



COMMONWEALTH OF VIRGINIA
GENERAL ASSEMBLY

September 9, 2016

The Honorable William R. DeSteph, Jr.
588 Central Drive
Virginia Beach, Virginia 23454

Dear Bill:

Pursuant to § 2.2-1513 of the Code of Virginia, as Chairs of our respective Committees we asked the House Appropriations Subcommittee on Higher Education and the Senate Finance Subcommittee on Education to jointly review the University of Virginia's Strategic Investment Fund (SIF). As part of this review, the Auditor of Public Accounts conducted a thorough accounting of the SIF.

The Auditor examined: the relevant authoritative language both in the Code of Virginia and the University Management Agreements; confirmation of lines of credit extended to the University; Board minutes, resolutions and approved policies; and University transaction data, transfers and gift and contract agreements. The Auditor concluded that the University's investment program is in compliance with the relevant Code sections and regulations and autonomy extended through the Restructuring Act adopted by the General Assembly in Chapters 933 / 945 in 2005 and subsequent Management Agreements in Chapters 675 / 685 in 2009, and that the Board of Visitors appropriately authorized the University's liquidity policy and the creation of the SIF.

The University Rector, Mr. Goodwin, shared with the Joint Subcommittees that the Board of Visitors has not taken any action with regard to the uses of the earnings from the SIF to meet any of the University's strategic priorities, such as University funded research. He further acknowledged that the Board is cognizant of the General Assembly's desire to address access and affordability and expressed his appreciation to the General Assembly in providing an increase in state support. Mr. Goodwin pledged to the Joint Subcommittees that the Board would keep them apprised as to how the earnings are used.

As the meeting concluded, the Auditor was asked to work with the State Council on Higher Education (SCHEV) in developing a matrix of similar funds held by other Virginia colleges or universities. The members of the Joint Subcommittees were also asked to provide to the staff any further questions or clarifications they might have for either the University or Ms. Dragas.

We further advised President Sullivan that in keeping with the provision of § 2.2-1513 of the Code, any and all legislative requests for information on this matter would come either through the Joint Subcommittees or the respective Committee Chairs. We believe that this is an important issue that warrants our time and attention, and it is important that any requests for information be focused and pertinent to the use of the Fund to advance the University's mission.

Sincerely yours,

A handwritten signature in black ink, reading "Thomas K. Norment, Jr.".

The Honorable Thomas K. Norment, Jr.
Co-Chairman
Senate Finance Committee

A handwritten signature in blue ink, reading "Emmett W. Hanger, Jr.".

The Honorable Emmett W. Hanger, Jr.
Co-Chairman
Senate Finance Committee

A handwritten signature in blue ink, reading "S. Chris Jones".

The Honorable S. Chris Jones
Chairman
House Appropriations Committee