

October 3, 2008

MEMORANDUM

TO: The Educational Policy Committee:

Glynn D. Key, Chair
The Hon. Alan A. Diamonstein
Susan Y. Dorsey
Adom Getachew
Austin Ligon
Vincent J. Mastracco, Jr.
The Hon. Lewis F. Payne
E. Darracott Vaughan, Jr., M.D.
John O. Wynne
W. Heywood Fralin, Ex Officio
Edmund W. Kitch, Consulting Member

and

The Remaining Members of the Board:

Daniel R. Abramson	Robert D. Hardie
A. Macdonald Caputo	Thomas F. Farrell, II
Helen E. Dragas	Don R. Pippin
Warren M. Thompson	

FROM: Alexander G. Gilliam, Jr.

SUBJECT: Minutes of the Meeting of the Educational Policy
Committee on October 3, 2008

The Educational Policy Committee of the Board of Visitors of the University of Virginia met, in Open Session, at 11:20 a.m., Friday, October 3, 2008, in the Board Room of the Rotunda; Ms. Glynn D. Key, Chair, presided.

The Hon. Alan A. Diamonstein, Ms. Susan Y. Dorsey, Ms. Adom Getachew, Austin Ligon, Vincent J. Mastracco, Jr., The Hon. Lewis F. Payne, E. Darracott Vaughan, Jr., M.D., John O. Wynne, and W. Heywood Fralin, Rector, were present.

Present as well were A. Macdonald Caputo, Ms. Helen E. Dragas, Thomas F. Farrell, II, Robert D. Hardie, and Don R. Pippin.

Edmund W. Kitch, Consulting Member from the Faculty Senate, was present.

Also present were John T. Casteen, III, Leonard W. Sandridge, Alexander G. Gilliam, Jr., Arthur Garson, Jr., M.D., Paul J. Forch, Ms. Susan A. Carkeek, William B. Harvey, James L. Hilton, Ms. Patricia M. Lampkin, Ms. Yoke San L. Reynolds, Ms. Colette Sheehy, David J. Prior, Thomas C. Skalak, Sharon L. Hostler, M.D., Paul Mahoney, Ms. Dorrie Fontaine, Billy Cannaday, Jr., and Ms. Jeanne Flippo Bailes.

The Chair asked Dr. Garson, Executive Vice President and Provost, to present the Agenda.

Dr. Garson introduced three of the new Deans, and each spoke briefly about their schools and their goals as deans:

REMARKS BY THREE DEANS

Mr. Paul Mahoney, Dean of the School of Law
Ms. Dorrie Fontaine, Dean of the School of Nursing
Mr. Billy Cannaday, Jr., Dean of the School of Continuing and Professional Studies

FACULTY DIVERSITY

The Chair introduced Dr. Sharon Hostler, Interim Vice Provost for Faculty Advancement, and asked her to report to the Committee on faculty diversity and recruitment initiatives.

Dr. Hostler's remarks were in the nature of a status report: she cited figures showing such things as the distribution of tenure-track offers at the University by race and ethnicity and by gender. She then discussed the results of a survey of persons who had declined offers of tenure-track positions at the University.

The principal reasons for not accepting offers at the University were the scarcity of dual career opportunities, salary, and location (which is to say, the distance of Charlottesville from major metropolitan areas). On dual career couples, Dr. Hostler noted that women are more likely to have an academic spouse/partner than men, while men are more likely to have a stay-at-home spouse/partner.

The scarcity of adequate childcare was also a factor cited in the survey.

Dr. Hostler then described efforts that are being made - or are planned - to address some of the concerns raised in the survey. On the question of dual careers, collaborations are being developed with 17 higher education institutions within an 80 mile radius of Charlottesville - to cite one example. And work is being done to develop more childcare options.

Turning to faculty advancement, Dr. Hostler said 83% of full professors at the University are men. She discussed ways in which the University is addressing questions of professional development and institutional mentoring.

Summing up her report, Dr. Hostler listed the issues that are being addressed in order to improve opportunities for women faculty at the University: improvement of the search process; consideration of dual career initiatives; improving access to day care; reviewing salaries and resources; improving retention efforts; developing more leadership opportunities; a review of endowed chairs and resources; and working for cultural change.

Mr. Ligon suggested that the University become involved in the efforts to improve rail service between Charlottesville and Washington, thus giving faculty and students easier access to a major metropolitan area, as well as addressing a concern expressed by persons who turned down tenure-track offers made by the University.

REPORT BY THE CHAIR OF THE FACULTY SENATE

The Chair asked Mr. Kitch, Chair of the Faculty Senate, to give his customary report.

Noting that the Faculty Senate is the only organization at the University "that brings faculty together from different schools and asks them to work together to address important issues from the perspective of the best interests of the University as a whole," Mr. Kitch said the Senate is cost efficient. Nonetheless, the Senate last year exceeded its budget but the President made up the deficiency and increased the budget.

The Senate's Committee on Faculty Recruitment, Retention and Welfare last year completed a survey of the faculty's views of their experience serving as faculty at the University. The survey, which has been published as the *Report of the Faculty Senate Survey*, is important both as a sense of the experience of faculty already at the University, but also as a recruiting tool.

The *Report* shares Mr. Ligon's interest in improving rail service between Charlottesville and Washington; Mr. Kitch suggested that it might be more feasible, at least in the short run, to consider supporting a non-stop bus service.

The Committee this year will follow up on opportunities identified by the survey.

Mr. Kitch reminded Members that for the past several years, the Senate has had a Program and Development Committee, which works closely with both Dr. Garson and Mr. Sweeney, and was involved in the planning process of the Commission on the Future of the University. This year, the Committee will assist with the implementation of the Commission's initiatives.

This year, the Senate's Task Force on the University's Policy for Non-Tenure-Track Faculty will report on the University's policies on the General Faculty.

COMMENTS BY THE EXECUTIVE VICE PRESIDENT AND PROVOST

Dr. Garson referred Members to the written report, in materials previously distributed to them, on the Student System Project.

APPROVAL OF THE AMENDED PLAN TO DEVELOP A FOCUSED ULTRASOUND PROGRAM

The Board of Visitors in June approved a detailed financial plan for the development of a focused ultrasound program at the University. Included in the plan was the consignment, by General Electric, of a Magnetic Resonance Imaging (MRI) machine to the Focused Ultrasound Foundation which in turn would consign the equipment to the University.

Since then, the University has learned that General Electric may not agree to consign the MRI to the Foundation. Because this equipment is essential to the focused ultrasound program, the University and the Foundation have agreed to an alternative plan in the event that GE does not consign the equipment. According to this plan, the equipment vendors will provide maintenance discounts and the Foundation will pay the University, thus offsetting the cost of the equipment which the University will buy from GE.

The Board, Dr. Garson said, must approve this change in the plan.

On motion, the Committee approved the necessary resolution and recommended it to the full Board for approval.

The Chair, Ms. Key, recused herself from the discussion of and voting on the resolution.

APPROVAL OF THE AMENDED AND RESTATED PLAN TO DEVELOP A FOCUSED ULTRASOUND PROGRAM AT THE UNIVERSITY OF VIRGINIA, THE FINANCIAL PLAN FOR THE CONSTRUCTION OF THE FOCUSED ULTRASOUND FACILITY, AND THE ADDITION OF THE FOCUSED ULTRASOUND FACILITY TO THE UNIVERSITY'S MAJOR CAPITAL PROJECTS PROGRAM

WHEREAS, at its June 2008 meeting, the Board of Visitors approved the capital and operating plan for the development of a Focused Ultrasound Program at the University of Virginia; and

WHEREAS, the University and the Focused Ultrasound Foundation may be required to change the plan for acquiring the necessary Magnetic Resonance Imaging equipment from General Electric; and

WHEREAS, the amended plan for the development of a Focused Ultrasound Program allows for the direct purchase of the MRI by the University;

RESOLVED, the Board of Visitors approves the attached amended and restated plan to develop a focused ultrasound program at the University of Virginia.

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EXECUTIVE SESSION

The Committee adopted the following motion and went into Executive Session at 12:20 p.m.:

That the Educational Policy Committee of the Board of Visitors go into Closed Session to discuss the performance and possible assignment of specific individuals with regard to University technology transfer; and further to discuss, evaluate, and consult with legal counsel on the possible restructuring of the University's technology transfer program, as well as reforming and renegotiating the University's contracted engagement with the UVA Patent Foundation for patenting and assignment of inventions, as permitted by Section 2.2-3711 (A) (1), (4), (6), (7) and (29) of the Code of Virginia.

The Committee resumed in Open Session at 12:50 p.m. and adopted the following resolution certifying that its discussions in Executive Session had been conducted in accordance with the exemptions permitted by the Virginia Freedom of Information Act:

That we vote on and record our certification that, to the best of each Board member's knowledge, only public business matters lawfully exempted from open meeting requirements and which were identified in the motion(s) authorizing the closed session, were heard, discussed or considered in closed session.

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On further motion, the Committee adjourned.

AGG:lah

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

<http://www.virginia.edu/bov/educationalminutes.html>

ATTACHMENT

**PLAN FOR THE DEVELOPMENT OF A
FOCUSED ULTRASOUND PROGRAM
AT THE UNIVERSITY OF VIRGINIA**

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PLAN FOR THE DEVELOPMENT OF A FOCUSED ULTRASOUND PROGRAM AT THE UNIVERSITY OF VIRGINIA

The Focused Ultrasound program will be facilitated by the investments provided by the Commonwealth and the Focused Ultrasound Foundation (FUSF). The funds will provide the necessary infrastructure to allow clinical and translational research as well as leverage the provision of clinical procedures as they are approved by the U.S. Food and Drug Administration.

Initial Investment

The initial investment will be roughly \$8.7 million and will be provided as follows:

- \$4.0 million allocated by the Commonwealth - \$1.0 million for the modular facility and \$3.0 million in Ultrasound equipment;
- \$4.0 million from an external foundation, Focused Ultrasound Foundation (FUSF) - \$2.5 million for a consigned MRI for 5 years and \$1.5 million in operating cash; and
- \$0.680 million to be shared by the School of Medicine, Medical Center, and FUSF for facility and other contingencies not provided in the sources above.

Operational Plan

The assumptions used in the model are all based on conservative estimates for both revenues and expenses. We have worked to limit the future risk to the University by using the external funding for the fixed expenses. To the degree that revenue assumptions are not accomplished, the expenses associated with this endeavor will not be incurred. Aside from the initial investment - all expenses are variable. Even the maintenance contract is considered to be a long-term variable expense. As a result, the University and its faculty have an ideal opportunity for a research operation with a strong upside and limited risk exposure.

Year One: We plan to initiate research and trials in the areas of fibroids, breast cancer, palliative bone, and the brain. Research funding is assumed to come from the National Institutes of Health, the ultrasound equipment manufacturers, and the FUSF.

In addition, we estimate that we will provide 25 uterine fibroidablations that will be reimbursed by commercial insurance payers. Revenues from these activities will be \$403,225. Aside from the research support, an additional \$500,000 will be provided by the FUSF for operational cash needs, resulting in a total of \$903,225. Expenses in the first year \$436,099 and are made up entirely of variable costs associated with the projected research and procedures.

Year Two: We plan to continue the studies above and add research in the areas of the liver and prostate. Procedures in all areas grow and the estimated revenues from those procedures will increase from \$403,225 to \$736,450. Total revenues, including the FUSF support, will grow to \$1,236,450. Variable expenses also grow with the increased procedures and in Year Two the maintenance contracts on the equipment (\$420,000/year) begin. Total expenses will increase from \$436,099 to \$1,222,977.

Year Three: Research and clinical volumes continue to increase and research involving kidneys is projected to begin. In order to avoid being overly optimistic, we have assumed that one of the clinical trials areas stops. Total revenues are estimated to increase from \$1,236,450 to \$1,329,675. Expenses grow at a commensurate rate, increasing from \$1,222,977 to \$1,333,732.

Years Four and Five: While we have projected changes in the mix of services, we have not projected growth in total procedure volumes. The major change that occurs in Year Four is that the \$500,000 annual commitment from the FUSF will be complete and the program will depend upon reserve cash (from the Year One surplus) and competitive educational and research awards to replace the operating cash commitment.

Alternative Financial Plan

If a consigned MRI is unavailable, the capital plan would be revised as follows:

- The FUSF will provide an additional \$1.6 million in cash support in the first year.
- GE and Insightec will include additional years of free maintenance in the purchase agreements equivalent to \$0.600 million - a reduction in the expenses listed in the previous plan.
- The University will purchase the specified GE MRI for \$2.2 million

Under the new strategy, the University would not have any incremental capital or operating expense and would own the MRI rather than use it on consignment.