

BOARD OF REGENTS
BRIEFING PAPER

**1. Agenda Item Title: \$15 million endowment to rename the UNLV
College of Business to the Lee Business School**

Meeting Date: October 21, 2011

2. BACKGROUND & POLICY CONTEXT OF ISSUE:

Theodore "Ted" and Doris Lee have pledged a \$15 million gift over six years to transform the academic quality and reputation of the current college of business to an exceptional business school with an internationally renowned reputation that recruits top young faculty and students.

The Lee family's investment in the business school will enable UNLV to:

- Recruit and retain prominent young faculty
- Attract the absolute best and brightest students in the country to Las Vegas
- Build premier centers and institutes with strong ties to local, regional, and national businesses
- Catapult the school's reputation and national visibility
- Facilitate community outreach through the development of a thought leader lecture series and a one-week seminar conducted by an outstanding business leader or faculty member

Upon receipt of a fully executed MOU with the family, UNLV will rename the College of Business to "Lee Business School," with the name becoming permanent upon payment by the Lee family of the pledge payments under the MOU. Recognition will include re-naming the school and consistent usage of the Lee family name in perpetuity.

3. SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:

Per the Board of Regents Handbook, Title 4, Chapter 10, Section 8 – Approval, Acknowledgement, and Administration of Gifts, Contracts and Sponsored Programs, Item II – Gifts, Subsection D., UNLV is requesting Board of Regents Approval for this gift, which is \$15,000,000 to rename the College of Business to the Lee Business School.

4. IMPETUS (WHY NOW?):

The Lee family approached UNLV with the prospect of naming the College of Business.

5. BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:

- Board of Regents approval of this gift is required to rename the College of Business to the Lee Business School.
- Acceptance of this gift will provide endowed support for the Lee Business School in perpetuity, including the recruitment of excellent young faculty, provision of scholarships to business students, facilitation of community outreach, and enhancement of the reputation and visibility of both the Lee Business School and UNLV.

6. POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:

- None noted.

7. ALTERNATIVE(S) TO WHAT IS BEING REQUESTED/RECOMMENDED:

- None noted.

8. COMPLIANCE WITH BOARD POLICY:

- Consistent With Current Board Policy: Title # 4 Chapter # 10 Section # 8
- Amends Current Board Policy: Title # _____ Chapter # _____ Section # _____
- Amends Current Procedures & Guidelines Manual: Chapter # _____ Section # _____
- Other: _____
- Fiscal Impact: Yes _____ No X Explain: _____



**Memorandum of Understanding between Theodore B. and Doris S. Lee,
the University of Nevada, Las Vegas Foundation
and the University of Nevada, Las Vegas
Concerning the Funds for the Lee Business School
October 4, 2011**

Establishment of the Fund

This Memorandum of Understanding (“MOU”) serves as a pledge of fifteen million dollars (\$15,000,000) by Theodore B. and Doris S. Lee (“Donors”) to the University of Nevada, Las Vegas. With the execution of this MOU and upon receipt of the first pledge payment, the University of Nevada, Las Vegas Foundation, a Nevada nonprofit corporation (“UNLV Foundation”) and the Board of Regents of the Nevada System of Higher Education, on behalf of the University of Nevada, Las Vegas (“UNLV”), will establish five endowed funds and one expendable start-up fund for the UNLV College of Business. This MOU shall be effective as of the last date any authorized signatory affixes his/her signature below.

This MOU and the “Proposal for the Lee Business School,” attached hereto as Exhibit A and incorporated by this reference, contain the entire agreement between the Donors and the UNLV Foundation concerning the management of the gift funding.

Upon receipt of this fully executed MOU, UNLV will rename the College of Business to "Lee Business School," with such name becoming permanent upon payment by Donors of the pledge payments under this MOU. Recognition of the Donors will include re-naming the school and consistent usage of the Lee family name in perpetuity, as further set forth in Exhibit A.

Procedures

The UNLV Foundation hereby establishes six funds to be known as: (1) Lee Professorship Fund, (2) Lee Scholars Fund, (3) Lee Thought Leaders Lecture Series Fund, (4) Lee Visiting Professor Program Fund, (5) Dean’s Endowed Discretionary Fund, and (6) Start-up Fund (collectively, the “Funds”). Any and all contributions designated to the Funds shall be deposited only to the Funds and shall be administered in the manner set forth in this MOU. Disbursements from the Funds shall be made in accordance with Nevada Revised Statutes, with policies established by the Board of Regents of the Nevada System of Higher Education (NSHE), with the policies of the Board of Trustees of the UNLV Foundation, and with the provisions specified in this MOU.

Donor Initial

The Board of Trustees of the UNLV Foundation, or its designee, has and shall have full power and authority to accept, take, hold, manage, invest, and reinvest the Funds, including any and all income produced by the Funds, and any increase or accumulation to them. Income earned by the Funds will be distributed according to UNLV Foundation policies existing at the time of distribution and in accordance with this MOU.

Uses and Purposes of the Funds

The uses of the Funds shall be consistent with the policies of the University of Nevada, Las Vegas. The Funds shall be used only for a qualified charitable purpose consistent with the laws of the state of Nevada and the Internal Revenue Code of the United States.

The purpose of the Funds is to provide financial support for the Lee Business School. The purpose of each Fund is set forth in Exhibit A. The programs set forth therein will begin during the UNLV Foundation's fiscal year 2012.

Pledge Payment Schedule

The Donors hereby pledge fifteen million dollars (\$15,000,000) to be paid over six years and to be deposited into the Funds as set forth in this MOU. The schedule of the deposits into the Funds is set forth in the Budget, attached hereto as Exhibit B and incorporated by this reference. The first payment in the amount of five million dollars (\$5,000,000) is to be made on or before January 31, 2012. The balance of ten million dollars (\$10,000,000) is to be donated over the remaining five years at two million dollars (\$2,000,000) each year beginning February 1, 2013 through January 31, 2017.

Disbursement of Funds

The Start-up Fund will be deposited into a short-term interest-bearing account until needed. All start-up funding will be spent by the conclusion of year three.

The UNLV Foundation complies with and will comply with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) adopted by the State of Nevada in May of 2007 as amended including the corresponding provisions of any succeeding law. UPMIFA, developed by the Uniform Law Commission, provides guidance for the investment management and expenditure of funds held in endowments.

Donor Initial

The UNLV Foundation Board of Trustees Finance and Investment Committee sets the payout amount from each Fund to the campus on an annual basis. Factors considered in determining the payout amount include: 1) duration and preservation of the endowment fund; 2) the purposes of the institution and the endowment fund; 3) general economic conditions; 4) effect of inflation or deflation; 5) the expected total return from income – including funds payable to the UNLV Foundation as any fee, as stipulated in the UNLV Foundation policy – and the appreciation of investments; 6) other resources of the institution; and 7) the investment policy of the institution. Income may be carried forward from year to year and need not be spent. Such unspent income will be available for disbursement at a later time.

In order to insure that any new fund is well established and to help insure the long-term ability of the Foundation's endowment funds to make annual payments, gifts given to the UNLV Foundation to establish any endowment fund on or before June 30 of any year will be invested for a minimum of 12 consecutive months from said date before the endowment is eligible to make a distribution to the related operating fund.

Change of Conditions

This MOU references the policies of the Board of Regents of the NSHE, the University of Nevada, Las Vegas, and the UNLV Foundation. The policies of these organizations, insofar as they affect the matters discussed in this MOU, may change over time. The policies in force at the time of any future activity or transaction shall be the policies that govern future activities or transactions.

If, at some future date, circumstances within the University of Nevada, Las Vegas should change so that the uses and purposes for which the Funds have been established are no longer appropriate and/or possible -- and/or are in conflict with the policies of the Board of Regents of the NSHE, the University of Nevada, Las Vegas, or the Board of Trustees of the UNLV Foundation, then the UNLV Foundation may re-designate the use of the Funds within the spirit and consistent with the objectives set forth in this MOU. Whenever possible, the Board of Trustees of the UNLV Foundation or its designee will confer with the Donors or their sons, Gregory and Ernest Lee, before any Fund is re-designated.

Donor Initial

Memorandum of Understanding between Theodore B. and Doris S. Lee,
the University of Nevada, Las Vegas Foundation and
the University of Nevada, Las Vegas
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_____ Dated this _____ day of _____, 20__
Theodore B. Lee, Donor

_____ Dated this _____ day of _____, 20__
Doris S. Lee, Donor

UNLV Foundation

_____ Dated this _____ day of _____, 20__
Nancy H. Strouse, Sr. Associate Vice President for Development and Executive Director

ACKNOWLEDGED AND ACCEPTED BY THE BOARD OF REGENTS OF THE NEVADA
SYSTEM OF HIGHER EDUCATION, ON BEHALF OF THE UNIVERSITY OF NEVADA,
LAS VEGAS

Recommended:

_____ Dated this _____ day of _____, 20__
Paul Jarley, Dean, College of Business

_____ Dated this _____ day of _____, 20__
William G. Boldt, Vice President, University Advancement

_____ Dated this _____ day of _____, 20__
Michael W. Bowers, Interim Executive Vice President and Provost

Donor Initial

Memorandum of Understanding between Theodore B. and Doris S. Lee,
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the University of Nevada, Las Vegas
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_____ Dated this _____ day of _____, 20__
Neal J. Smatresk, President

Approved as to Legal Form:

_____ Dated this _____ day of _____, 20__
Richard C. Linstrom, Vice President and General Counsel

Approved:

_____ Dated this _____ day of _____, 20__
Daniel J. Klaich, Chancellor

Donor Initial

UNLV

PROPOSAL FOR THE LEE BUSINESS SCHOOL

SUMMARY

The University of Nevada, Las Vegas (UNLV) respectfully requests a \$15 million gift pledged over six years from the Lee family to transform the academic quality and reputation of the current college of business to an exceptional business school with an internationally renowned reputation that recruits top young faculty and students.

The Lee family's investment in the business school at UNLV will enable us to:

- Recruit and retain prominent young faculty
- Attract the absolute best and brightest students in the country to Las Vegas
- Build premier centers and institutes with strong ties to local, regional, and national businesses
- Catapult the school's reputation and national visibility
- Facilitate community outreach through the development of a thought leader lecture series and a one-week seminar conducted by an outstanding business leader or faculty member

The values of the Lee family are synonymous with leadership, innovation, entrepreneurship, and success – and parallel the hallmarks of a truly great business education program. An investment in UNLV creates a self-perpetuating cycle. Bringing the best young faculty and brightest students together with exceptional academic programs will build the school's reputation, which will feed recruitment and program development over the long term and help to improve the economy of Nevada.

THE LEE BUSINESS SCHOOL TODAY

Mission Statement: The Lee Business School at UNLV seeks to be the primary source of intellectual capital on the issues most critical to the region's economic prosperity. We seek to leverage the unique characteristics of Las Vegas to find solutions to business problems that improve management practice and enhance social welfare. By conducting and disseminating the results of high-quality research and offering engaging and rigorous programs of distinction, we seek to prepare the people we serve for success in today's global economy.

A great education provides students with the confidence, knowledge, and skills to compete with anyone, anywhere. The Lee Business School promotes the virtues of competition. Competition challenges us to become our best through focus and consistent effort. This concept is integrated

throughout the business school experience as we challenge ourselves at UNLV to benchmark our progress against the best students and institutions from around the country.

The Quality of our Programs

Several programs have already achieved national prominence.

- The Evening MBA program is ranked number 52 by *Business Week*.
- The accounting program is ranked in the top 25 among medium-size accounting programs nationally.
- The information systems faculty are ranked in the top 25 for scholarly research.
- The school's real estate research is ranked 21st in the world over the past 10 years.

The Ability of UNLV Students to Compete

The school's students consistently show that they can compete with the best teams from around the country.

- The UNLV American Marketing Association students have finished second to Wharton twice in the last five years at the AMA's national competition in New Orleans.
- The Students in Free Enterprise team has gone to the national finals two years in a row.
- UNLV business students won both the graduate and undergraduate divisions at the Governor's Cup Business Plan Competition last year.
- UNLV MBA students won the Southern Nevada Business Plan Competition.

Our Role in the Community

The school plays a critical role in promoting economic literacy, best business practices and economic diversification.

- The Center for Business and Economic Research is **the** authority on the Las Vegas economy. Its director, Steve Brown (formerly of the Federal Reserve Bank of Dallas), is frequently consulted by both policy makers and the press on economic issues.
- The Lied Institute for Real Estate Studies is deeply involved in the real estate community and its director, Nasser Daneshvary, participates in policy discussions about how to best cope with the aftermath of the housing bubble.
- The Center for Entrepreneurship and its director, Andrew Hardin, are fostering new business start-ups through a variety of mechanisms including a community-wide business plan competition co-sponsored by the *Las Vegas Review-Journal*.
- The partnership with the College of Engineering and its senior design competition has produced start-up businesses to help diversify our economy.

What Makes Us Special

The Lee Business School is one of just 169 institutions worldwide to hold international accreditation by the Association to Advance Collegiate Schools of Business (AACSB) in **both** business and accounting. AACSB international accreditation represents the highest standard of achievement for business schools worldwide. Institutions that earn accreditation confirm their commitment to quality and continuous improvement through a rigorous and comprehensive peer review that includes conforming to a wide range of quality standards relating to strategic

management of resources, interactions of faculty and students in the educational process, and achievement of learning goals in degree programs.

- Fewer than 15 percent of all business colleges and schools worldwide hold AACSB accreditation.
- Business is the largest school at UNLV, with more than 100 faculty members, 3,500 undergraduates, and 500 graduate students.
- The school offers nine undergraduate majors and four MBA concentrations, plus an Executive MBA program and dual MBA degree programs with the Law School, the Dental School, and the Hotel College.
- Advisory boards include a membership of approximately 160 alumni and community volunteer leaders who guide the direction of the school's centers and academic departments.
- Classes are taught by full-time faculty who are devoted to research, teaching and students. The school does not use graduate students as teachers and only uses part-time instructors to teach a couple of highly specialized courses such as governmental accounting.

Each year since 2002, the school, along with presenting sponsor, Deloitte, pays tribute to motivated business leaders who make Nevada their destination of choice for high-achieving companies. Business leaders in the community are encouraged to nominate unique individuals for the Nevada Business Hall of Fame. The event offers an opportunity to honor and learn from the men and women whose hard work, success and leadership have made a tremendous impact on the lives of Nevadans. Nominees have been prominent business leaders whose contributions have significantly enhanced the economic prosperity of Nevada and who have brought positive recognition to the state. Previous inductees include: Bill Boyd, Hank & Barbara Greenspun, William F. Harrah, Howard Hughes, Robert Lewis, Jerry Mack, Si Redd, Jim Rogers, Glen Schaeffer, Claudine Williams, Del Webb, Steve Wynn, Luther Mack, Jr., Kitty Rodman, the Cashman Family, Michael Saltman, Keith Schwer, Sam Boyd, Pat Mulroy, John Ascuaga, Don Snyder, and Phil Satre.

The Annual Lieder Awards by the Lied Institute for Real Estate Studies bring together real estate professionals and community leaders to celebrate the honorees' outstanding contributions to the development of Southern Nevada. Housed in the Lee Business School, the Lied Institute produces relevant real estate research and supports educational programs in real estate economics and finance for students and professionals.

TRANSFORMED: THE LEE BUSINESS SCHOOL TOMORROW

A top public business school has a dynamic environment that attracts outstanding students and faculty. It makes learning the focal activity by investing significant capital in knowledge creation that has a strong nexus to practice. It is an engine for economic development in the community by attracting and retaining businesses in need of a nearby supply of intellectual capital. The markers of a prominent business school include:

- Endowing professorships and chairs that attract and retain the brightest young faculty; these professors teach undergraduate courses and regularly publish in the best academic journals.
- Emerging as a destination of choice for high-achieving students, with attractive, competitive scholarships and signature learning opportunities.
- Offering ample avenues to study and gain work experience abroad through partnerships with other leading academic institutions.
- Showcasing expert staff who work closely with faculty to provide an integrated approach to academic advising, enrichment activities, and career counseling.
- Developing a rigorous, relevant, and revenue-producing executive education operation with an executive MBA as its cornerstone.
- Offering a doctoral program where students learn from elite faculty.
- Facilitating the recruitment of graduates by prominent corporations.
- Supporting community outreach through the development of a thought leader lecture series and a one-week seminar conducted by an outstanding visiting business leader or faculty member.

It is an uncommon occurrence for any school of business to hire 10 high-visibility faculty members in eight years. It is equally uncommon for such institutions to seek to attract so many high-achieving students through new programs backed by scholarship monies. The combination of these efforts is likely to be very potent indeed. Simply put, such an effort will “turn heads,” lead to people considering UNLV who never would have done so in the past, move the quality measures associated with national rankings forward, and likely bring additional fund-raising opportunities to the school. Funding implementation cycles are also meant to institutionalize the new programs quickly as well as reap the benefits of Las Vegas’s current national visibility.

A \$15 MILLION INVESTMENT

The Lee Business School will be named for a gift of \$15 million. Recognition for naming the school would include consistent usage of the Lee family name with all internal and external communications, including signage, publications, printed materials, and voice communications. The Lee Business School will be named in perpetuity and will be associated with numerous community events both existing and future.

We propose that the gift be paid over the course of six years. The payment schedule that will create the maximum impact for the Lee Business School will be \$5 million in year one and \$2 million each year for the remaining five years.

This gift will provide critical resources to the college, including:

Lee Professorships – \$10 million

Funding from the gift will be used to support 10 endowed professorships focused on recruiting exceptional junior faculty to enhance, broaden or develop high priority areas in the Lee Business School. As a reliable source of annual support for the academic efforts of faculty, endowed professorships allow UNLV to offer market-competitive packages to young faculty who will be

leaders in their fields. The funds generated by an endowed professorship can be invested in research, or any other needs at the faculty member's discretion – a powerful incentive to come and stay at UNLV. These faculty will be known as the Lee Professor of _____ (Finance, Entrepreneurship, Real Estate, etc.; the exact title would be determined by expertise of the faculty member). Each Lee Professorship will be endowed for \$1 million. *Requires a match of 10 new positions (salaries, benefits and start-up funds) by UNLV.*

Lee Scholars – \$2.5 million

The gift will fund the Lee Scholars, a cadre of high-achieving students who will be able to fulfill their dreams of obtaining a world-class education in business. Financial stability afforded by the Lee Scholars program will help to eliminate monetary concerns for recipients, allowing these students the opportunity to focus on their studies and immerse themselves in the university experience.

Lee Scholar applicants must demonstrate academic excellence (a minimum GPA of 3.5 upon acceptance) and personal integrity. Consideration will be given to those who exhibit not only a good academic record but have potential leadership qualities that would augur future success in the business world. Upon acceptance as a Lee Scholar, students will receive a one-time award of \$1,000 plus a Lee Scholars certificate of recognition for academic excellence.

Undergraduate recipients with demonstrated financial need as determined by the Financial Aid Office will qualify to receive an award of \$6,000 (**in addition** to the \$1,000 award for the first year). The annual award may be renewed for a maximum of four years of undergraduate studies in the Lee Business School as long as students continue to meet the award criteria (including a minimum GPA of 3.2 for renewal recipients).

MBA-level recipients with demonstrated financial need as determined by the Financial Aid Office will qualify to receive an award of \$15,000 (**in addition** to the \$1,000 award for the first year). The annual award may be renewed for a maximum of two years of graduate studies in the Lee Business School MBA program as long as students continue to meet the award criteria (including a minimum GPA of 3.2 for renewal recipients).

A scholarship committee will be responsible for determining the number of annual Lee Scholars based upon the available funding from the gift and the priorities of the school.

Lee Thought Leaders Lecture Series – \$750,000

The gift will fund a lecture series featuring thought leaders who are highly accomplished, visionary, and internationally recognized in the business community. Twice a year (fall and spring), distinguished business leaders and innovators will be brought to campus to discuss current business issues and trends and their individual leadership philosophy. A \$750,000 endowment will support the series.

Lee Visiting Professor Program – \$750,000

The gift will also create a program that will draw business leaders to the Lee Business School for a one-week intensive curriculum led by an internationally renowned business professor or

executive. Courses will be comprised of presentations and seminar-like interaction with attendees and will focus on the practical nature of business development. Topics will include relevant challenges facing business and industry leaders today and innovative ways of meeting these challenges.

Attendees must pre-register and pay a program fee to cover tuition, meals, books and other materials. Depending upon community demand, the program could be expanded in the future beyond this initial one-week per year design. An endowment of \$750,000 will underwrite travel costs and fees for the visiting professor.

Start-Up Funding – \$151,500

A portion of the initial gift will be used for immediate costs associated with launching each initiative of the gift as the endowment matures. Start-up funding includes:

- | | |
|--|--------------------------------------|
| • Lee Professors (first two faculty members) | \$60,000 |
| • Lee Scholars | \$24,000 |
| • Lee Thought Leaders Lecture Series | \$22,500 |
| • Lee Visiting Professor Program | <u>\$45,000</u> (22,500 x two years) |
| | \$151,500 |

All start-up funding will be spent by the conclusion of year three. Funds will be deposited into a short-term interest-bearing account until needed.

Dean’s Discretionary Fund – \$848,500

An endowment will be created for use at the discretion of the dean of the Lee Business School to fund academic and administrative priorities for the school. Endowment proceeds will not be paid out until the fair-market balance builds to \$1,000,000. Only then will annual proceeds from the \$1,000,000 principal balance be available for use at the dean’s discretion.

Specialized Faculty Information

A special publication will highlight the Lee Professors, including short faculty biographies, their research, the courses they teach, etc. This publication will combine both graduate and undergraduate course information. This faculty information, as well as information about the Lee Scholars, will be included on the school’s website.

IN SUMMARY

The Lee gift of \$15 million will enable the Lee Business School to become a regional and national leader in producing graduates who are sought after for their technical skills and business acumen and will, in perpetuity, create a legacy of excellence in higher education for the Lee family and UNLV.

EXHIBIT B

BUDGET

Funding by Year

Lee Endowment Funding	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
Ten (10) Lee Professorships in priority areas to be determined	\$2,000,000	\$1,250,000	\$1,687,500	\$1,687,500	\$1,687,500	\$1,687,500	\$10,000,000
Lee Scholars	\$1,250,000	*	\$312,500	\$312,500	\$312,500	\$312,500	\$2,500,000
Lee Thought Leader Lecture Series	\$750,000	*	*	*	*	*	\$750,000
Lee Visiting Executives Program	*	\$750,000	*	*	*	*	\$750,000
Discretionary Funding Endowment	\$848,500	*	*	*	*	*	\$848,500
Start-up Funding	\$151,500	*	*	*	*	*	\$151,500
Total Lee Contributions	\$5,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$15,000,000

UNLV Matching Funds	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Yr 8 and beyond
UNLV salaries, benefits, start-up funds for Lee Professorships	\$0	\$400,000	\$400,000	\$600,000	\$1,000,000	\$1,200,000	\$1,600,000	\$2,000,000
Total UNLV Contributions	\$0	\$400,000	\$400,000	\$600,000	\$1,000,000	\$1,200,000	\$1,600,000	\$2,000,000

8-year Implementation Plan

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Lee Professors on staff	0	2*	2	3	5	6	8	10
Lee Visiting Professor	0	1*	1*	1	1	1	1	1
Lee Thought Leader Lecture Series Speakers	0	2*	2	2	2	2	2	2

*Paid with start-up funds while endowment matures