MEETING OF THE FULL BOARD

Friday, December 8, 2017
12:30 – 2:45 p.m.
Board Room, The Rotunda

OPEN SESSION

A. Pledge of Allegiance (Mr. DePasquale)

B. Approval of the Minutes of the September 14-15, 2017 Meeting of the Board of Visitors (The Rector)

C. Consent Agenda Items (The Rector)
   1. Resolution to Approve Additional Agenda Items
   2. Assignment of Weedon House
   3. Assignment of Upper Apartment in Pavilion VIII
   4. Reporting Relationship and Supervisory Structure for Anna Maria Siega-Riz
   5. The White Burkett Miller Center of Public Affairs Governing Council Appointments
   6. Adoption of Integrated Emergency Operations Plan
   7. Revision to Liquidity Policy

D. Remarks/Reports:
   1. Remarks by the Rector
      - Report on Enhancements to Safety and Security (Mr. Steven J. Healy)
   2. Remarks by the President
   3. Remarks by the Student Member (Ms. Miller)
   4. Remarks by the Faculty Senate Chair (Mr. Alf Weaver)
   5. Bicentennial Launch Celebration Report (Mr. Jody Kielbasa)
   6. Recognition of Bicentennial Events (The Rector)

E. Memorial Resolution for A. Macdonald Caputo (Mr. Macfarlane)

F. Strategic Investment Fund (The Rector)

RESOLVED, the Board of Visitors approves the minutes of the September 14-15, 2017 meeting of the Board of Visitors.

# # #

BOARD OF VISITORS CONSENT AGENDA

C.1. RESOLUTION TO APPROVE ADDITIONAL AGENDA ITEMS

RESOLVED, the Board of Visitors approves the consideration of addenda to the published Agenda.

C.2. ASSIGNMENT OF WEEDON HOUSE TO PRESIDENT TERESA A. SULLIVAN

RESOLVED, Weedon House on Sprigg Lane is assigned to Ms. Teresa A. Sullivan, President, for a term of five years, commencing January 1, 2018 and terminating December 31, 2022.

C.3. ASSIGNMENT OF UPPER APARTMENT IN PAVILION VIII TO PRESIDENT-ELECT JAMES E. RYAN

RESOLVED, the upper apartment in Pavilion VIII, East Lawn, is assigned to Mr. James E. Ryan, President-Elect, commencing spring/summer 2018 and terminating when renovations are completed on the Carr’s Hill residence.

C.4. REPORTING RELATIONSHIP AND SUPERVISORY STRUCTURE FOR ANNA MARIA SIEGA-RIZ

WHEREAS, the Virginia Conflict of Interest Act permits the dual employment of immediate family members by public institutions of higher education on certain terms and conditions; and

WHEREAS, the School of Nursing has recommended that Ms. Anna Maria Siega-Riz, the partner of Executive Vice President and Provost Thomas C. Katsouleas, be employed as a member of the faculty; and

WHEREAS, Executive Vice President and Provost Thomas C. Katsouleas is an officer of the University and would accrue a personal interest in Anna Maria Siega-Riz’ employment contract as her partner;
RESOLVED, the Board of Visitors finds it in the best interests of the University of Virginia and the Commonwealth to employ Anna Maria Siega-Riz as a member of the faculty in the School of Nursing; and

RESOLVED FURTHER, the reporting relationship and supervisory structure for Ms. Siega-Riz shall be as follows:

(a) All personnel matters concerning Ms. Siega-Riz while employed as a member of the faculty of the School of Nursing will be handled in accordance with customary practices and policies of the School of Nursing with the faculty member reporting to the chair of the Department of Family, Community and Mental Health Systems. Where further University approval may be required the dean of the School of Nursing shall make appropriate recommendations regarding Ms. Siega-Riz’ salary, faculty rank, performance evaluations, and other personnel matters to the President;

(b) The President shall act in the stead of the Executive Vice President and Provost for all matters that may require the Executive Vice President and Provost’s action concerning Ms. Siega-Riz and will present to the Board of Visitors those matters that require its action.

C.5. APPOINTMENTS TO THE WHITE BURKETT MILLER CENTER OF PUBLIC AFFAIRS GOVERNING COUNCIL

WHEREAS, the White Burkett Miller Center of Public Affairs (the Miller Center) is a unit of the University and its Governing Council has certain responsibilities concerning the Center; and

WHEREAS, since the Miller Center's founding in 1975, its Governing Council has operated under Bylaws approved by the Board of Visitors, which stipulate that the Board of Visitors shall elect members of the Governing Council on nomination by the Council; and

WHEREAS, the Governing Council has nominated by unanimous vote the following three individuals for election to the Council:

Richard Kaltman “Dick” DeScherer currently serves as chief legal and compliance officer for Bloomberg, LP. Previously, he was a partner at Willkie Farr & Gallagher, LLP, New York, NY. DeScherer graduated from the University in 1966 with a B.A. in Government, after which he earned a J.D. from Georgetown University and an LL.M. in Law from New York University. He has served on the College Foundation, represented his class at reunions, and has remained involved with the University since graduation. His philanthropic endeavors range from the Lupus Foundation to the Lincoln Center for the Performing Arts and the National Dance Institute. DeScherer resides in New York, NY.

Mona K. Sutphen is currently a Partner at Macro Advisory Partners LLP. From 2011-2013, she was the Managing Director at UBS AG, covering geopolitical risk, macro-policy trends, and their impact on the global economy. Sutphen served as the White House Deputy Chief of Staff for Policy for President Obama from 2009-2011. She has also previously held positions as an American diplomat and served on the National Security
Council during the Clinton Administration. She has been a consultant and is the co-author of *The Next American Century: How the U.S. Can Thrive as Other Powers Rise*. Sutphen served in the U.S. Foreign Service, the State Department, the Council on Foreign Relations, and the International Relations Committee. She has an undergraduate degree from Mt. Holyoke College and a MSc from the London School of Economics. She resides in New York, NY.

Walter Frederick “Wally” Walker is founder of Hana Road Capital, LLC, a financial advisory service and investment management fund. Formerly, he was CEO and director of the Basketball Club of Seattle, LLC; president of Walker Capital, Inc.; a sports broadcaster; and a National Basketball Association player. He supports the Special Olympics. Walker graduated from the University in 1976 with a B.A. in Psychology. He is an honorary member of the Bicentennial Commission, a former member of the Board of Visitors, and a former trustee of the Virginia Athletics Foundation. He resides outside of Seattle, WA.


**C.6. ADOPTION OF INTEGRATED EMERGENCY OPERATIONS PLAN**

WHEREAS, the Board of Visitors and the University of Virginia are concerned with the health, safety, and well-being of members of the University community and desire that the best possible emergency service be available to them; and

WHEREAS, the Commonwealth of Virginia Emergency Services Law of 1973 requires that each city and county develop and maintain an Emergency Operations Plan which addresses its planned response to emergency situations; and

WHEREAS, this plan was originally adopted by the Board of Visitors in 2008, reviewed and approved in 2013; and

WHEREAS, the plan has been developed by University staff in coordination with the Virginia Department of Emergency Management and input from local agencies;

RESOLVED, the Board of Visitors adopts the City of Charlottesville, County of Albemarle, and University of Virginia Integrated Emergency Operations Plan, to include plans and procedures for both peacetime and war-caused disasters.

**C.7. REVISION TO LIQUIDITY POLICY**

WHEREAS, the University manages its liquidity to provide for sufficient cash flow to support operations, to satisfy the remarketing risk for its put-able debt, and to support its credit ratings; and
WHEREAS, the University created a Liquidity Management Policy, approved by the Board of Visitors in November 2015, to formalize and establish parameters for its liquidity management activities; and

WHEREAS, the University wishes to revise its existing Liquidity Management Policy to introduce language to address liquidity rebalancing needs and update the policy reporting requirements;

RESOLVED, the Board of Visitors approves the University’s revised Liquidity Management Policy, presented as an Appendix.

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D.7. GIFTS & GRANTS REPORT

Summary of Fiscal Year 2018 through September 30, 2017:

Total fundraising progress for the University of Virginia and its related foundations was $70,469,401 through September 30, 2017. Gifts and commitments to Blandy Farm, McIntire School of Commerce, Darden School of Business, School of Engineering & Applied Science, Law School, Batten School of Leadership & Public Policy, School of Medicine, Medical Center, School of Nursing, Athletics, Fralin Museum of Art, Women’s Center, and Alumni Association saw increases over the previous fiscal year.

Significant Gifts Received Since the Last Meeting:

- Bill and Melinda Gates Foundation private grants totaling $5,209,535 to the School of Medicine for studies on: molecular diagnostics for enteric diseases; host-microbe-nutrient interactions in murine models of environmental enteric dysfunction; and microbiome and metabolomic analysis of selected PROVIDE samples.

- Mr. Frank M. Sands, Sr. pledge payment of $2,500,000 to the Darden School of Business for the Darden DC Grounds Fund.

- Anonymous pledge payments totaling $1,250,000 to Athletics for Davenport Field improvements.

- Hugin Family Foundation gifts totaling $1,054,243 to the Darden School of Business for the Robert J. Hugin USMC Scholarship Fund and the Darden Annual Fund.

- Mrs. Jane Parke Batten gifts totaling $1,030,000 to the Frank Batten School of Leadership & Public Policy for unrestricted support and to the Darden School of Business for the Darden Annual Fund.

- Fidelity Charitable Gift Fund gift of $1,000,000 recommended by Mr. Timothy J. Naughton and Mrs. Diane H. Naughton for the Timothy J. and Diane H. Naughton Bicentennial Scholars Fund.
• Estate of Joanne M. Phillips realized bequest of $1,000,000 to the School of Nursing for the Joanne M. Phillips Endowment for Nursing Excellence.

• Estate of Berniece Warren realized bequest of $750,000 in unrestricted support to the College at Wise.

• Harrison Foundation gifts and pledge payments totaling $632,953 to the Jefferson Scholars Foundation for the Harrison-Wood Professorship Fund in Neurology, to the University Library for the Flowerdew Hundred Project, and to the College of Arts & Sciences for the College Annual Fund.

• American Heart Association private grants totaling $526,844 to the School of Engineering & Applied Science for the study of information storage and retrieval in the cardiac extracellular matrix, and to the School of Medicine for research on oxidized neutral lipid lipolysis as a novel regulator of insulin signaling during acute stress.

• Ms. Chimene L. Brown gift of $500,000 to the Alumni Association for the Dr. Derek E. Brown / Ridley Scholarship.

• Susan G. Komen Breast Cancer Foundation private grant of $450,000 to the School of Medicine for research on using commensal microbes to uncover mechanisms of breast cancer dormancy.

• Hewlett Foundation private grant of $400,000 for the Center for Effective Lawmaking Project.

• Estate of Robert A. Magill, Jr. realized bequest of $375,000 in unrestricted support for the University.

• Mr. Samuel B. Witt III gift of $358,698 to the Law School.

• Schiff Foundation gift of $325,000 to the Cancer Center for the Schiff Foundation Brain Tumor Research Fund.

• Fidelity Charitable Gift Fund gift of $300,000 recommended by Mr. Douglas R. Lebda to the Darden School of Business for the Lebda Family Current Use Scholarship Fund.

• Ms. Hilary S. Gerhardt and Mr. Richard R. Gerhardt in-kind gift valued at $300,000 to the Alumni Association for the Riding Club.

• Ms. Kelley A. MacDougall and Mr. Michael A. Pausic pledge payment and gifts totaling $251,500 to the Jefferson Scholars Foundation for the Jefferson Scholars
Program Fund, to the Virginia Film Festival, and to the Alumni Association for Hoos Care.

- Melville Foundation pledge payment of $250,000 to the School of Medicine for the Rebecca Clary Harris Endowment.

- Schwab Fund for Charitable Giving gift of $250,000 recommended by Mr. David E. Gibson and Mrs. Linda J. Gibson to the College of Arts & Sciences.

**Significant Pledges Received Since the Last Meeting:**

- A. James & Alice B. Clark Foundation pledge of $15,000,000 to the School of Engineering & Applied Science for the Clark Scholars Endowed Fund.

- Anonymous pledge of $6,000,000 to Athletics for tennis facilities.

- Mr. W. Heywood Fralin, Sr. and Mrs. Cynthia K. Fralin pledge of $1,000,000 for the Fralin Family Bicentennial Scholars Fund, as well as a $400,000 pledge payment toward this commitment.

- James and Laura Rogers Foundation pledge of $1,000,000 for the Rogers Family Bicentennial Scholars Fund, as well as a $250,000 pledge payment toward this commitment.

- Mrs. Molly G. Hardie and Mr. Robert D. Hardie pledge of $500,000 to Athletics for Davenport Field improvements.

- Mrs. Susan A. McQuade and Mr. T. Douglas McQuade pledge of $500,000 for the McQuade Family Bicentennial Scholars Fund.

- Mr. Mitchell E. Zamoff non-binding commitment of $431,857 to the Jefferson Scholars Foundation for the Zamoff Family Jefferson Scholarship.

- Mr. Peter M. Grant II and Mrs. Colleen Jennings Grant pledge of $335,000 for the Peter M. Grant II Family Bicentennial Scholars Fund.

- Mrs. Amy Mitchell Griffin and Mr. John A. Griffin pledge of $300,000 to Athletics for tennis facilities.

- Mr. Michael S. Geismar and Mrs. Ellen A. Geismar pledge of $250,000 to Athletics for Davenport Field improvements.

# # #
E. MEMORIAL RESOLUTION FOR A. MACDONALD CAPUTO

WHEREAS, A. Macdonald “Mac” Caputo of Greenwich, Connecticut, took degrees from the College of Arts and Sciences in 1963 and the School of Law in 1966. While at the University, he was the captain of the soccer and lacrosse teams, a member of Student Council, the Raven society, the IMP society, and president of his fraternity; and

WHEREAS, Mac Caputo spent his working career with Morgan Stanley, developing their first capital markets and sales/trading activity with non-U.S. clients, and helping open and manage international offices in London, Tokyo, and Hong Kong; and

WHEREAS, Mac Caputo served on the boards of various Morgan Stanley affiliates as well as the Episcopal School of New York, Pace University, and the Union Settlement in New York City, and he was chair of the board of the Brunswick School in Greenwich, Connecticut; and

WHEREAS, Mac Caputo’s service to the University of Virginia and its related foundations was extensive, including serving as president of the Alumni Association Board of Managers, and as a member of the Board of Trustees of the College Foundation and the Law School Advisory Board. He also served on the Jefferson Scholars Foundation National Advisory Board and on the previous capital campaign’s executive committee; and

WHEREAS, Mac Caputo leant his expertise to the University of Virginia Investment Management Company (UVIMCO) Board of Directors over many years, and served as chair for three years; and

WHEREAS, Mac Caputo’s influence on the investment direction of the University’s Investment Management Company was profound; he provided extraordinary leadership during the financial downturn of 2008-2009, which was a very difficult and critical period; and

WHEREAS, Mr. Caputo was appointed to the Board of Visitors by Governor Warner in 2005, and reappointed by Governor Kaine in 2009; and

WHEREAS, Mac Caputo guided decisions of the Board as chair of the External Affairs Committee, the Finance Committee, and the Special Committee on Foundations; and

WHEREAS, Mac Caputo was viewed by those who knew him as a consummate gentleman and a wise and compassionate counselor; and

WHEREAS, Mr. Caputo passed away on September 30, 2017;

RESOLVED, the Board of Visitors commemorates the extraordinary life and accomplishments of A. Macdonald Caputo, particularly his dedicated service to the University; and

RESOLVED FURTHER, the Board extends its sincerest condolences to his beloved wife Ellen and other members of his family as well as his many friends.
F.  STRATEGIC INVESTMENT FUND PROJECTS

WHEREAS, the Board of Visitors created the Strategic Investment Fund on February 19, 2016 to fund investments that support the vision and aspirations of the highest levels of excellence in the University’s academic, research, and healthcare missions; and

WHEREAS, the Faculty Evaluation Committee reviewed and assessed proposals and provided their analysis to the Administrative Committee; and

WHEREAS, the Administrative Committee reviewed and conducted further assessment of these proposals; and

WHEREAS, the Administrative Committee recommends funding for the following proposals that will materially enhance research, research infrastructure, and the academic experience:

<table>
<thead>
<tr>
<th>Project</th>
<th>Funding Recommended</th>
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</thead>
<tbody>
<tr>
<td>Bicentennial Professors Fund</td>
<td>$ 75,000,000</td>
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<tr>
<td>Supporting Transformative Autism Research</td>
<td>6,212,950</td>
</tr>
<tr>
<td>Reducing the Burden of Addictions in Virginia</td>
<td>3,586,726</td>
</tr>
<tr>
<td>3 Cavaliers Research Seed Fund</td>
<td>3,340,000</td>
</tr>
<tr>
<td>Behavioral Research for Society</td>
<td>2,153,150</td>
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<tr>
<td>Smart Infrastructure</td>
<td>2,036,500</td>
</tr>
<tr>
<td>Virginia Initiative on Cosmic Origins</td>
<td>1,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$93,329,326</strong></td>
</tr>
</tbody>
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RESOLVED, the Board of Visitors authorizes the Executive Vice President and Chief Operating Officer to use earnings on the Strategic Investment Fund to support the aforementioned projects recommended by the Administrative Committee. The Board of Visitors also delegates signatory authority to the Executive Vice President and Chief Operating Officer to execute equipment purchases specified in the approved projects that are in excess of the current annual limit ($5 million).
APPENDIX
I. Overview

This policy documents the University of Virginia’s liquidity management guidelines. Within the context of this document, liquidity is defined as cash and cash equivalents, access to cash, and the convertibility of assets to cash in order to meet operating and financial needs during the operating cycle.

Liquidity risk is defined as an inability to meet payment obligations in a timely manner when they become due and the risk that assets may not be convertible into cash when needed. Liquidity risk is categorized into three risk types:

- **Operating liquidity risk** occurs when the University cannot fund its operating expenses due to insufficient liquid cash holdings.
- **Financing liquidity risk** occurs as a result of external financing activities and the potential for those financings to come due before maturity (e.g., commercial paper, put-able debt, credit lines)
- **Market liquidity risk** occurs when the University is unable to convert assets into cash without significant losses.

This policy serves an important governance function by providing a framework to define liquidity, establishing and assigning responsibilities for managing the institution’s liquidity needs, evaluating the appropriate level of liquidity for the institution, and outlining sources of liquidity and procedures to access liquidity when needed.

The liquidity policy works in tandem with the University’s Board-approved Debt Policy, Working Capital Investment Policy, and Interest Rate Risk Management Policy.

II. Scope and Objectives

*Scope*
The policy governs University-wide liquidity management, including the Academic Divisions and the Medical Center. The policy does not govern liquidity management at University-affiliated foundations, including the University of Virginia Investment Management Company (“UVIMCO”).

**Objectives**
The policy exists to provide a framework under which the University seeks to achieve its liquidity management goals. The goals include providing sufficient liquidity to support the:

- cash flow needs of the annual operating cycle
- remarketing risk for the University’s put-able debt
- University’s credit ratings

III. Oversight

**Oversight**
The Office of the Executive Vice President and Chief Operating Officer (EVP-COO) is responsible for implementing this policy and all liquidity activity for the University. This policy and any subsequent, material changes to the policy will be approved by the University’s Board of Visitors.

The University's Office of the Treasurer manages liquidity and works in close coordination with the Medical Center and UVIMCO to manage liquidity and associated risks.

The University meets periodically with UVIMCO to review the policy and discuss liquidity requirements.

IV. Liquidity Management

The Office of the Treasurer manages liquidity to ensure access to sufficient cash during normal and stressed liquidity environments. The University meets these needs with a combination of internal and external liquidity. The University categorizes liquidity sources as committed or uncommitted. Committed funding represents funding available to the University (e.g., cash and short term investments) as well as external funding sources where the provider has committed to providing funding, regardless of circumstance (e.g., credit lines). Uncommitted funding are sources of liquidity whereby the provider is under no commitment to fund (e.g., commercial paper buyers).

**Liquidity Sources**
The University’s liquidity sources include the following:
• Operating revenues
• Cash and liquid investment balances (including University reserves)
• Commercial Paper
• Operating Credit Lines
• Dedicated Credit Lines supporting put-able debt

**Liquidity Uses**
Liquidity is primarily used to satisfy (1) operating expenses, and (2) non-operating, episodic needs. Non-operating needs may include irregular investment or financing needs. Episodic needs may also include unplanned stresses to operating revenues (e.g., state appropriation reductions, government shutdowns, market downturns, etc.) or expenses.

Liquidity uses include both operating and funding needs, such as:
• Operating expenses
• Planned debt service
• Unplanned put-able debt maturities

**Liquidity Targets**

**Days Cash on Hand:**
Liquidity accessible within one month divided by daily operating expenses: Target >= 180 days

Days cash on hand (“DCH”) is a measure of the University’s contingent liquidity. It measures how many days of operating expense an entity can support with its liquidity. DCH is defined as liquidity accessible within one month divided by daily operating expenses. DCH is one of the metrics measured by the rating agencies and the University seeks to target a level of DCH that supports operations, in addition to supporting ratings goals.

The University also targets a highly liquid DCH (cash & cash equivalents/daily operating expenses) of 15 days, typically occurring at the low point of its annual cash flow cycle.

**Daily Liquidity as a Percent of Variable Rate Debt:**
Cash and liquidity divided by outstanding put-able debt: Target >=1.5x

While having put-able debt outstanding, the University will maintain sufficient unrestricted liquid investments and/or sources of liquidity for maintaining the highest debt ratings. Unrestricted sources of liquidity may be modified and/or replaced during the life of the put-able debt in such ways that are and the University and that are within debt document parameters.

**Rebalancing**
At least annually, the University will review its liquidity profile and targets to determine if its liquidity position requires rebalancing. The University will holistically consider what, if any, adjustments to make to its cash sources and uses in order to rebalance its liquidity position. This may include modifications through the annual budgeting process, existing capital and operating plans, and use of operating and other reserves. To the extent that such rebalancing requires a withdrawal of strategic operating reserves from the Strategic Investment Funds held at UVIMCO, such withdrawals will whenever possible be proposed to and approved by the BOV as part of the approval of the annual budget. Should unplanned exigencies require the unbudgeted withdrawal of reserves outside the annual process such withdrawals may be made with the prior approval of the President, the Rector, and the Chair of the Finance Committee.

V. Risk Management

Monitoring and Reporting
The Office of the Treasurer is responsible for managing the daily cash position of the University, performing cash flow forecasting and variance analyses, and working with University units to manage aggregate institutional liquidity. Key liquidity reports include:

Quarterly

Treasury Report - highlighting, among other things, cash and investment holdings as well as liquidity ratios.

Stress Testing - listing the following items:
  • sources and uses under normal and stressed environments
  • stress tests
  • liquidity ratios

Annually

Cash Flow Forecast - used to project and manage cash flows throughout the year and support operating cash flow decisions, including the management of DCH targets

The reports listed here may be amended from time to time as needed at the discretion of the EVP-COO.

Liquidity Source Diversification
The University attempts to diversify its various sources of liquidity. Diversification is achieved via liquidity source (e.g., cash, credit lines, commercial paper) and counterparty (e.g., credit lines with several counterparties, commercial paper issued by more than one dealer).
Diversification of cash and investments is in accord with the diversification guidelines in the University’s Working Capital Investment Policy and UVIMCO’s Investment Policy Statement.

**Liquidity Triggers**
Liquidity triggers are intended to provide warning signs of events that could adversely affect the University’s liquidity. The occurrence of a trigger event will be brought to the attention of the EVP-COO, and discussed with the Chair of the Board of Visitors’ Finance Committee, and result in the development of a risk mitigation plan, if necessary. Triggers include, but are not limited to:

- material changes in committed or uncommitted liquidity sources
- material deviations from DCH targets
- credit ratings pressure resulting from liquidity ratios
- difficulty remarketing put-able debt
- stress on distributions or available distributions from UVIMCO
- stress on capital and bank markets affecting the ability to draw on operating lines or issue commercial paper
- downgrade of a counterparty’s ratings
- material changes in the liquidity profile of UVIMCO’s short-term or long-term pools