Dean Carolyn Dever called the meeting to order at 4:12 p.m. in Wilson Hall 103. Approximately 75 faculty members were in attendance.

1. Overview and Update of Vanderbilt’s Endowment.

Matthew Wright, Vice Chancellor for Investments, presented an overview and update of Vanderbilt’s endowment. **Factual Overview:** Vice Chancellor Wright stated that, as of June, 2010, Vanderbilt’s endowment was valued at just over $3 billion and is comprised of approximately 2660 individual funds or participants, which makes Vanderbilt’s endowment similar to a large mutual fund. Approximately 60% of the endowment is considered to be the true endowment, which consists of funds or gifts that have been given to Vanderbilt by the donor for a specific purpose, while the rest is the quasi-endowment, which consists of gifts to Vanderbilt that have not been designated for a specific use and therefore can be used as Vanderbilt sees fit. Vanderbilt keeps careful record of all of the individual gifts in order to make sure that the monies are being spent in accordance with the donors’ wishes. Of the donor-restricted gifts, approximately 54% are earmarked for scholarships and faculty chairs, 21% for prizes, research, and other restricted purposes, and 28% for schools, hospitals, and other operating purposes. In any given fiscal year, Vanderbilt calculates the amount of the endowment that is available for distribution on the basis of 1) a trailing three-year average on the rate of return of the endowment and 2) a 4.5% spending rate. Using this method, the endowment payout in fiscal year 2010 was approximately $150 million. Financial dependency on the endowment payout differs among the various units within Vanderbilt, and, within the Provost’s Office, endowment-dependency differs among the schools. For example, the endowment payout constitutes approximately 17% of the total revenue in the College of Arts and Science, but other schools depend on the endowment payout to a much greater extent. Vice Chancellor Wright emphasized that there is a strong rationale for the 4.5% spending rate. Studies have demonstrated that a 4.5% spending rate will maintain the purchasing power of a $100 million investment over a 20-year time period, yet any rate over 5% will make it less and less likely that the market value of the investment will retain its value over the long term. The purpose or mission of the endowment is not to make money, but to provide perpetual support for Vanderbilt by balancing near-term needs with long-term needs. In addition to managing Vanderbilt’s endowment, Vice Chancellor Wright’s office manages Vanderbilt’s operating funds.

**Governance Structure.** Vice Chancellor Wright explained that there is a check and balance system in place between his office and the Chancellor and the Board of Trust, and there is also a set of controls. As head of Vanderbilt’s Office of Investments, he reports to Chancellor Zeppos and the Investment Committee, which is a subcommittee of
the Board of Trust (Chancellor Zeppos is also a member of the Investment Committee). Moreover, there is a policy document that provides guidelines for investment, such as what the asset allocation should be, what each asset class does, what the return objectives are, what the risk targets should be, and the roles and responsibilities of the relevant bodies and offices. Normally, his office presents investment recommendations to the Investment Committee; the Investment Committee reviews, revises, and approves the recommendations; and then his office implements the investment decisions.

Investment Philosophy. A. Institutionalized framework. Vice Chancellor Wright explained that his office consists of investment professionals from multiple disciplines, who are all well-qualified and have a passion and strong sense of purpose for their work. His office employs 18 people, who operate as a team, and each individual member focuses on a discipline, not a particular asset class. Proposals and investment recommendations are documented and justified and are shared among the team members for discussion and review. B. Global focus. Vice Chancellor Wright stated that he believes that there are strong growth opportunities overseas. His office hires experts who know a local culture and live there and who invest on Vanderbilt’s behalf in accordance with our investment philosophy. Vanderbilt has investment manager relationships on six continents and investment relationships in 17 countries. In order to oversee and manage these financial investments, extensive travel and cultural knowledge are required. As a result of these efforts, Vanderbilt has underlying investments in 80 countries. C. Risk management. An important part of the management of Vanderbilt’s investments, he continued, is to understand and monitor exposure to risk. On the basis of risk and in accordance with our investment philosophy, Vanderbilt invests disproportionately across asset classes (equities, fixed income, currency, and alternative investments) and markets (U.S. markets, developed markets, and emerging markets).

Investment Process. Vice Chancellor Wright explained that at Vanderbilt investing consists of four major steps: 1) hiring and creating long-term relationships with managers; 2) due diligence, making sure that the manager’s investment recommendations are in accordance with Vanderbilt’s overall investment philosophy, which might take up to 18 months; 3) portfolio building, based on market factors and diversification strategies; and 4) monitoring and risk management.

Portfolio and performance review. Vice Chancellor Wright reiterated that Vanderbilt has established investment targets for its portfolio, and his office continually monitors the investments in order to ascertain the extent to which the investments are meeting these targets. Funds are reallocated over time to better meet the targets and to stay within the preferred level of risk. Asset allocation, at the end of the last fiscal year, was close to the target figures for many of the investment classes, although the portfolio was underweight in global equities and real estate and overweight in private equity markets (venture capital). Performance on a relative basis, in comparison to several indices, such as the S&P 500, reveals that Vanderbilt’s portfolio is still defensively positioned. Yet, performance on a relative basis, in comparison to peer universities, shows that Vanderbilt is doing very well balancing investment returns and level of risk. Only four peers had better investment returns, but these returns came at a higher risk.
In response to questions, Vice Chancellor Wright stated that Vanderbilt’s endowment was valued at $3.7 billion at its highest point, just before the economic crisis. Vanderbilt has weathered the economic crisis better than most other universities, which has enabled us to continue hiring faculty members and recruiting the best students with our no-loan policies. The rate of return figures are stated in real terms, with inflation taken into account. In real terms, Vanderbilt strives for an annual 9% rate of return on the endowment. The IRS does not place as many spending mandates or requirements on university endowments as it does on foundation endowments, but there are some requirements mandated by our educational mission. The endowment payout in fiscal year 2010, using the 4.5% spending rate, was larger than the endowment payout in the early 1990s when Vanderbilt was using the 5.5% spending rate. The countries in which Vanderbilt has invested most heavily are, in order, the United States, emerging markets in Latin America, India, and China. Vanderbilt does not have any formal ethical guidelines or framework for investing. Statistical studies show that making investment decisions based on social concerns is not as successful or effective as making these decisions on an economic basis. Yet, one part of Vanderbilt’s due diligence process is to make sure that the people and companies with whom and with which Vanderbilt invests have high integrity—that they are the kind of individuals or companies with whom or with which we would like to be associated with as an institution. His office has been able to form great relationships with and invest in firms that have very high positive social benefits to the region. Since he has been Vice Chancellor for Investments, Vanderbilt has not pulled any investments out of a company or a country for non-economic reasons.

Faculty members thanked Vice Chancellor Matthew Wright for his presentation and for answering questions. His presentation, Dean Dever noted, is part of an ongoing effort to provide information to the faculty about Vanderbilt’s financial affairs. An update on Vanderbilt’s finances was presented at the January Faculty Meeting by Vice Chancellor for Finance Brett Sweet and Provost Richard McCarty.


Matthew Gould, Professor of Mathematics, Emeritus, presented a Memorial Resolution in honor of Charles K. Megibben, Professor of Mathematics, Emeritus. Faculty members paid their respects and signified their assent to the resolution by standing for a moment of silence. The Memorial Resolution is appended to these Minutes.


Philip S. Crooke, Professor of Mathematics, presented a Memorial Resolution in honor of James R. Wesson, Professor of Mathematics, Emeritus. Faculty members paid their respects and signified their assent to the resolution by standing for a moment of silence. The Memorial Resolution is appended to these Minutes.
4. **Approval of the Minutes of the Faculty Meeting of February 22, 2011.**

There were no comments or questions, and the Minutes were approved.

5. **Review of the Minutes of the Faculty Council Meeting of March 1, 2011.**

Professor Becker, in reference to the last sentence of item #4 on the second page of the draft Minutes, stated that it was his understanding that two members of CASP have said that they *might* vote against the CASP recommendation when it comes up for a vote at a Faculty Meeting, not that they would definitely vote against the recommendation. Unless Council has heard otherwise, Professor Becker suggested that the wording of the Minutes be revised accordingly. There were no other comments or questions.

6. **Executive Motion Calendar.**

From the Committee on Educational Programs (CEP): **Proposed revision of the Anthropology major.** There were no comments or questions, and the A&S faculty approved the revision of the Anthropology major.

7. **Original Motion Calendar.**

No issues were raised.

8. **Good of the College.**

No issues were raised.

9. **Adjournment.**

The meeting adjourned at 5:08 p.m.

Respectfully submitted,

Kathryn H. Anderson,
Secretary of the Faculty
Memorial Resolution for Charles Kimbrough Megibben III, Professor of Mathematics, Emeritus

Charles Kimbrough Megibben III died March 2, 2010 in Nashville at the age of 73 while undergoing heart surgery. He is survived by his first wife, Winnie Lou Pryor Megibben, their sons Malcolm Kimbrough Megibben, Michael Edward Megibben, and Gregory Alan Megibben; their daughter, Becky Lynn Shirley; and his stepson Jeffrey Keith Hutcherson by his second marriage, to Dottie Jo Hutcherson. Additionally, he is survived by twelve grandchildren and five great-grandchildren.

Charles Megibben was born in Lexington, Kentucky on October 22, 1936. He received his B.S. degree from Southern Methodist University in 1959 and his Ph.D. in mathematics from Auburn University in 1963. During his graduate studies, he was funded by an Office of Naval Research (ONR) fellowship and a Woodrow Wilson fellowship. After a year as Assistant Professor at Texas Technological College from 1963 to 1964, he was an ONR Postdoctoral Research Associate at the University of Washington for one year from 1964 to 1965. He then spent two years as Assistant Professor at the University of Houston from 1965 to 1967 and was an Exchange Professor at the Université Montpellier in Montpellier, France, in the summer of 1967. In the fall of that year he joined the Vanderbilt University Department of Mathematics as Associate Professor. Promoted to Professor in 1975, he served in the department until his appointment as Professor Emeritus in 2005.

Charles enjoyed a distinguished career as a research mathematician. He was the principal investigator on numerous National Science Foundation grants and an internationally acknowledged leader in the theory of abelian groups, a field of algebra in which he published many papers and was frequently an invited speaker at international conferences. His presence at Vanderbilt attracted many distinguished visiting scholars as well as graduate students, ten of whom wrote doctoral dissertations under his supervision.

Generations of students remember Charles Megibben as an engaging instructor. In both undergraduate and graduate courses, he was noted for the clarity, thoroughness, and liveliness of his lectures. He was also a master of written exposition. For each of the undergraduate courses that he taught most often, and for nearly all of his graduate courses, he would eschew the published textbooks and monographs. Instead, he prepared and distributed eminently readable lecture notes that would present the essential theory and illustrate it with a wealth of examples and illuminating comments. The mathematical and pedagogical insights in those notes influenced not only his students, but also some of his colleagues, who would use the notes in their own courses.

Professor Megibben’s achievements in research significantly enhanced the reputation of the Department of Mathematics during a critical period when the department was first becoming known as a research center. Moreover, his reputation as a teacher grew over the years to a point where his classes were full to overflowing and students had to be turned away. The Department of Mathematics greatly benefitted from his talents and dedication in both research and teaching.
Madame Dean, I ask that a copy of this memorial resolution be entered into the minutes and sent to members of Charles Megibben’s family.

Respectfully,

Matthew Gould
Professor of Mathematics, Emeritus
Memorial Resolution for James Robert Wesson, Professor of Mathematics, Emeritus

James Robert (“Bob”) Wesson passed away on April 25, 2010 at McKendree Health Center in Hermitage, Tennessee at the age of 88. He is survived by his wife, Ruth Janelle Wesson; his daughter Janelle Lee Klenk; his sons James Robert Wesson, Jr., Philip Alan Wesson, and Mark Edward Wesson; ten grandchildren; and eleven great-grandchildren.

Bob Wesson was born November 1, 1921 in Jackson Gap, Alabama. He belonged to what television journalist and author Tom Brokaw called the “Greatest Generation” – the generation that survived the Great Depression and went on to serve in World War II. When the Japanese attacked Pearl Harbor, Bob was 20 and working in a factory in Birmingham, Alabama. College was not yet in his future since his family was of modest means. The day after Pearl Harbor, Bob listened to President Franklin Roosevelt’s “day that will live in infamy” speech over the loudspeaker on the floor of the factory. A few months later, he enlisted in the Army Air Corps, in which he served from April 1942 until October 1945. While he was in the Air Corps, he met and married Jan, his wife of 67 years, in March 1943.

Bob’s aptitude for mathematics was evident to his army superiors, and he was soon promoted to navigator training. By August 1945, Bob was a lieutenant and assigned as the navigator/bomber on a two-man A-3 airplane. He was stationed on the West Coast in readiness for an invasion of Japan when the U.S. dropped the atomic bombs on Hiroshima and Nagasaki to end the war.

One of the characteristics attributed to members of the “Greatest Generation” is how hard they worked. Following his honorable discharge as a Second Lieutenant in 1945, Bob exemplified this trait. He took advantage of the newly-enacted GI bill to attend Birmingham-Southern College, graduating in only three years in 1948 with a degree in mathematics. He then went on to obtain his Masters Degree at Vanderbilt the following year in 1949. In 1953, he received the first Ph.D. in mathematics awarded by Vanderbilt. His dissertation was in the area of geometry. While working on his Ph.D., he also held a full-time teaching position as an Assistant Professor at Birmingham-Southern College from 1951 to 1953.

Bob enjoyed a distinguished career in mathematics. He was Professor of Mathematics at Birmingham-Southern University from 1951 to 1957. He returned to Vanderbilt in 1957 as an Assistant Professor. He was promoted to Associate Professor in 1959 and to Professor in 1966. He wrote several mathematics papers, as well as a widely used textbook entitled "Lessons in Linear Algebra." He directed one Ph.D. dissertation and 11 master’s theses. He became Professor Emeritus in 1990.

Bob was the Director of Undergraduate Studies for the Department of Mathematics from 1970 to 1977. For nine years (1962-1963 and 1965-1971), he received NSF grants to conduct summer institutes for college mathematics teachers. His research in numerical methods for solving differential equations was supported by a NASA contract for seven years (1962-1969).

His peers in the Department of Mathematics remember him as a friendly, compassionate man of great integrity who was dedicated to his students and tireless in his service to the department and
the university. Bob was well known for his encouragement and guidance to young faculty members, particularly with regard to advice concerning teaching.

Bob was himself an outstanding teacher. He knew how to talk to young people and was generous with his time and advice. Because of his expertise in geometry, he had a special skill at drawing complicated surfaces in calculus that greatly aided his students’ understanding. He is also remembered for teaching students how to prove theorems well. His book “Lessons in Linear Algebra” emphasized proof techniques. “When I first came to Vanderbilt,” recalls Professor of Mathematics John Ahner, “I noticed how good the students were at proving theorems. I personally have never seen that level of ability in students since then.”

During his long career at Vanderbilt, Bob received many awards and honors. He received the Ellen Gregg Ingalls Award for excellence in classroom teaching in 1969. In 1976, he was awarded the Chancellor’s Cup for “the greatest contribution outside the classroom to undergraduate student-faculty relationships in the recent past.” He was given the Thomas Jefferson Award in 1981 “for distinguished service to Vanderbilt, through extraordinary contributions as a member of the faculty in the councils and government of the University.” In 1981, he received the Omicron Delta Kappa Award for exceptional student-faculty relations, and in 1987, he received the Alumni Outstanding Freshmen Advisor Award.

Bob was an active member of several professional organizations: Mathematical Association of America (MAA), Alabama Association of College Teachers of Mathematics (AACTM), Tennessee Mathematics Teachers Association, and Sigma Xi. From 1964 to 1967, he served as the Governor of the Southeastern Section of the MAA and was a Visiting Lecturer of the MAA during that time. He also was a member of the Committee on Visiting Lecturers and Consultants of the MAA. He served two years, 1956-1957, as President of the AACTM.

Outside the Mathematics Department, Bob Wesson performed a prodigious amount of service work for Vanderbilt. He was Associate Dean of the College of Arts and Science from 1978 to 1983. His service roles included the Admissions Committee (1958-1966); Academic Standards Committee (1962-1963, 1977-1978, and Chairman 1977-1978); Secretary of Sigma Xi for two years; Faculty Council (1963-1966, 1971-1974, 1977-1979); and the Educational Policy Committee (1963-1966, 1971-1972, Chairman 1965-1966 and 1971-1972). It was under his leadership that the Educational Policy Committee formulated the new B.S. degree in the College of Arts and Science. He also served on the Committee on NSF Cooperative Fellowships (for four years and chairman for one year); Natural Science Committee; Committee on Teaching and Learning (1968-1969); Committee on Individual Programs (1973-1976); Committee on the Honors Program (1973-1976); Chairman of the Screening Committee for the Director of the Afro-American Studies Program (1976-1977); President of the Vanderbilt chapter of Phi Beta Kappa for one term; Committee on the Student Bodies of the 1963-1964 University Self-Study; University Senate (1968-1971, 1975-1978, 1984-1986); Chairman of the Committee on Student Affairs (1975-1977); Community Affairs Board (1975-1978); Executive Council (1976-1978); Chairman of the Selection Committee for the Dean of Student Services (1976); Committee on Athletics (1968-1970); Committee on Computer Resources (1968-1970); Chairman of the Senate Committee on Student Affairs (1975-1977); Engineering and Science Fair Committee (for 10 years); University Appeals Committee (1977-1978); Chairman of the Appellate Review Board
Bob Wesson was a dedicated and tireless worker for the Department of Mathematics, the College of Arts and Science, and Vanderbilt University. In the truest sense, he was a scholar, an inspiring teacher, and an exemplary leader for the University. He has left to Vanderbilt a legacy of high academic standards, hard work, dedicated service, honesty, and a sincere regard for his students. He had a profound impact on the Department of Mathematics and the University at large. Madame Dean, I ask that a copy of this memorial resolution be entered into the minutes and sent to members of Bob Wesson’s family.

Respectfully,

Philip Crooke
Professor of Mathematics