

**WORKSHOP**  
**BOARD OF REGENTS**  
**NEVADA SYSTEM OF HIGHER EDUCATION**  
Sierra Building, Elizabeth Sturm Library  
Truckee Meadows Community College  
7000 Dandini Boulevard, Reno  
Wednesday, June 20, 2007

Members Present: Mr. Bret Whipple, Chair  
Dr. Jack Lund Schofield, Vice Chair  
Mr. Mark Alden  
Dr. Stavros S. Anthony  
Mr. Cedric Crear  
Dr. Thalia M. Dondero  
Mrs. Dorothy S. Gallagher  
Dr. Jason Geddes  
Mr. Ron Knecht  
Mr. James Dean Leavitt  
Mr. Howard Rosenberg  
Mr. Steve Sisolak  
Mr. Michael B. Wixom

Others Present: Chancellor James E. Rogers  
Executive Vice Chancellor Daniel Klaich  
Vice Chancellor, Academic & Student Affairs, Jane Nichols  
Vice Chancellor, Finance, Mike Reed  
Interim Vice Chancellor, HSS, Marcia Turner  
Associate Vice Chancellor, Technology, Kenneth McCollum  
Chief Counsel Bart Patterson  
Special Counsel Brooke Nielsen  
Chief Executive Officer of the Board of Regents Scott G. Wasserman  
President Stephen G. Wells, DRI  
President Paul T. Killpatrick, GBC  
President Fred Maryanski, NSC  
Interim President Delores Sanford, TMCC  
President David B. Ashley, UNLV  
President Milton D. Glick, UNR  
President Carol A. Lucey, WNCC  
Dr. Rand Key, Executive Vice President, Planning & Development, CCSN  
Ms. Jacque Matthews, Interim Exec. Dir. & Chief Devpt. Officer, CCSN  
Ms. Jenny DesVaux Oakes, Foundation Chair, CCSN  
Ms. Mary Woods, Director, Development & Marketing, DRI  
Ms. Kathy Badget, Asst. Vice President & Controller, DRI  
Mr. Mike Benjamin, Research Foundation Vice Chairman, DRI  
Dr. Cleve McDaniel, President, DRI Research Parks Board  
Mr. Greg Lambert, Chair DRI Research Parks LTD  
Mr. John Rice, Director, Institutional Advancement, GBC  
Ms. Lisa Heise, Foundation Controller, GBC  
Ms. Kim Miller, Foundation Chair, GBC

Mr. Dave Roden, Foundation Vice Chair, GBC  
Ms. B.J. North, Chief Advancement Officer, Institutional Advancement, TMCC  
Mr. Stan Thomas, Foundation President, TMCC  
Mr. Rod Sanford, Foundation Vice President, TMCC  
Ms. Patty Wade, Foundation Member, TMCC  
Dr. Neal Smatresk, Executive Vice President & Provost, UNLV  
Ms. Nancy Strouse, Sr. Associate Vice President, Development & Exec. Dir., UNLV  
Mr. Edward Quirk, Foundation Chair, UNLV  
Mr. Don Snyder, Foundation Past Chair, UNLV  
Mr. Bud Pittinger, Executive Director, UNLV Research Foundation  
Mr. Mark Fine, Chair UNLV Research Foundation  
Mr. John Carothers, Vice President, Development & Alumni Relations, UNR  
Mr. Paul Bible, Foundation Chair-Elect, UNR  
Ms. Cary Groth, Director, Intercollegiate Athletics, UNR  
Mr. Rory Hickok, Associate Athletics Director, UNR  
Mr. Jerry Cail, President, Athletic Association of the University of Nevada, UNR  
Ms. Helaine Jesse, Vice President, Development & External Affairs, WNCC  
Mr. Roger Williams, Foundation Chair-Elect, WNCC  
Mr. Brian Campbell, Executive Director, UNHSS Foundation

Chair Bret Whipple called the workshop to order at 5:10 p.m. on Wednesday, June 20, 2007, with all members present except Regents Anthony, Geddes and Knecht.

Regent Schofield led the pledge of allegiance.

1. Information Only-Foundation Policies - The Board of Regents met and interacted with the Presidents of the institutions, the Chairs and Presidents of the Foundations and other key personnel deemed appropriate by the Foundations to discuss issues concerning the institutions' Foundations. The discussion included:
  - A generic discussion regarding what Foundations do and educating the Board on the general mission of a Foundation.
  - A discussion regarding how Foundations are organized in Nevada and educating the Board on the specific missions of the Foundations of the Nevada institutions.
  - Identification of issues (*e.g., regulation, flexibility*) for inclusion on future Board meeting agendas.

Regent Knecht entered the meeting.

Chair Whipple said that this workshop was scheduled to provide Regents the opportunity to learn about each institution's mission and asked each President to introduce their Foundation representatives.

Chair Whipple asked Mr. Brian Campbell, Executive Director, UNHSS Foundation, to provide a presentation regarding Foundations in general (*full presentation on file in the Board office*). The presidents then lead a discussion on their individual institution's Foundations.

1. Information Only-Foundation Policies – (Cont'd.)

Mr. Campbell reported that the university related Foundations for public institutions were mostly created in the 1970's and 1980's. UNR's and UNLV's Foundations were created in 1981. The university related Foundations were primarily created to segregate private funds from public funds and to add cultivation opportunities for potential donors. He said it was rare for donors not to place some restrictions on their gifts. Creating a Foundation is one way of providing an arm's length distance for the institution when accommodating such donor restrictions. Since there is not a traditional template for these Foundations, they vary widely on organizational structure. He related that Penn State has no private Foundations, while the University of Virginia has over thirty different Foundations.

Regent Crear asked how the University of Virginia maintains a level of consistency with so many Foundations (*who do they report to, do they operate individually, etc.*). Mr. Campbell replied that they employ 30 different sets of lawyers and have 30 different sets of trusteeship, adding that they are one of the most successful fundraising organizations in the United States. Regent Crear noted that would require a great deal of trust within the organization.

Common Issues for University Related Foundations:

- Accountability and transparency.
- Fiduciary roles – trustees need to be trained with regard to their responsibilities and their liabilities.
- Shared governance.
- Public records and freedom of information.
- Relative independence.
- Potential reform (*Senator Grassley*).

Regent Crear asked whether there were one or two things Mr. Campbell would like to implement with the UNHSS Foundation with which the Regents could help. Mr. Campbell replied that the institution Foundation chairs had been very helpful. He related that independence is absolutely necessary and the level of that independence must be determined.

President Killpatrick asked if relative independence could be further defined. Mr. Campbell replied that although it was a moving target, it related to arm's length relationships and methods of payments to institution employees.

Chancellor Rogers related that Arizona State University's (*ASU*) Foundation reported to the institution President for awhile and then it was changed. He asked President Glick to relate more on the matter. President Glick related that Arizona's Foundations were more closely regulated than in other locations. At ASU, the head of the Foundation reports to both the institution President and the Foundation Board as is the case with UNR. Mr. Campbell related that Iowa State University employed a similar relationship.

President Glick related that the university pays UNR's Vice President for Development's salary, yet he is also responsible to the Foundation board. Mr. John Carothers, Vice President for Development, UNR, agreed with the assessment, adding that it was rare that the governing body or Board of Regents are the shareholders of the Foundation

1. Information Only-Foundation Policies – (Cont'd.)

corporation. Mr. Campbell agreed, adding that it was a matter of concern when trying to limit liability for the state.

Regent Crear observed that if the Board was to be held accountable they should have some oversight. Chief Counsel Patterson stated that the model employed was mandated by statute for the initial foundations established for UNLV and UNR. This model has been followed for the main Foundations of the other institutions, though it is not required. It is not required for Board members to be members of the corporation.

In answer to Regent Schofield's question, Mr. Campbell related that Senator Grassley is a U.S. Senator from Iowa who is concerned about the number of organizations classified as 501c and not-for-profit status.

Chancellor Rogers asked Mr. Campbell to discuss the phenomenon of Foundations gaining power by virtue of contributing more institutional funding as state funding decreases. Mr. Campbell related that it gave the university more autonomy with the state legislature allowing it to function more like a private university.

Regent Gallagher related that, from past experience, the Regents realized that it would not work well for them to manage the Foundations. She acknowledged that the Foundations are all very different and was grateful for the learning experience.

Regent Wixom discussed three issues: state funding issues, increasing number of Foundations, and a growing, relatively small state. He observed that this could produce the following results: 1) Foundations could cause overall giving to increase; 2) fund-raising would remain relatively stable but the individual Foundations would raise less; and 3) Foundations would seek funding sources outside of the state. Mr. Campbell replied it would be more likely for #1 and #3. He felt that there was the potential for large donors already in the state that had not been realized. The Foundations are working well together, and the more feet on the ground seeking potential donor sources the better.

Regent Wixom asked to what extent the investment royalty income avenue had been explored. What needs to be done to help grow and protect the Foundations. President Ashley replied the intellectual property area was more of an institutional concern that should be addressed in a research operation discussion rather than a Foundation discussion.

Regent Sisolak asked about stem cell research royalties received by the Wisconsin Research Foundation. Mr. Campbell replied it was funds raised through a research Foundation as opposed to a philanthropic Foundation. President Glick indicated that the Wisconsin Alumni Research Foundation is probably the oldest and most successful Foundation for technology transfer. About 75% of that particular Foundation's income is derived from a 1924 patent on Vitamin D. Regent Sisolak asked whether any of the Foundations were set up to generate profit. President Glick replied that, in Nevada, the universities own that property so the universities generate profit, but it is not done through the independent Foundations. Regent Sisolak asked how that information is reported to the Board. President Wells related that reporting is through the Research

1. Information Only-Foundation Policies – (Cont'd.)

Affairs Council. Vice Chancellor Nichols related that an annual report is provided, but it is a very small amount. President Glick related that the real purpose was not profit, but to get intellectual property into the public domain. He added that in the 1990's the federal government determined that inventions created with federal grants were deeded to the university and the university is responsible for patenting and licensing where appropriate. Previously the Federal government's stance was that "we paid for it, we own it."

Regent Schofield observed that the goal of the workshop was to discover whether Board members can help the fundraising effort. He felt they should capitalize on those efforts by thinking out of the box to come up with some way of raising more funds to improve the System's position.

Chair Whipple said the workshop was intended as an opportunity to inform the Board about Foundation activities.

Regent Crear believed that it needed to be fully understood how the relationship should move forward. The Board members have almost a shareholder relationship and he does not like being in that position. There needs to be a clear understanding of the stakeholder relationship and how the Foundations are governed.

Mr. Paul Bible, President-elect, UNR Foundation, asked to respond to the question as a shareholder of the Foundation. All Regents are shareholders, but by corporate law they are insulated from liability. Mr. Bible stated the Regents are the shareholders and annually approve each Foundation's trustees. The Foundation trustees are required to meet three times a year (*every three months*), and they elect an executive committee from the pool of trustees. Their meetings follow the open meeting law, if there are any questions, legal counsel is contacted. The executive committee delegates several functions to the working committee level. One of the Foundation's principal responsibilities is to manage assets. The executive committee has selected CommonFund as their investment advisor and has begun to look at more investment diversity, larger investments, high yield and high interest. The investment committee reports back to the executive committee, who approves and then brings it back to the Foundation board for consideration. Mr. Bible related that 11 years ago, they were more worried about earning scholarship money. The principal fundraising today is for bricks and mortar. He sees more and more responsibility shifting to the Foundations. He related that Chancellor Rogers is working on how the Foundations can coordinate efforts so they do not compete with one another.

Chancellor Rogers stated that in his 20 years of fundraising experience, control of the Foundations will not work. When dealing with donors, there is no leverage. The Foundation trustees need to have a great deal of flexibility. There is not a binding contract or agreement for donating money, only good faith promises. All donors want a different level of participation in some shape or form. He urged the Board to be careful about inflicting rules on the Foundations.

Mr. Campbell continued his presentation stating that there is not a lot of comparable data on resources. He felt that the Indiana University Center of Philanthropy was one of the few great resources.

1. Information Only-Foundation Policies – (Cont'd.)

In answer to Regent Sisolak's question, Mr. Bible stated that the Board would open themselves to liability if they began to participate in the day-to-day operations of the Foundations. Regent Sisolak then asked how the Foundations avoid competing against one another. Chancellor Rogers stated that, in general, they talk with the donor and then with one another. Regent Sisolak observed that all of the campuses are approaching the same pool of donors.

With regard to investment portfolios, Regent Knecht has spoken with Regent Dondero about the possibility of the Investment Committee discussing the portfolio management strategy. If there is a fairly thorough consideration of that issue, he as a Foundation shareholder would like to see all the Foundations participate, not to micromanage, but to share information, maximize the returns and minimize the risks.

Regent Geddes entered the meeting.

Regent Gallagher asked Mr. Bible if they had employed investment guidelines, specifically indicating the percentage of their net worth that would be for high risk investments. Mr. Bible replied that they did. Mr. John Carothers added that the guidelines are available on their website.

Regent Dondero advocated for working together and communicating well with one another in order to support one another's endeavors.

Regent Rosenberg asked how the communication between organizations was being coordinated. Chancellor Rogers related that the Foundations speak with one another, especially in an effort to coordinate which organization approaches which donors.

President Glick stated that because the Health Sciences System overlaps all the Foundations, they have been very careful to communicate. He related that he and President Ashley speak often, but they do not compare their list of donors.

Mr. Campbell, in further response to Regent Wixom's question, related that at the University of Virginia, all the Foundations used a central computer system. Each of their Foundations are aware who was working with whom.

Regent Rosenberg asked whether they no longer faced a matter of stealing donors from one another. Chancellor Rogers related that they have tried to minimize those situations as much as possible.

Ms. Patti Wade, TMCC Foundation Board, observed that state dollars are getting tighter and it is becoming more competitive. She felt that as state dollars wane it would become more important for the Foundations to successfully fundraise. She felt the Regents should be concerned about empowering the Foundations and helping them to raise more funds.

1. Information Only-Foundation Policies – (Cont'd.)

Regent Crear asked whether Ms. Wade felt the Board had not been supportive in the past. Ms. Wade replied that it was not a matter of previous support, she was concerned about creating policy or procedures that would make it more difficult to fundraise.

Mr. Ted Quirk, Chair, UNLV Foundation, related that their Foundation was structured similarly to UNR's. They have 62 employees, located throughout the campus. They manage about \$100 million and have over 5,000 donors. They have raised increasing sums each year, this fiscal year raising approximately \$45 million. They also manage about 175 separate endowment accounts. Mr. Quirk indicated that they have some issues unique to UNLV including a budget that must be mostly self-funded as they only receive approximately 20% from the state. He related that most donors want to see their donations go to specific projects, not just to support operations. They have imposed a fee on the endowment accounts to help support operations but it is not enough to pay the \$6 million in operating expenses. A 5% gift tax was previously employed to cover operations, which was recently terminated. The UNLV Foundation will be asking the Board to allow UNLV to help the Foundation fund the debt on the Foundations building. He advocated creation of a cohesive set of policies that would apply to all the Foundations.

Regent Wixom asked whether all of the Foundations were subject to independent audit. Mr. Quirk replied that they are. The affiliated Foundations become affiliate upon their request, and are also subject to audit. Regent Wixom asked whether nonaffiliated Foundations were not required to undergo independent audit. Mr. Quirk replied that there are no real rules that apply to nonaffiliated Foundations, adding that they would not be able to use the UNLV name. For the most part, most of the Foundations have complied. Regent Wixom stated that the Foundations that are subject to independent audit and review provide a sense of comfort to the Board.

Regent Sisolak asked whether there was competition between institutions. Mr. Quirk replied he had not heard of any other than the newly created Health Sciences System Foundation.

Regent Sisolak asked how it was determined who a potential donor was directed to. Mr. Quirk replied that it would depend upon how the donation comes in.

Regent Sisolak asked whether UNLV had any intellectual property revenue generating projects at UNLV. Mr. Quirk replied they did not.

Chancellor Rogers said he objected to gift taxes. He felt the Regents and Legislature should consider methods for paying for the cost of receiving donated funds, adding that it was essential for the Legislature to understand the importance of funding the Foundations' expenses. He felt it would be a good investment when considering how much the Foundations raise.

Executive Vice Chancellor Klaich urged the Board to consider that the 1981 Board of Regents received every incoming dollar. Now this function is handled by the Foundations. When considering the policies and whether more control is necessary, he encouraged Board members to consider that these Foundations now have 30+ years of

1. Information Only-Foundation Policies – (Cont'd.)

experience in fundraising. He encouraged the Board to consider relinquishing some of the controls.

Mr. Jerry Cail, President, Athletic Association of the University of Nevada (AAUN), UNR, related that their mission is to build an athletic scholarship fund and to support the Athletic Director. Over the years the AAUN has been active in raising funds for improvements to stadiums and locker rooms. Now they are focused on building an endowment. Mr. Cail indicated that all funds are invested by Smith Barney, but that other investments are being considered by their investment committee. They are placing a new emphasis on graduating athletes which will impact the AAUN's focus as they direct efforts to building a new academic center for the university.

Regent Geddes asked about competition between those donating for sports and those donating for academics. Mr. Cail replied that he did not believe that donations made for athletics negatively impacted donations for academic ventures.

Regent Schofield asked what the Board could do that would be pragmatic and helpful to the Foundations. Mr. Cail encouraged Board members to attend Foundation board meetings. He expressed UNR's willingness to work with UNLV.

Regent Dondero asked whether the athletes use the medical school. Mr. Cail replied that intercollegiate athletics has a very sophisticated orthopedic center.

Mr. Don Snyder, Past Chair, UNLV Foundation encouraged the Board to be supportive but not to intrude on fundraising efforts.

Regent Leavitt commended UNLV's Foundation fundraising efforts. Mr. Snyder related that the capital campaign was approaching the \$350 million mark. Momentum is very important as is approaching those individuals who can make a significant difference.

President Wells felt that DRI had done a remarkable job of evolving from a "friend" raising organization to the significant fundraising organization it is today. He felt it was a very exciting time for DRI.

Mr. Mike Benjamin, Vice President, DRI Research Foundation, related that the Foundation has made a concerted effort to raise more capital. DRI has some major challenges in that they do not have alumni or athletic programs. Their focus is science with a global relevance. The Foundation has committed itself to fundraising on more of a national and international basis.

Regent Sisolak asked whether DRI received any money from patents. President Wells replied that it does receive a very small amount of money that is held in a joint account with UNR. President Wells related that DRI was a recent entrant and had only recently made faculty aware of the potential for them to fundraise.

1. Information Only-Foundation Policies – (Cont'd.)

President Glick related that it requires an enormous investment in resources and is a long-term process to reach the point of generating income from patents. An institution would need to have many intellectual property ventures available in order to make it profitable.

President Ashley said that the costs of running an intellectual properties office are frequently greater than the revenues generated. It is often the flow of research and development of corporate relationships that is the benefit.

Executive Vice Chancellor Klaich related that intellectual property was a product of the research conducted and the budgets cannot sufficiently fund the research efforts.

President Wells related that employing a research park was another method of bringing in such funds.

Mr. Greg Lambert related that the DRI Research Parks was incorporated in 1963 as not-for-profit. Attempts are underway to develop land that will attract research activities that would otherwise not be located to Nevada thereby yielding a community asset.

Regent Anthony entered the meeting.

Mr. Lambert said these efforts would benefit DRI, UNR and TMCC. It will be viewed as a total campus effort that should benefit all parties involved.

Dr. Rand Key, Vice President, CCSN, related that community college Foundations operate slightly differently on a smaller scale. Only recently has the Foundation been able to realize matching gifts. One of the challenges is that most people claim their alumni status from the last institution attended, which is often a university.

Ms. Jenny DesVaux Oakes, Chair, CCSN Foundation, related that the Foundation had previously functioned as ambassadors for the college. Realizing that CCSN is the largest institution of higher learning in the state and the level of resources required to serve 37,000 students, the Foundation has recently stepped up its fundraising efforts. The largest gift received was \$2 million. They are attempting to attract board members with expertise in the area of fundraising. The multiple changes in the college's leadership were difficult for the Foundation. She indicated they had a fairly good three-year run with President Carpenter at the helm.

Regent Geddes left the meeting.

Regent Sisolak asked why greater effort wasn't made to attract donations from recent graduates. Dr. Key replied that they did so at every commencement ceremony. Ms. Jacque Matthews, Interim Executive Director, CCSN Foundation, related that they were attempting to bridge the gap so that students would retain a sense of loyalty subsequent to attainment of their bachelor's degree. She related that many community college attendees already have a degree but are pursuing education for various other reasons.

President Maryanski stated that the focus for the NSC Foundation would be to raise funds for the nursing building in an effort to increase the number of graduates to address the state's great need.

1. Information Only-Foundation Policies – (Cont'd.)

President Killpatrick reported that GBC had recently instituted a distinguished alumni award in an effort to encourage graduates to develop an attachment to the institution.

Mr. John Rice, Director, Institutional Advancement, GBC, related that they have raised approximately \$25 million since the institution's inception. They maintain a relatively small board employing three major committees: 1) annual giving; 2) planned giving and 3) major gifts. They have a \$250,000 operating budget, of which 11% is covered by the state. The Foundation generally funds campaigns that further the college's mission. They are currently working on a \$1.5 million endowment for new programs that will benefit GBC's 62,000-square mile service area. Mr. Rice supports efforts to allow the Foundations to be as entrepreneurial as possible. He reported that GBC recently received a \$2.4 million gift that will help complete the Center for Life that will house student activities.

President Killpatrick complimented the Chancellor's efforts to solicit private funds.

Interim President Sanford reported that TMCC's Foundation had only recently transitioned to an aggressive fundraiser. The Foundation supports community activities and scholarships and has recently undertaken a \$3 million capital campaign. TMCC has an alumni association which has undertaken the friend raising role for the college.

President Lucey related that Mr. Bible and Mr. Quirk had summarized very well the efforts of a Foundation. She expressed her gratitude to Chancellor Rogers for imposing a good fundraising goal for the institutions.

Mr. Mark Fine, Chair, UNLV Research Foundation, supported the concept of working together and supporting one another's efforts. He explained that the UNLV Research Foundation was created to receive research grant funds that would benefit UNLV. They were also the recipient of federal land, which has now become the focal point of the Research Foundation. They are in the process of forwarding all new grants directly to UNLV. The land asset's estimated worth is \$120 million, which cannot be sold but can be leased. It is hoped to use the land asset to develop opportunities that can most benefit UNLV. Attempts are underway to develop the property as rapidly as possible.

Regent Anthony asked whether consideration had been given to performing homeland security operations at that site. Mr. Bud Pittinger, Executive Director, UNLV Research Foundation, replied that they have, adding that there is also state-of-the-art fiber connections running along the property. They are currently writing the level 5 security standards now for data and telecommunications.

Regent Gallagher asked whether consideration has been given to long-term leases and build-to-suit. Mr. Fine related they were researching multiple options while maximizing the value of the land.

Regent Sisolak said he was impressed with every speaker and had learned quite a bit from the experience. He commended the Foundations' representatives and their efforts, adding that they were a large asset for the System.

1. Information Only-Foundation Policies – (Cont'd.)

Chair Whipple said he would include a future agenda item concerning state funding to support the operational aspects of Foundation fundraising. He thanked Interim President Sanford for TMCC's hospitality and Mr. Campbell for his presentation.

Regent Sisolak asked how the matter of checks addressed to a specific institution could be addressed relative to the endowment fund in an effort to get the money to the place where the donor intended. Chair Whipple directed the Investment Committee to explore the matter.

Regent Gallagher suggested the Regents review the policies to determine whether changes are necessary. Chief Counsel Patterson said an ongoing review was underway. At some point Board direction will be necessary. He offered to provide a recommendation based upon the discussion held that day. Chair Whipple suggested referring it to a committee. Regent Gallagher felt it was time for the Board to take an in depth review of the policies to see what changes are necessary. Chair Whipple directed the Research and Economic Development Committee to review the matter.

Regent Crear suggested that the Board should receive a recommendation for how the Board can best assist the Foundations. He felt a formalized decision should be made by the Board. Chair Whipple said that recommendations would be brought forward by the Research and Economic Development Committee.

President Wells suggested that an ad hoc committee might better address this issue.

Chair Whipple said he would let the new Board Chair make the decision.

2. Information Only-Public Comment – None

3. Information Only-New Business – None.

The workshop adjourned at 8:09 p.m.

Scott G. Wasserman  
Chief Executive Officer of the Board of Regents

*Approved by the Board of Regents at the August 16-17, 2007, meeting*