

RESOLUTIONS ADOPTED BY THE BOARD OF VISITORS

JULY 28-29, 2006

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July 28-29, 2006

The Board of Visitors of the University of Virginia convened, in Open Session, in Retreat at 10:00 a.m., Friday, July 28, 2006, at the Williamsburg Inn; Thomas F. Farrell, II, Rector, presided. All Members of the Board - W. Heywood Fralin, Daniel R. Abramson, A. Macdonald Caputo, The Honorable Alan A. Diamonstein, Ms. Susan Y. Dorsey, Ms. Georgia Willis Fauber, G. Slaughter Fitz-Hugh, Jr., Ms. Glynn D. Key, Vincent J. Mastracco, Jr., The Honorable Lewis F. Payne, Don R. Pippin, Gordon F. Rainey, Jr., Warren M. Thompson, E. Darracott Vaughan, Jr., M.D., John O. Wynne, and Ms. Anne Elizabeth Mullen - were present.

Present as well were John T. Casteen, III, Leonard W. Sandridge, Alexander G. Gilliam, Jr., Paul J. Forch, Ms. Nancy N. Rivers, and Ms. Jeanne Flippo Bailes.

Present at the first session on July 28th, were Gene D. Block, Ms. Colette Sheehy, J. Milton Adams, George A. Stovall, Ms. Carolyn S. Wood, and Ms. A. Megan Lowe. Robert D. Sweeney was present during the afternoon of July 28th.

The first portion of the Retreat was devoted to the work of the Special Committee on Planning and consisted both of a report on work accomplished and work yet to be done, as well as a general discussion by the Board of some the issues raised by the Committee.

The Rector opened the meeting with a summary of his charge to the Committee and the work done by the Committee to date. Mr. Wynne, the Chair of the Committee, spoke on the background of the charge and the Committee's deliberations. Basically, the Committee is trying to devise a ten year plan for the University, but like any good ten year plan, it is not complete and probably never will be. The Committee has not yet decided on priorities, and he observed that if priorities are based entirely on

dollars the plan won't work, because every other institution is trying to raise the dollars necessary for the fulfillment of their plans.

At the Chair's request, Ms. Sheehy led a discussion on performance measures and distributed a manual on performance measurement. The Chair and the Rector observed that the manual should be a guide and that the Board should not attempt to micromanage this. The Chair noted that *U.S. News & World Report*, in its annual ranking of colleges and universities, does not measure efficiency of operation, only dollars spent per student - which works to the detriment of the University, an efficiently run organization.

After a short recess, Mr. Rainey, who had to leave because of another obligation, thanked Board Members for their commitments to the Campaign.

The meeting resumed with the following motions to go into Executive Session:

That the Board of Visitors into Closed Session to discuss and review fund-raising and gift development strategy, donor prospects and related performance goals of identifiable personnel of the University in connection with the University's Capital Campaign; and also to discuss and seek further legal guidance of General Counsel as may be needed with respect to gifts, gift development and coordination of University-related foundations, for the purpose of guiding and coordinating the future private financing and support of the University and sustaining its continued excellence for the long-term, as permitted by Section 2.2-3711 (A) (1), (6), (7) and (8) of the Code of Virginia.

That the Board of Visitors into Closed Session to evaluate and discuss the performance and the performance goals and objectives of the University's President and the Executive Vice President and Chief Operating Officer, as provided for in Section 2.2-3711 (A) (1) of the Code of Virginia.

The Board went into Executive Session.

After a recess for dinner, the Board resumed its deliberations, in Executive Session, until 10:15 p.m., when it recessed for the evening.

The Board resumed at 8:30 a.m., Saturday, July 29th, once more in Executive Session.

After adopting the following resolution certifying that its deliberations in Executive Session had been conducted in accord with the exemptions permitted by the Virginia Freedom of Information Act, the Board went into Open Session at 10:00 a.m.:

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.

The meeting continued with reports by the several Committee Chairs on the attainment of their Committee goals - established at the Board Retreat in July, 2005 - over the past year, as well as the goals they have set for the forthcoming year. (These reports will be issued as a Supplement to these Minutes.)

The President presented a proposal to establish a third Thomas Jefferson Foundation Medal, an award to be presented jointly by the Thomas Jefferson Foundation and the University. The new medal, to be called the Thomas Jefferson Foundation Medal in Civic Leadership, would follow the Thomas Jefferson Foundation Medal in Architecture, established in 1966, and the Thomas Jefferson Foundation Medal in Law, established in 1977, both of which are awarded each year at Founder's Day. The Medal in Civic Leadership would be established for three years, after which there will be a review of its success.

On motion, the Board adopted the following resolution approving the establishment of the Medal:

**APPROVAL OF THE THOMAS JEFFERSON FOUNDATION MEDAL
IN CIVIC LEADERSHIP**

WHEREAS, the Thomas Jefferson Foundation and the University of Virginia, with generous gifts from the

Foundation, established the Thomas Jefferson Foundation Medal in Architecture in 1966 and the Thomas Jefferson Foundation Medal in Law in 1977; and

WHEREAS, the two Medals commemorate two of Thomas Jefferson's passions, architecture and the law, by recognizing each year at Founder's Day distinguished practitioners in both professions; and

WHEREAS, Mr. Jeffrey Walker, an alumnus of the University, with the concurrence of the Thomas Jefferson Foundation, has proposed a third award, the Thomas Jefferson Foundation Medal in Civic Leadership, to recognize extraordinary leadership by a private citizen in any field of endeavor, consistent with the interests of Thomas Jefferson; and

WHEREAS, the medalist would be chosen by a committee of five members appointed by the Rector of the University and consisting of the President of the University, or his or her representative, who will serve as chair; the President of the Thomas Jefferson Foundation, or his or her representative, who will serve as secretary; two members of the faculty of the University; and one person chosen by the other four members of the selection committee; and

WHEREAS, the conditions and funding of the Thomas Jefferson Foundation Medal in Civic Leadership are to be enumerated in a policy statement prepared by the President;

RESOLVED, the Board of Visitors approves the establishment of the Thomas Jefferson Foundation Medal in Civic Leadership and thanks Mr. Walker and the Foundation for this latest instance of their generosity and their furtherance of the mutual goals of the University and the Foundation. The Board establishes three years as the interval before the first sunset review, this review to be conducted by the President consistent with the Board's directions at the time. Further, the Board requests the President to conduct similar reviews of all three medals, one each year.

The Board went on to consider several other business matters, the first two of which were legislative proposals explained by Mr. Sandridge: legislation proposed by the University must be sent to the Governor's Office for approval, and this must be done before the next regularly scheduled meeting of the full Board. The first of these has to do with a proposal to amend provisions of the *Code of Virginia* relating to the duties and powers of the Auditor of Public Accounts of the Commonwealth and the second with the investment of public funds.

On motion, the Board approved the two proposals.

APPROVAL OF LEGISLATIVE PROPOSAL - DUTIES AND POWERS OF THE AUDITOR OF PUBLIC ACCOUNTS

RESOLVED, the Board of Visitors of the University of Virginia approves and endorses the proposed legislation to clarify that private gifts are excluded from the transaction data to be reported to the Auditor of Public Accounts of the Commonwealth for inclusion in a statewide database.

The proposed legislation, which follows, would amend § 30-133, subsection H:

H. 1. The Auditor of Public Accounts shall compile and maintain on its Internet website a searchable database providing certain state expenditure, revenue, and demographic information as described in this subsection. In maintaining the database, the Auditor of Public Accounts shall work with and coordinate his efforts with the Joint Legislative Audit and Review Commission in obtaining, summarizing, and compiling the information to avoid duplication of efforts. The database shall be updated each year by October 15, to provide the information required in this subsection for the 10 most recently ended fiscal years of the Commonwealth.

The online database shall be made available to citizens of the Commonwealth to allow public access to historical revenue collections and appropriations with related demographic information, to the extent that the information is available and provided to the Auditor of

Public Accounts. All state departments, courts officers, boards, commissions, institutions, or other agencies of the Commonwealth shall furnish all information requested by the Auditor of Public Accounts and shall cooperate with him to the fullest extent.

For purposes of reporting pursuant to this subsection and implementing the above database, the Auditor of Public Accounts shall include all appropriated funds and other sources under the control of state-supported institutions of higher education, except for the activity of private gifts, including endowment funds and unrestricted gifts referenced in §23-9.2 of the Code of Virginia notwithstanding anything as may be to the contrary herein. The exclusion of this activity does not affect the public access to these records unless otherwise specifically exempted by law.

2. The database shall contain the following for each of the 10 most recently ended fiscal years of the Commonwealth:

a. Major categories of spending by each secretariat and for major agencies;

b. The number of full-time state employees;

c. Total fiscal year revenues from state taxes, fees, and other charges, and total fiscal year revenues from state taxes, fees, and other charges computed on a per capita basis and as a percentage of personal income in the Commonwealth;

d. With regard to state taxes, fees, and other charges computed on a per capita basis and as a percentage of personal income, a comparison of such statistics for Virginia with the same statistics for other states;

e. Total fiscal year revenues from federal sources, including the major categories of spending for such revenues;

f. Total population and total population by various age groups including, but not limited to, school-age population and the population of persons 65 years of age and older;

- g. Student enrollment in grades K through 12;
- h. Enrollment in public institutions of higher education of the Commonwealth;
- i. Enrollment in private institutions of higher education in the Commonwealth;
- j. The annual prison population;
- k. Virginia adjusted gross income and Virginia taxable income by various age groups;
- l. The number of citizens in the Commonwealth receiving food stamps;
- m. The number of driver's licenses issued;
- n. The number of registered motor vehicles;
- o. The number of full-time private sector employees;
- p. The number of households;
- q. The number of prepaid tuition contracts outstanding pursuant to Chapter 4.9 (§23-38.75 et seq.) of Title 23 and the estimated total liability under such contracts; and
- r. Other data as the Auditor deems appropriate relating to the Commonwealth of Virginia.

3. By October 15th of each year, the Auditor shall also produce a paper copy or a computer file containing the information described in this subsection and shall distribute the copy or file to newspapers of general circulation in the Commonwealth. The distribution shall include the address of the Internet website for the searchable database.

APPROVAL OF LEGISLATIVE PROPOSAL - INVESTMENT OF PUBLIC FUNDS

RESOLVED, the Board of Visitors of the University of Virginia approves and endorses the proposed legislation to add other University funds to those funds that may be invested by the Board of Visitors in financial securities other than fixed-income securities.

The proposed legislation, which follows, would make exempt from §2.2-4500 - 2.2-4517 the following:

§23-76.1. Investment of endowment funds, endowment income, and gifts; standard of care; liability; exemption from the Virginia Public Procurement Act.

A. The board of visitors shall invest and manage the endowment funds, endowment income, gifts, *all non-general fund reserves held by the University, all local funds, tuition, education and general fees, or research and sponsored program funds* of the University in accordance with this section and the provisions of the Uniform Management of Institutional Funds Act (§55-268.1 et seq.).

B. No member of the board of visitors shall be personally liable for losses suffered by an endowment funds, endowment income, gifts, *all non-general fund reserves held by the University, all local funds, tuition, education and general fees, or research and sponsored program funds* arising from investments made pursuant to the provisions of subsection A.

C. The investment and management of endowment funds, endowment income, gifts, *all non-general fund reserves held by the University, all local funds, tuition, education and general fees, or research and sponsored program funds* of the University shall not be subject to the provisions of the Virginia Public Procurement Act (§2.2-4300 et seq.).

D. In addition to the investment practices authorized by the Uniform Management of Institutional Funds Act (§55-268.1 et seq.), the board of visitors may also invest or reinvest the endowment funds, endowment income, gifts, *all non-general fund reserves held by the University, all local funds, tuition, education and general fees, or research and sponsored program funds* in derivatives, options, and financial securities.

1. In this section, "derivative" means a contract or financial instrument or a combination of contracts and financial instruments, including, without limitation, any contract commonly known as a "swap," which gives the University the right or obligation to deliver or receive delivery of, or make or receive payments based on, changes in the price, value, yield or other characteristic of a tangible or intangible asset or group of assets, or changes in a rate, an index of prices or rates, or other market indicator for an asset or a group of assets.

2. In this section, an "option" means an agreement or contract whereby the University may grant or receive the right to purchase or sell, or pay or receive the value of, any personal property asset including, without limitation, any agreement or contract which relates to any security, contract or agreement.

3. In this section, "financial security" means any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest, collateral-trust certificate, pre-organization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas, or other mineral rights, any put, call, straddle, option, or privilege on any security, certificate of deposit, or group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency, or, in general, any interest or instrument commonly known as a "security," or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.

The third proposal was a resolution, to be sent to Richmond, supporting a legislative study of the serious shortage of health care practitioners.

The Board, on motion, approved the following resolution:

HEALTH CARE PRACTITIONER WORKFORCE SHORTAGE

WHEREAS, the demand for health care in the Commonwealth continues to grow, and is anticipated to increase exponentially in the next few years; and

WHEREAS, one of the major causes of the demand is that the "baby boomer" population is reaching age 65. Those between the ages of 65 and 80 need three or more times the rate of health care as younger people; and

WHEREAS, although the 60-80 year old population is anticipated to quadruple by 2030, the number of doctors, nurses and other health care practitioners is not increasing at the rate of the aging population, which will cause a workforce shortage; and

WHEREAS, the impact of a health care workforce shortage will likely result in limitations to health care for citizens of the Commonwealth;

RESOLVED, the Board of Visitors recognizes a growing workforce shortage of health care practitioners and supports a study, by the General Assembly and academic health centers, of methods to ensure an adequate supply of health care practitioners to serve the Commonwealth's population into the future.

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Mr. Sandridge then proposed a resolution to transfer certain endowment funds from the University to the College Foundation of the University of Virginia.

On motion, the Board approved the following resolution:

TRANSFER OF ENDOWMENT FUNDS FROM THE UNIVERSITY TO
THE COLLEGE FOUNDATION OF THE UNIVERSITY OF
VIRGINIA

WHEREAS, the Hamrick family contributed funds, using a gift annuity, to the University to benefit the History Department in the College Arts and Sciences; and

WHEREAS, the Hamrick family later established an endowed fellowship fund with the College Foundation of the University of Virginia that provides for a graduate fellowship in the Corcoran Department of History in the Graduate School of Arts and Sciences; and

WHEREAS, the Hamrick family has requested that the funds held by the University be transferred to the College Foundation of the University of Virginia so that they may be added to the Hamrick Graduate Fellowship Fund;

RESOLVED, the Board of Visitors authorizes transfer of the George L. Hamrick Gift Annuity funds, currently held by the University, to the College Foundation of the University of Virginia, to be added to the Hamrick Graduate Fellowship Fund.

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Finally, the Secretary proposed a resolution correcting the designation of a professorship, established by the Board by resolution on June 9th, of this year.

On motion, the Board approved the following resolution:

AMENDMENT TO THE RESOLUTION ESTABLISHING THE
SHURE PROFESSORSHIP IN PEDIATRIC NEUROLOGY

RESOLVED, that the resolution establishing the Shure Professorship in Pediatric Neurology, adopted by the Board of Visitors on June 9, 2006, be amended to read that the Professorship is to be held in the Department of Neurology in the School of Medicine.

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The Rector asked Ms. Mullen, the Student Member, if she had any general comments to make on the matters considered by the Board at the Retreat. Ms. Mullen replied that from the point of view of the students at the University, it is very important to try to reduce the size of undergraduate classes.

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On motion, the Retreat was adjourned at 10:54 a.m.

Respectfully submitted,


Alexander G. Gilliam, Jr.
Secretary

AGG:jb

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

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

ADDENDUM TO THE OFFICIAL MINUTES OF THE MEETING OF
THE BOARD OF VISITORS OF THE UNIVERSITY OF VIRGINIA

Meeting Date: July 28-29, 2006

CERTIFICATION OF EXECUTIVE MEETING

The Board of Visitors, sitting in Open Session, unanimously adopted a resolution certifying that while meeting in Executive Session - as permitted by the relevant provisions of the Code of Virginia - only public business authorized by its motion and lawfully exempted from consideration in closed session.

Respectfully submitted,


Alexander G. Gilliam, Jr.
Secretary