTS:</b>                    |            |            |            |            |
| Adult  | 10,260     | 10,466     | (2.0%)     | 10,181     | Inpatient Days                              | 71,441     | 71,246     | 0.3%       | 70,434     |
| Pediatrics                                     | 1,202      | 1,273      | (5.6%)     | 1,159      | Average Length of Stay                      | 5.64       | 5.45       | (3.5%)     | 5.72       |
| Psychiatric                                    | 500        | 490        | 2.0%       | 477        | Average Daily Census                        | 467        | 465        | 0.4%       | 460        |
| Transitional Care                              | 127        | 164        | (22.6%)    | 131        | Births                                      | 724        | 696        | 4.0%       | 690        |
| Subtotal Acute                                 | 12,089     | 12,393     | (2.5%)     | 11,948     | <b>OUTPATIENTS:</b>                         |            |            |            |            |
| Short Stay/Post Procedure                      | 3,978      | 4,284      | (7.1%)     | 4,487      | Clinic Visits                               | 335,384    | 331,597    | 1.1%       | 319,486    |
|  |            |            |            |            | Average Daily Visits                        | 3,397      | 3,371      | 0.8%       | 3,258      |
| Total Admissions                               | 16,067     | 16,677     | (3.7%)     | 16,435     | Emergency Room Visits                       | 24,660     | 25,734     | (4.2%)     | 25,888     |
| Adjusted Admissions                            | 23,576     | 23,095     | 2.1%       | 22,242     | <b>SURGICAL CASES</b>                       |            |            |            |            |
| <b>CASE MIX INDEX:</b>                         |            |            |            |            | Main Operating Room (IP and OP)             | 8,893      | 8,383      | 6.1%       | 8,295      |
| All Acute Inpatients                           | 1.96       | 1.95       | 0.5%       | 1.91       | UVA Outpatient Surgery Center               | 4,192      | 4,386      | (4.4%)     | 4,161      |
| Medicare Inpatients                            | 2.10       | 2.08       | 1.0%       | 2.04       | Total                                       | 13,085     | 12,769     | 2.5%       | 12,456     |
| OPERATING FINANCIAL MEASURES - November FY14   |            |            |            |            |   |            |            |            |            |
| REVENUES and EXPENSES - Year to Date           |            |            |            |            | OTHER INSTITUTIONAL MEASURES - Year to Date |            |            |            |            |
|  | Actual     | Budget     | % Variance | Prior Year |   | Actual     | Budget     | % Variance | Prior Year |
| <b>NET REVENUES:</b>                           |            |            |            |            | <b>NET REVENUE BY PAYOR:</b>                |            |            |            |            |
| Net Patient Service Revenue                    | 502,434    | 507,711    | (1.0%)     | 472,780    | Medicare                                    | \$ 158,615 | \$ 162,267 | (2.3%)     | \$ 149,487 |
| Other Operating Revenue                        | 19,551     | 17,003     | 15.0%      | 20,260     | Medicaid                                    | 103,734    | 99,298     | 4.5%       | 91,477     |
| Total  | \$ 521,985 | \$ 524,714 | (0.5%)     | \$ 493,040 | Commercial Insurance                        | 79,175     | 92,407     | (14.3%)    | 85,129     |
| <b>EXPENSES:</b>                               |            |            |            |            | Anthem                                      | 102,910    | 95,115     | 8.2%       | 87,624     |
| Salaries, Wages & Contract Labor               | 228,631    | \$ 234,413 | 2.5%       | 221,932    | Aetna                                       | 34,740     | 34,294     | 1.3%       | 31,593     |
| Supplies                                       | 116,691    | 106,385    | (9.7%)     | 114,727    | Other                                       | 23,260     | 24,330     | (4.4%)     | 27,470     |
| Contracts & Purchased Services                 | 107,922    | 116,933    | 7.7%       | 92,005     | Total Paying Patient Revenue                | \$ 502,434 | \$ 507,711 | (1.0%)     | \$ 472,780 |
| Depreciation                                   | 34,124     | 35,032     | 2.6%       | 32,563     | <b>OTHER:</b>                               |            |            |            |            |
| Interest Expense                               | 5,960      | 6,257      | 4.7%       | 5,974      | Collection % of Gross Billings              | 30.61%     | 30.75%     | (0.5%)     | 32.43%     |
| Total  | \$ 493,328 | \$ 499,020 | 1.1%       | \$ 467,201 | Days of Revenue in Receivables (Gross)      | 47.2       | 45.0       | (4.9%)     | 50.6       |
| Operating Income                               | \$ 28,657  | \$ 25,694  | 11.5%      | \$ 25,839  | Cost per CMI Adjusted Admission             | \$ 10,729  | \$ 11,134  | 3.6%       | \$ 11,041  |
| Operating Margin %                             | 5.5%       | 4.9%       |            | 5.2%       | Total F.T.E.'s (including Contract Labor)   | 7,016      | 7,150      | 1.9%       | 6,892      |
| Non-Operating Revenue                          | \$ 23,522  | \$ 5,555   | 323.4%     | \$ 12,274  | F.T.E.'s Per CMI Adjusted Admission         | 23.34      | 24.41      | 4.4%       | 24.92      |
| Net Income                                     | \$ 52,179  | \$ 31,249  | 67.0%      | \$ 38,113  |   |            |            |            |            |



### **Assumptions - Operating Statistical Measures**

#### **Admissions and Case Mix Assumptions**

Admissions include all admissions except normal newborns  
Pediatric cases are those discharged from 7 West, 7 Central, NICU, PICU and KCRC  
Psychiatric cases are those discharged from 5 East  
TCH cases are those discharged from the TCH, excluding any Medicare interrupted stays  
All other cases are reported as Adult  
Short Stay Admissions include both short stay and post procedure patients  
Case Mix Index for All Acute Inpatients is All Payor Case Mix Index from Stat Report

#### **Other Institutional Measures Assumptions**

Patient Days, ALOS and ADC figures include all patients except normal newborns  
Surgical Cases are the number of patients/cases, regardless of the number of procedures performed on that patient

### **Assumptions - Operating Financial Measures**

#### **Revenues and Expenses Assumptions:**

Medicaid out of state is included in Medicaid  
Medicaid HMOs are included in Medicaid  
Physician portion of DSH is included in Other  
Non-recurring revenue is included

#### **Other Institutional Measures Assumptions**

Collection % of Gross Billings includes appropriations  
Days of Revenue in Receivables (Gross) is the BOV definition  
Cost per CMI Adjusted Discharge uses All Payor CMI to adjust

**UNIVERSITY OF VIRGINIA**  
**Endowment/Long-Term Investments, Including Related Foundations**  
**At December 31, 2013**  
**(in thousands)**

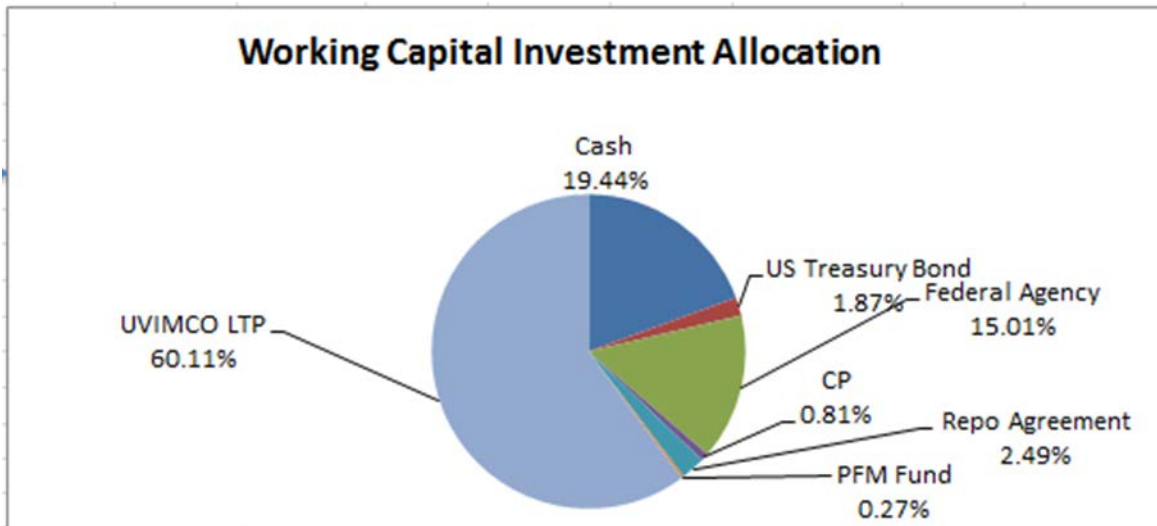
|   | Rector and Visitors<br>Funds | Related Foundation<br>Funds Invested by<br>UVIMCO | Alumni<br>Association Funds<br>Invested by<br>UVIMCO | Related Foundation<br>Funds Invested by<br>Direction of<br>Foundation Board | Total               |
|---|------------------------------|---|--|---|---------------------|
| The University of Virginia Medical School and related foundations | \$ 903,774                   | \$ 50,281   | \$ 10,271  | \$ -  | \$ 964,326          |
| The College of Arts and Sciences and related foundations          | 412,465                      | 76,094  | 12,837   | 2,008   | 503,404             |
| The University of Virginia Law School and related foundation      | 49,729                       | 256,713   | -  | 118,803   | 425,245             |
| Darden School and related foundation                              | 125,858                      | 246,472   | -  | 7,118   | 379,448             |
| Batten School of Leadership and Public Policy                     | 125,103                      | -   | -  | -   | 125,103             |
| School of Engineering and related foundation                      | 106,221                      | 10,830  | -  | 1,938   | 118,989             |
| The McIntire School of Commerce and related foundation            | 49,322                       | -   | 47,589   | 662   | 97,573              |
| University of Virginia's College at Wise and related foundation   | 51,594                       | 8,118   | 2,662  | 2,185   | 64,559              |
| Graduate School of Arts and Sciences                              | 60,756                       | -   | -  | -   | 60,756              |
| School of Nursing   | 49,819                       | -   | 2,609  | -   | 52,428              |
| Curry School of Education and related foundation                  | 15,014                       | 10,179  | -  | 1,767   | 26,960              |
| School of Architecture and related foundation                     | 19,456                       | 2,809   | 451  | 987   | 23,703              |
| School of Continuing and Professional Studies                     | 2,244                        | -   | 55   | -   | 2,299               |
| University of Virginia Medical Center and related foundations     | 496,109                      | 65,188  | 1,457  | 26,496 **   | 589,250             |
| Centrally Managed University Scholarships                         | 197,403                      | -   | -  | -   | 197,403             |
| Athletics and related foundation                                  | 45,597                       | 65,152  | 473  | 198   | 111,420             |
| Alumni Association  | -                            | -   | 77,619   | 28,437  | 106,056             |
| Provost   | 104,091                      | -   | -  | -   | 104,091             |
| University of Virginia Foundation and related entities            | -                            | 70,759  | -  | 318   | 71,077              |
| Miller Center and related foundation                              | 58,481                       | 11,228  | -  | -   | 69,709              |
| Alumni Board of Trustees  | -                            | 60,618  | -  | -   | 60,618              |
| University Libraries  | 60,150                       | -   | 105  | -   | 60,255              |
| University - Unrestricted but designated                          | 354,195                      | -   | -  | -   | 354,195             |
| University - Unrestricted Quasi and True Endowment                | 185,913                      | -   | -  | -   | 185,913             |
| University - Unrestricted Other                                   | 171,241                      | -   | -  | -   | 171,241             |
| All Other   | 242,764                      | 252,991   | 59,786 *   | 12,724  | 568,265             |
|   | <u>\$ 3,887,299</u>          | <u>\$ 1,187,432</u>                               | <u>\$ 215,914</u>                                    | <u>\$ 203,641</u>   | <u>\$ 5,494,286</u> |

\*Includes funds on deposit for other areas/schools not individually listed.  
\*\*Excludes approximately \$65.8 million of board designated pension funds.

Source: Associate Vice President for Finance  
Date: January 13, 2014

**UNIVERSITY OF VIRGINIA  
INVESTMENT OF WORKING CAPITAL  
AS OF DECEMBER 30, 2013**

| <b>Liquid Balances</b>    |                     |                      |                           |                     |
|---------------------------|---------------------|----------------------|---------------------------|---------------------|
|                           | <b><u>Daily</u></b> | <b><u>Weekly</u></b> | <b><u>&gt; Weekly</u></b> | <b><u>Total</u></b> |
| Cash-Academic             | \$112               |                      |                           | \$112               |
| Cash & Equiv.-Medical Ctr | \$255               |                      |                           | \$255               |
| ST Operating Inv.         | \$198               | \$245                |                           | \$443               |
| LT Operating Inv.         |                     |                      | \$1,134                   | \$1,134             |
| Cash & Cash Equivalents   | \$565               | \$245                | \$1,134                   | \$1,944             |
| Credit Lines              | \$250               |                      |                           | \$250               |
| <b>Total</b>              | <b>\$815</b>        | <b>\$245</b>         | <b>\$1,134</b>            | <b>\$2,194</b>      |
| <b>% of Total</b>         | <b>37.1%</b>        | <b>11.2%</b>         | <b>51.7%</b>              | <b>100.0%</b>       |



**UNIVERSITY OF VIRGINIA**  
**Interim Academic Division Financial Report for December 31, 2013**

The unaudited financial report for the University's Academic Division for the six months ended December 31, 2013 follows and includes:

- statement of net position compared to June 30, 2013;
- statement of revenues, expenses, and changes in net position compared to the six months ended December 31, 2012; and
- cash-basis operating sources and uses, budget versus actual results through December 31, 2013.

Statement of Net Position

This statement, on the following page, provides the Academic Division's net positions as of December 31 and June 30, 2013. The unaudited statement is developed based on Generally Accepted Accounting Principles (GAAP).

The \$287.6 million in receivables are primarily comprised of billing for spring tuition and student charges (\$245.3 million) and sponsored research (\$26.1 million). Past due receivables over 120 days are only \$2.5 million, just over 0.9% and well within the Commonwealth of Virginia's management standard of 10%.

Endowment and other long-term investments are up \$314.8 million, on the strength of the 8% return on investments through the second quarter of 2014. Further information on the endowment's performance this year is included in the written report from the University of Virginia Investment Management Company (UVIMCO) on page 34.

The increase in unearned revenues reflects the billings for spring semester tuition and fees. Student loan receivables, depending on payment schedules, are included in accounts payable and long-term debt. Student loan receivables of \$40.1 million include \$20.4 million through the Federal Perkins Loan Program, \$1.0 million through the Federal Nursing Student Loan Program, and \$18.7 million through loan programs managed by the University using philanthropy given for this purpose. The default rates by University students on the federal loan programs are below required thresholds: 4.3% for Perkins versus the federal requirement of 15.0% and 2.2% for nursing versus the 5.0% federal threshold. Collectively, the default rate on University managed loan programs stands at 2.3%.

Net position is up \$460.4 million or 8.2%, due primarily to the timing of the state appropriation revenue recognition and the strong performance of the University's endowment and other long-term investments, which show an 8% return through the first half of FY14. The state appropriation has been recognized for the full year, while expenses are spread throughout the fiscal year.

**UNIVERSITY OF VIRGINIA - Academic Division Only**  
**Statement of Net Position (Unaudited)**

|  | <u>As of 12/31/13</u> | <u>As of 6/30/13</u> |
|--|-----------------------|----------------------|
| <b>ASSETS</b>                                      | (in 000s)             |                      |
| <b>Current Assets</b>                              |                       |                      |
| Cash and short term investments                    | \$ 596,579            | \$ 495,297           |
| Receivables (accounts, notes, other)               | 287,648               | 48,695               |
| Inventories, prepaids and other                    | 266                   | 266                  |
| <b>Total current assets</b>                        | <b>884,493</b>        | <b>544,258</b>       |
| <b>Noncurrent Assets</b>                           |                       |                      |
| Endowment and other investments                    | 4,338,236             | 4,023,415            |
| Receivables (pledges and notes)                    | 21,808                | 21,166               |
| Deposits with bond trustees & other                | 88                    | 21                   |
| Capital assets, net                                | 2,169,722             | 2,161,194            |
| <b>Total noncurrent assets</b>                     | <b>6,529,854</b>      | <b>6,205,796</b>     |
| <b>Total assets</b>                                | <b>\$ 7,414,347</b>   | <b>\$ 6,750,054</b>  |
| <b>LIABILITIES</b>                                 |                       |                      |
| <b>Current Liabilities</b>                         |                       |                      |
| Accounts payable and accrued liabilities           | \$ 21,790             | \$ 17,150            |
| Unearned revenues and deposits                     | 356,845               | 152,071              |
| Commercial Paper                                   | 182,293               | 139,593              |
| Internal deposits held Wise, SWVHEC & and agencies | 1,763                 | 9,872                |
| <b>Total current liabilities</b>                   | <b>562,691</b>        | <b>318,686</b>       |
| <b>Noncurrent Liabilities</b>                      |                       |                      |
| Long-term debt                                     | 774,831               | 815,078              |
| Other long-term liabilities                        | 607                   | 494                  |
| <b>Total noncurrent liabilities</b>                | <b>775,438</b>        | <b>815,572</b>       |
| <b>Total Liabilities</b>                           | <b>\$ 1,338,129</b>   | <b>\$ 1,134,258</b>  |
| <b>NET POSITION</b>                                |                       |                      |
| Net investment in capital assets                   | \$ 1,266,896          | \$ 1,220,059         |
| Restricted:  |                       |                      |
| Nonexpendable                                      | 502,735               | 498,277              |
| Expendable   | 2,678,014             | 2,541,985            |
| Unrestricted                                       | 1,628,573             | 1,355,475            |
| <b>Total Net Position</b>                          | <b>6,076,218</b>      | <b>5,615,796</b>     |
| <b>Total Liabilities &amp; Net Position</b>        | <b>\$ 7,414,347</b>   | <b>\$ 6,750,054</b>  |

### **Statement of Revenues, Expenses, and Changes in Net Position (SRECNP)**

Shown on the following page, this statement outlines the Academic Division's revenues, expenses, and other changes in net position as of December 31, 2013 as compared to the same period last year. It is developed based on GAAP but is unaudited.

As mentioned earlier, the December 31<sup>st</sup> net position is up \$460.4 million due to the performance of the endowment and other investments and the recognition of the state appropriation revenues for the full year.

#### **Operating Revenues:**

Total operating revenues for the period ended December 31, 2013 were \$706.5 million, up 4.5% over the prior year. Student tuition and fees are reported net of discounts and allowances, and are up 9.4% as compared to last year, due to undergraduate enrollment growth and increases in undergraduate, graduate, and professional tuition and fees approved by the Board of Visitors in April 2013.

Spending from grants and contracts is down 9.8% overall. As anticipated, the federal budget uncertainty with Continuing Resolutions and Sequestration that occurred in the latter half of 2013 has adversely affected federally funded grants which are down \$10.5 million, or 8%. Spending on state and local grants is down \$3.2 million, while spending on grants from private industry is down \$2.7 million.

State appropriations increased \$5.2 million or 3.7%, with the additional funding coming to support the July 2013 faculty and staff salary increase and employee benefits.

Spendable gifts are up \$9.8 million or 18.3%. A few large gifts from the foundations account for much of the increase.

Investment income is \$358.8 million, reflecting the investment performance on the UVIMCO Long Term Pool through December 31, 2013. Additions to permanent endowment have remained relatively flat at \$4 million.

#### **Operating Expenses:**

Operating expenses were up \$2.8 million, or 0.4% for the period ended December 31, 2013 compared to the same period in fiscal year 2013. A decline in sponsored research expenditures were offset by modest increases in financial aid and operation/maintenance of plant expenses.

**UNIVERSITY OF VIRGINIA - Academic Division Only**  
**Statement of Revenues, Expenses, and Changes in Net Position (Unaudited)**

|  | <b>Six Months<br/>Ended<br/><u>12/31/2013</u></b> | <b>Six Months<br/>Ended<br/><u>12/31/2012</u></b> |
|--|---|---|
| (in 000s)  |   |   |
| <b>OPERATING REVENUES AND EXPENSES:</b>                          |   |   |
| <b>Operating Revenues</b>  |   |   |
| Student tuition and fees, net                                    | \$ 242,554  | \$ 221,660  |
| Grants and contracts (federal, state, nongovernmental)           | 149,228   | 165,476   |
| State appropriations   | 145,330   | 140,142   |
| Gifts  | 63,272  | 53,482  |
| Sales and services of educational departments                    | 10,048  | 8,449   |
| Auxiliary enterprises revenues, net                              | 91,840  | 83,134  |
| Pell grants  | 4,256   | 3,873   |
| <b>Total operating revenues</b>                                  | <b>706,528</b>                                    | <b>676,216</b>                                    |
| <b>Operating Expenses</b>  |   |   |
| Instruction  | 161,344   | 161,563   |
| Research   | 142,610   | 154,268   |
| Public service   | 19,693  | 16,695  |
| Academic support   | 75,149  | 74,302  |
| Student services   | 19,379  | 19,927  |
| Institutional support  | 39,295  | 38,675  |
| Operation of plant   | 51,363  | 46,865  |
| Student aid, net   | 30,355  | 25,717  |
| Auxiliary  | 61,032  | 59,350  |
| Depreciation   | 53,483  | 50,381  |
| Other  | (903)   | 2,246   |
| <b>Total operating expenses</b>                                  | <b>652,801</b>                                    | <b>649,989</b>                                    |
| <b>Operating revenues less operating expenses</b>                | <b>53,727</b>                                     | <b>26,227</b>                                     |
| <b>NONOPERATING REVENUES AND EXPENSES</b>                        |   |   |
| <b>Nonoperating Revenues</b>                                     |   |   |
| Capital appropriations, grants and gifts                         | 29,955  | 38,137  |
| Investment income (loss)   | 358,820   | 202,574   |
| Additions to permanent endowments                                | 3,995   | 4,352   |
| Other  | 30,560  | 8,319   |
| <b>Total nonoperating revenues</b>                               | <b>423,331</b>                                    | <b>253,382</b>                                    |
| <b>Nonoperating Expenses</b>                                     |   |   |
| Interest on capital asset related debt, net                      | 15,932  | 15,714  |
| Loss on capital assets (gain)                                    | 704   | 1,420   |
| <b>Total nonoperating expenses</b>                               | <b>16,636</b>                                     | <b>17,134</b>                                     |
| <b>Nonoperating revenues less nonoperating expenses (losses)</b> | <b>406,694</b>                                    | <b>236,248</b>                                    |
| <b>Total Revenues</b>  | <b>1,129,859</b>                                  | <b>929,598</b>                                    |
| <b>Total Expenses</b>  | <b>669,437</b>                                    | <b>667,123</b>                                    |
| Increase (decrease) in net position                              | 460,422   | 262,475   |
| <b>NET POSITION</b>  |   |   |
| Net position - July 1 (Beginning)                                | 5,615,796   | 5,145,691   |
| <b>Net position -- December 31 (ending)</b>                      | <b>\$ 6,076,218</b>                               | <b>\$ 5,408,166</b>                               |

### **Cash-Basis Operating Sources and Uses, Budget vs. Actual**

This report, on the following page, reviews actual results as of December 31, 2013 compared to budgeted outcomes for the sources and uses of funds of the Academic Division. The cash-based operating plan differs from the GAAP SRECNP in the following ways:

- External debt service, UVa Health Plan activity, and endowment investment performance are excluded, while repayments of debt to the internal bank and the expendable endowment distribution are included.
- Depreciation is excluded and most equipment purchases are reported as a use of funds, and are not capitalized.
- Only gifts received and available for the operating plan are included. Pledges, non-cash gifts, gifts transferred to the endowment or capital program, and gifts held at foundations are excluded.
- The operating plan nets financial aid funded from tuition from gross tuition, but does not exclude financial aid funded from other sources (gifts, endowments, and grants).
- The operating plan reflects mandatory fees collected for auxiliaries and internal revenues collected from internal departments as other tuition and fee and sales, investment, & other revenue.
- The operating plan excludes unrealized gains.

Through December 31, 2013, actual net sources exceeded uses by \$395.2 million, just slightly ahead of the budgeted position, due to the timing of revenue and expense activity.

### **Sources of Funds:**

Actual available sources of funds for the Academic Division as of December 31, 2013 were \$1,083.3 million, or 1.2% greater than the \$1,070.1 million budgeted for the period.

- Gifts-Via Affiliated Foundations ended the period \$5.8 million or 14.1% higher than the quarterly estimate primarily related to the timing of a few large gifts occurring earlier than expected.
- Expendable gifts for operations ended the period \$6.8 million or 42.8% lower than expected. The timing of gift receipts is difficult to project over the year, with the majority of gifts coming in at calendar year-end with processing of those gifts continuing through the end of January.



**University of Virginia**  
**Academic Division**  
**Comparative Statement of Sources and Uses of Funds, Year to Date**  
**as of 12/31/2013 (in thousands)**

|   | 2013-14<br>Revised<br>Budget<br>Annual | 2013-14<br>Quarterly<br>Budget | Actuals<br>Through<br>12/31/2013 | Actuals Over<br>(Under) Budget | Actuals as a<br>% of Budget |
|---|--|--------------------------------|----------------------------------|--------------------------------|-----------------------------|
| <b>Sources of Available Funds</b>                 |  |                                |                                  |                                |                             |
| <b>Tuition and Fees</b>                           |  |                                |                                  |                                |                             |
| Undergraduate                                     | \$ 266,871                             | \$ 266,871                     | \$ 270,865                       | \$ 3,994                       | 1.5%                        |
| Less: Tuition to financial aid                    | (32,624)                               | (18,000)                       | (17,540)                         | 460                            | -2.6%                       |
| Net Undergraduate                                 | 234,247                                | 248,871                        | 253,325                          | 4,454                          | 1.8%                        |
| Graduate  | 41,662                                 | 41,662                         | 44,157                           | 2,495                          | 6.0%                        |
| Less: Tuition to financial aid                    | (27,231)                               | (14,000)                       | (13,792)                         | 208                            | -1.5%                       |
| Net Graduate                                      | 14,432                                 | 27,662                         | 30,365                           | 2,703                          | 9.8%                        |
| Professional (Law, Darden, McIntire & SEAS Exec.) | 103,123                                | 103,123                        | 102,831                          | (292)                          | -0.3%                       |
| Less: Tuition to financial aid                    | (7,813)                                | (3,800)                        | (3,450)                          | 350                            | -9.2%                       |
| Net Professional                                  | 95,310                                 | 99,323                         | 99,381                           | 58                             | 0.1%                        |
| School of Medicine                                | 29,007                                 | 29,007                         | 28,875                           | (132)                          | -0.5%                       |
| Less: Tuition to financial aid                    | (510)                                  | (300)                          | (570)                            | (270)                          | 90.0%                       |
| Net School of Medicine                            | 28,497                                 | 28,707                         | 28,305                           | (402)                          | -1.4%                       |
| Other   | 97,996                                 | 90,000                         | 94,182                           | 4,182                          | 4.6%                        |
| Less: Tuition to financial aid                    | (1,193)                                | (500)                          | (443)                            | 57                             | -11.4%                      |
| Net Other   | 96,803                                 | 89,500                         | 93,739                           | 4,239                          | 4.7%                        |
| <b>Total Net Tuition &amp; Fees</b>               | <b>469,289</b>                         | <b>494,063</b>                 | <b>505,115</b>                   | <b>11,052</b>                  | <b>2.2%</b>                 |
| State Appropriations                              | 144,890                                | 145,000                        | 145,330                          | 330                            | 0.2%                        |
| Grants & Contracts                                | 229,328                                | 122,000                        | 123,245                          | 1,245                          | 1.0%                        |
| Facilities & Administrative Cost Recoveries       | 63,200                                 | 33,000                         | 32,730                           | (270)                          | -0.8%                       |
| Endowment Distribution & Fee                      | 158,422                                | 87,000                         | 88,587                           | 1,587                          | 1.8%                        |
| Gifts -Via Affiliated Foundations                 | 100,571                                | 41,000                         | 46,776                           | 5,776                          | 14.1%                       |
| Expendable Gifts                                  | 35,245                                 | 16,000                         | 9,159                            | (6,841)                        | -42.8%                      |
| Sales, Investment & Other                         | 184,911                                | 132,000                        | 132,402                          | 402                            | 0.3%                        |
| Operating Cash Balances                           | 39,199                                 |                                |                                  | -                              | n/a                         |
| <b>Total Sources of Available Funds</b>           | <b>1,425,055</b>                       | <b>1,070,063</b>               | <b>1,083,344</b>                 | <b>13,281</b>                  | <b>1.2%</b>                 |
| <b>Uses of Available Funds</b>                    |  |                                |                                  |                                |                             |
| Direct Instruction                                | 368,937                                | 160,000                        | 158,728                          | (1,272)                        | -0.8%                       |
| Research & Public Service                         | 300,526                                | 162,000                        | 160,709                          | (1,291)                        | -0.8%                       |
| Academic Support                                  | 146,912                                | 76,000                         | 73,921                           | (2,079)                        | -2.7%                       |
| Student Services                                  | 42,976                                 | 20,000                         | 19,315                           | (685)                          | -3.4%                       |
| General Administration                            | 76,256                                 | 42,000                         | 36,917                           | (5,083)                        | -12.1%                      |
| Operation & Maintenance of Physical Plant         | 110,261                                | 58,000                         | 56,190                           | (1,810)                        | -3.1%                       |
| Scholarships, Fellowships, & Other                | 101,517                                | 55,000                         | 55,098                           | 98                             | 0.2%                        |
| Auxiliary Enterprises                             | 156,508                                | 84,000                         | 83,001                           | (999)                          | -1.2%                       |
| Internal Debt Service/Transfers                   | 109,028                                | 45,000                         | 44,307                           | (693)                          | -1.5%                       |
| <b>Total Uses of Available Funds</b>              | <b>1,412,920</b>                       | <b>702,000</b>                 | <b>688,186</b>                   | <b>(13,815)</b>                | <b>-2.0%</b>                |
| <b>Net Sources in Excess of Uses</b>              | <b>\$ 12,135</b>                       | <b>\$ 368,063</b>              | <b>\$ 395,158</b>                | <b>\$ 27,095</b>               | <b>7.4%</b>                 |

**Uses of Funds:**

Total uses of available funds for the Academic Division through December totaled \$688.2 million which is 2.0% below budget for the period.

- General Administration is \$5.1 million or 12.1% below the quarterly budget, primarily due to timing differences and operational savings efforts.

**UNIVERSITY OF VIRGINIA**  
**Quasi-Endowment Actions**  
**October 1, 2013 – December 31, 2013**

The quasi-endowment actions listed below were approved by either (1) the Executive Vice President and Chief Operating Officer, under the following Board of Visitors' resolutions or (2) the Assistant Vice President for Finance and University Comptroller, under the delegation of authority from the Executive Vice President and Chief Operating Officer:

In October 1990 and June 1996 the Board of Visitors approved resolutions delegating to the Executive Vice President and Chief Operating Officer the authority to approve quasi-endowment actions, including establishments and divestments of less than \$2,000,000, with regular reports on such actions.

In February 2006, the Board of Visitors approved a resolution permitting approval of quasi-endowment transactions, regardless of dollar amount, in cases in which it is determined to be necessary as part of the assessment of the business plan for capital projects. Additionally, to the extent that the central loan program has balances, they may be invested in the long term investment pool managed by UVIMCO or in other investment vehicles as permitted by law.

| <u><b>Additions from Gifts</b></u>   | <u><b>Amount</b></u> |
|--|----------------------|
| Byrd, Harry F. Jr. Preservation Fund <sup>1</sup>                                      | \$ 100,000           |
| Denomme, Robert Quasi-Endowment for French Undergraduate Program <sup>1</sup>          | 66,000               |
| Denomme, Robert Graduate Fellowship Quasi-Endowment for French Department <sup>1</sup> | 66,000               |
| President's Fund for Excellence Unrestricted Quasi-Endowment                           | 141,946              |
| Stallard, Iloe Read Quasi-Endowment Fund <sup>1</sup>                                  | 496,298              |
| University Quasi-Endowment Fund <sup>2</sup>   | 222,014              |
| Total Additions from Gifts to Quasi-Endowments   | <u>\$1,092,258</u>   |

| <u><b>Additions from Endowment Income (Capitalizations)</b></u> |             |
|---|-------------|
| Total Additions from Endowment Income to Quasi-Endowments       | <u>\$ -</u> |

| <u><b>Divestments</b></u>                            |                   |
|--|-------------------|
| Jones, D. Lung Cancer Research Quasi-Endowment       | \$ 325,000        |
| Trolinger, Margaret M. Rheumatoid Arthritis Research | 190,000           |
| Total Divestments from Quasi-Endowments              | <u>\$ 515,000</u> |

Notes:

<sup>1</sup> Quasi-endowment newly established or originally funded since October 1, 2013.

<sup>2</sup> Includes current unrestricted gifts to the University which, under a standing Board of Visitors resolution, are required to be added to the University's Unrestricted Endowment Fund.

Source: Associate Vice President for Finance  
Date: January 13, 2014

**UNIVERSITY OF VIRGINIA**  
**Sponsored Programs Restricted Grant and Contract Activity**  
**July 1, 2013 – December 31, 2013**

As shown on the subsequent page, through the first six months of fiscal year 2014 the University received sponsored program awards totaling \$152.8 million. This is a decrease of 5.1% in award dollars from the same period in fiscal year 2013, which saw \$161.0 million in total awards. The number of awards has declined 2% from 1,057 awards through December 31, 2012 versus 1,035 awards through December 31, 2013. It is important to note that mid-year totals have not necessarily been predictive of performance for the full year.

This decline through December 31, 2013 continues to be primarily attributed to the uncertainty of the federal budget, with Continuing Resolutions and Sequestration actions substituting for an official federal spending bill until January 2013. While the fall federal government shut-down delayed the issuance of awards, the University continued to submit proposals.

The budget resolution has provided some relief to federal programs which award many of the University's sponsored research dollars, with further expected sequestration reductions avoided. Analysis of the FY14 omnibus appropriations bill shows that the University's largest federal funding sources -- National Institutes for Health (in the Department of Health and Human Services), the National Science Foundation, and Department of Defense basic and applied research programs -- have been funded at higher levels in the federal budget than after the FY13 sequestration actions. Additionally, Department of Energy-Science and NASA-Science are actually higher in the federal budget than before the FY13 sequester actions.

At the University through December 2013, federal support award dollars have increased over last year's mid-year report from the University's two largest funding agencies, the Department of Health and Human Services (1%) and the National Science Foundation (15.5%), with a large increase also from the Department of Education (90%). On the other hand, funding has declined from the Department of Defense (38%), Department of Energy (19%), and the National Aeronautics and Space Administration (46%).

In non-federal awards, funding from industry has increased by 48%, while foundation support has declined by 48%.

The School of Medicine was awarded 58% of all award dollars, followed by the School of Engineering and Applied Sciences (18%), the College of Arts and Sciences (12%), and the Curry School of Education (8.5%). The remaining 3.5% was distributed among various areas within the University.

Source: Associate Vice President for Finance  
Date: January 13, 2014

**UNIVERSITY OF VIRGINIA**  
**Sponsored Programs Restricted Grant and Contract Activity**  
**Fiscal Year 2014 as of December 31, 2013**  
**(in millions)**

| SCHOOL                                    | Dept<br>Health<br>Human<br>Svs | Nat'l<br>Science<br>Fndn | Dept of<br>Defense | Dept of<br>Ed  | Dept of<br>Energy | NASA           | Other<br>Federal <sup>1</sup> | Industry <sup>2</sup> | Fndn. <sup>1,2</sup> | Other<br>Colleges <sup>2</sup> | State <sup>1,2</sup> | Mid-Year<br>Total FY<br>2014 <sup>3</sup> | Mid-Year<br>Total FY<br>2013 <sup>3</sup> | %<br>Increase/<br>Decrease |
|---|--------------------------------|--------------------------|--------------------|----------------|-------------------|----------------|-------------------------------|-----------------------|----------------------|--------------------------------|----------------------|---|---|----------------------------|
| Medicine                                  | \$ 55.03                       | \$ -                     | \$ 1.15            | \$ -           | \$ 0.45           | \$ -           | \$ 0.07                       | \$ 11.44              | \$ 11.36             | \$ 6.29                        | \$ 2.29              | \$ 88.08                                  | \$ 101.15                                 | -12.9%                     |
| Number of Awards                          | 159                            | -                        | 7                  | -              | 1                 | -              | 1                             | 264                   | 100                  | 83                             | 15                   | 630                                       | 647                                       | -2.6%                      |
| Engineering                               | \$ -                           | \$ 7.58                  | \$ 4.77            | \$ -           | \$ 0.31           | \$ 0.44        | \$ 1.82                       | \$ 5.34               | \$ 0.42              | \$ 3.76                        | \$ 3.26              | \$ 27.70                                  | \$ 26.19                                  | 5.8%                       |
| Number of Awards                          | -                              | 28                       | 19                 | -              | 2                 | 7              | 2                             | 45                    | 7                    | 30                             | 14                   | 154                                       | 172                                       | -10.5%                     |
| Arts & Sciences                           | \$ 3.37                        | \$ 5.31                  | \$ 0.89            | \$ 0.16        | \$ 3.30           | \$ 0.63        | \$ 1.16                       | \$ 0.23               | \$ 1.04              | \$ 1.79                        | \$ 0.26              | \$ 18.14                                  | \$ 20.71                                  | -12.4%                     |
| Number of Awards                          | 14                             | 28                       | 3                  | 3              | 10                | 8              | 11                            | 5                     | 33                   | 20                             | 2                    | 137                                       | 148                                       | -7.4%                      |
| Education                                 | \$ 0.33                        | \$ 3.44                  | \$ -               | \$ 4.33        | \$ -              | \$ -           | \$ 0.30                       | \$ 0.34               | \$ 2.22              | \$ 0.92                        | \$ 1.23              | \$ 13.11                                  | \$ 6.10                                   | 114.9%                     |
| Number of Awards                          | 3                              | 4                        | -                  | 9              | -                 | -              | 1                             | 5                     | 21                   | 6                              | 5                    | 54  | 27  | 100.0%                     |
| Nursing                                   | \$ 0.89                        | \$ -                     | \$ -               | \$ -           | \$ -              | \$ -           | \$ 0.07                       | \$ -                  | \$ 0.08              | \$ 0.20                        | \$ 0.19              | \$ 1.43                                   | \$ 1.31                                   | 9.2%                       |
| Number of Awards                          | 5                              | -                        | -                  | -              | -                 | -              | 1                             | -                     | 5                    | 6                              | 1                    | 18  | 10  | 80.0%                      |
| Law                                       | \$ -                           | \$ -                     | \$ -               | \$ -           | \$ -              | \$ -           | \$ -                          | \$ -                  | \$ -                 | \$ 0.56                        | \$ 0.08              | \$ 0.64                                   | \$ 0.35                                   | 82.9%                      |
| Number of Awards                          | -                              | -                        | -                  | -              | -                 | -              | -                             | -                     | -                    | 4                              | 1                    | 5   | 3   | 66.7%                      |
| Architecture                              | \$ -                           | \$ -                     | \$ 0.05            | \$ -           | \$ -              | \$ -           | \$ -                          | \$ 0.01               | \$ -                 | \$ -                           | \$ 0.02              | \$ 0.08                                   | \$ 0.18                                   | -55.6%                     |
| Number of Awards                          | -                              | -                        | 1                  | -              | -                 | -              | 1                             | 1                     | -                    | -                              | 2                    | 5   | 9   | -44.4%                     |
| Other <sup>4</sup>                        | \$ -                           | \$ 0.92                  | \$ -               | \$ 0.27        | \$ -              | \$ -           | \$ 0.49                       | \$ 0.03               | \$ 1.00              | \$ 0.03                        | \$ 0.86              | \$ 3.60                                   | \$ 5.04                                   | -28.6%                     |
| Number of Awards                          | -                              | 1                        | -                  | 1              | -                 | -              | 5                             | 2                     | 11                   | 2                              | 10                   | 32  | 41  | -22.0%                     |
| <b>Mid-Year Total FY 2014<sup>3</sup></b> | <b>\$ 59.62</b>                | <b>\$ 17.25</b>          | <b>\$ 6.86</b>     | <b>\$ 4.76</b> | <b>\$ 4.06</b>    | <b>\$ 1.07</b> | <b>\$ 3.91</b>                | <b>\$ 17.39</b>       | <b>\$ 16.12</b>      | <b>\$ 13.55</b>                | <b>\$ 8.19</b>       | <b>\$ 152.78</b>                          |   |                            |
| Number of Awards                          | 181                            | 61                       | 30                 | 13             | 13                | 15             | 22                            | 322                   | 177                  | 151                            | 50                   | 1,035                                     |   |                            |
| <b>Mid-Year Total FY 2013<sup>3</sup></b> | <b>\$ 59.13</b>                | <b>\$ 14.94</b>          | <b>\$ 10.99</b>    | <b>\$ 2.51</b> | <b>\$ 5.00</b>    | <b>\$ 1.97</b> | <b>\$ 2.45</b>                | <b>\$ 12.36</b>       | <b>\$ 30.95</b>      | <b>\$ 10.43</b>                | <b>\$ 10.29</b>      |   | <b>\$ 161.02</b>                          |                            |
| Number of Awards                          | 184                            | 68                       | 32                 | 10             | 19                | 20             | 22                            | 307                   | 164                  | 141                            | 90                   |   | 1,057                                     |                            |
| <b>% Increase/Decrease</b>                | <b>0.8%</b>                    | <b>15.5%</b>             | <b>-37.6%</b>      | <b>89.6%</b>   | <b>-18.8%</b>     | <b>-45.7%</b>  | <b>59.6%</b>                  | <b>40.7%</b>          | <b>-47.9%</b>        | <b>29.9%</b>                   | <b>-20.4%</b>        |   |   | <b>-5.1%</b>               |
| Number of Awards                          | -1.6%                          | -10.3%                   | -6.3%              | 30.0%          | -31.6%            | -25.0%         | 0.0%                          | 4.9%                  | 7.9%                 | 7.1%                           | -44.4%               |   |   | -2.1%                      |

**Note: Historically, mid-year totals have not been predictive of performance for the entire fiscal year**

<sup>1</sup> The University also provides administrative support for awards (not included here) for the Virginia Foundation for the Humanities and the Southwest Virginia Higher Education Center, totaling \$0.30 million for the current period and \$7.05 million for the mid-year period for fiscal year 2013.

<sup>2</sup> Items listed include support from foundations, industrial sponsors, and subcontracts from other institutions which may have originated from a federal agency.

<sup>3</sup> Totals for mid-year 2014 include \$0.58 million in ARRA funding. Totals for mid-year 2013 include \$0.18 million in ARRA funding.

<sup>4</sup> Includes: Associate Provost For Academic Support & Classroom Management; Center for Public Service; Frank Batten School of Leadership and Public Policy; Miller Center; Student Health; University Librarian; UVa's College at Wise; Vice President and Chief Student Affairs Officer; Executive Vice President and Provost; Vice President for Research; Vice Provost for the Arts.

Source: Associate Vice President for Finance  
Date: January 13, 2014