

September 23, 2005

MEMORANDUM

TO: The External Affairs Committee:

Lewis F. Payne, Chair
A. Macdonald Caputo
G. Slaughter Fitz-Hugh, Jr.
W. Heywood Fralin
Glynn D. Key
Don R. Pippin
Gordon F. Rainey, Jr.
Thomas F. Farrell, II, Ex Officio

and

The Remaining Members of the Board:

Alan A. Diamonstein	Vincent J. Mastracco, Jr.
Susan Y. Dorsey	Warren M. Thompson
Georgia Willis Fauber	E. Darracott Vaughan, Jr., M.D.
Mark J. Kington	John O. Wynne
Catherine S. Neale	

FROM: Alexander G. Gilliam, Jr.

RE: Minutes of the Meeting of the External Affairs
Committee on Friday, September 23, 2005

The External Affairs Committee of the Board of Visitors of the University of Virginia met, in Open Session, at 10:00 a.m., Friday, September 23, 2005, in the Byrd Seminar Room of the Harrison Institute, adjacent to the Alderman Library; Lewis F. Payne, Chair, presided. G. Slaughter Fitz-Hugh, Jr., Ms. Glynn D. Key, and Gordon F. Rainey, Jr., were present.

Don R. Pippin and A. Macdonald Caputo participated by telephone.

Present as well were Leonard W. Sandridge, Jr., Alexander G. Gilliam, Jr., Paul J. Forch, Robert D. Sweeney, Gene D. Block, Ms. Yoke San L. Reynolds, Edward L. Ayers, William Sublette, Ms. Alison Traub, Ms. Mary Blair Zakaib, and Ms. Jeanne Flippo Bailes.

The Chair asked Mr. Sweeney, Senior Vice President for Development and Public Affairs, to present the Agenda.

CONSENT AGENDA: UNIVERSITY-RELATED FOUNDATION REPRESENTATIVES

Mr. Sweeney asked Ms. Reynolds, Vice President and Chief Financial Officer, to present the list of proposed Board of Visitors representatives to the boards of the various University-related foundations. Ms. Reynolds reminded the Committee that under the Board's Policy on University-Related Foundations, the Committee - and the full Board - every year must ratify existing representatives and elect new ones. She then presented the list in the form of a proposed resolution.

On motion, the Committee adopted the following resolution and recommended it to the full Board for approval:

APPROVAL OF THE BOARD OF VISITORS REPRESENTATIVES TO THE GOVERNING BOARDS OF UNIVERSITY-RELATED FOUNDATIONS

RESOLVED that the following persons are ratified or confirmed as representatives of the Board of Visitors to the governing boards of the following University-Related Foundations:

<u>Foundation</u>	<u>Board of Visitors Representative</u>	<u>Term Ending</u>
Alumni Association of the University of Virginia	Glynn D. Key	05/30/08
Alumni Board of Trustees of the University of Virginia Endowment Fund	J. Davis Hamlin	12/31/08*
The College Foundation of the University of Virginia	Timothy B. Robertson	12/31/08*
The University of Virginia's College at Wise Alumni Association and Wise Foundation	Don R. Pippin	06/30/07
Curry School of Education	Georgia Willis Fauber	12/31/09*
Darden School Foundation	Thomas F. Farrell, II	12/31/09*
Foundation of the State Arboretum at Blandy Experimental Farm	Laura F. Hawthorne	12/31/08*
Healthcare Partners, Inc.	E. Darracott Vaughan, Jr., M.D.	06/30/06

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<u>Foundation</u>	<u>Board of Visitors Representative</u>	<u>Term Ending</u>
University of Virginia Health Services Foundation	E. Darracott Vaughan, Jr., M.D.	12/31/08*
Jefferson Institute for Lifelong Learning (JILL)	Alexander G. Gilliam, Jr.	12/31/09*
Law School Alumni Association and Law School Foundation, University of Virginia	Gordon F. Rainey, Jr.	12/31/08*
McIntire School of Commerce Foundation	Georgia Willis Fauber	06/30/07
Medical School Alumni Association and Medical School Foundation, University of Virginia	Sam D. Graham, Jr., M.D.	05/31/09*
Miller Center Foundation	Gordon F. Rainey, Jr.	06/30/07
Patent Foundation, University of Virginia	Terence P. Ross	06/30/07
School of Architecture Foundation	Susan Y. Dorsey	06/30/07
University of Virginia Foundation and Subsidiaries	W. Heywood Fralin	06/30/08
University of Virginia Health Foundation	E. Darracott Vaughan, Jr., M.D.	06/30/07
University of Virginia Investment Management Corporation	John O. Wynne	06/30/08
Virginia Engineering Foundation	Kenneth M. Humphries	12/31/09*
Virginia Athletic Foundation	Craig K. Littlepage	12/31/05
Virginia Tax Foundation, Inc.	Joseph E. Gibson	12/31/04

* Denotes ratification required by the Board of Visitors

ACTION AGENDA:

THE RARE BOOK SCHOOL AS A UNIVERSITY-RELATED FOUNDATION

Mr. Sweeney asked Mr. Block, Vice President and Provost, to comment on the proposal to designate the Rare Book School as a University-related foundation. Mr. Block gave some of the history of the School, which was founded at Columbia University in 1983 and moved to the Alderman Library in 1992. The School

engages in fundraising to support its activities and Mr. Block pointed out that as a University-related foundation, it would coordinate these efforts with the University's Development Office.

He then proposed a resolution designating the School as a University-related foundation.

On motion, the Committee approved the following resolution and recommended it to the full Board for approval:

APPROVAL OF THE AFFILIATION OF THE RARE BOOK SCHOOL AS A UNIVERSITY-RELATED FOUNDATION

WHEREAS, The Policy on University-Related Foundations requires that the designation of new University-related foundations be approved by the Board of Visitors; and

WHEREAS, the Rare Book School's mission complements the work of the University Library; and

WHEREAS, the Rare Book School has modified its articles of incorporation and bylaws to comply with the Policy on University-Related Foundations, including the requirement that the Board of Visitors and the University's President designate representatives to the foundation's board; and

WHEREAS, the University's administration recommends that the Board of Visitors approve the affiliation of the Rare Book School as a University-related foundation;

RESOLVED that the affiliation of the Rare Book School as a University-related foundation is approved, subject to the requirements of the University Policy on University-Related Foundations.

MINIMUM PROFESSORSHIP ENDOWMENT LEVELS

Mr. Sweeney told the Committee that the existing minimum level of \$500,000 for professorships is not sufficient to fund a professorship at current salary levels. The University's peer institutions have minimum average levels ranging from \$2million to \$3million.

He proposed new levels, to be effective January 1, 2006, of a minimum \$2million for full professorships and \$5million to endow a deanship.

Mr. Block commented that recruitment of faculty, particularly in the sciences, is becoming incredibly expensive.

Mr. Sweeney said professorships already created and funded at lower levels would be "grandfathered," and thus unaffected by the new endowment levels, but any chair created after January 1, 2006, would be subject to them.

On motion, the Committee approved the following resolution proposed by Mr. Sweeney and recommended it to the full Board for approval:

APPROVAL TO RAISE THE MINIMUM ENDOWMENT LEVELS

WHEREAS, professorships and deanships, whether honorary or endowed, must be approved by the Board of Visitors; and

WHEREAS, the Vice President for Development and Public Affairs, in close collaboration with University deans and administrators, has proposed new minimum funding levels for deanships and professorships, levels which are in line with those at peer institutions and with the actual costs of funding professorships and deanships; and

WHEREAS, the University's administration recommends approval of the proposed new minimum endowment levels;

RESOLVED that new minimum endowment levels, as set forth below, are approved and adopted, and will take effect January 1, 2006.

Level	U.Va. (old level)	U.Va. (PROPOSED LEVEL)
\$5.0 Million		Deanship
\$2.0 Million	21 st Century Chair	Professorship (initial level for full professorship)
\$1.0 Million	Distinguished Professorship	"[Named] Faculty Fund for Excellence [in _____]" (partial support)
\$500,000	Chair (Eminent Scholar)	"[Named] Research Fund" (partial support)

On approval by the Board of Visitors, the new professorship endowment levels will go into effect University-wide on January 1, 2006. Therefore, professorship endowment agreements executed after December 31, 2005, will be at the new level. Professorships created, but partially funded, prior to January 1, 2006, will be grandfathered in at the old level.

While \$2 million is the new minimum level for a full professorship, schools and units will be encouraged to create higher minimum levels for professorships if they choose.

Note that exceptions to the new minimum professorship levels will be considered on a case-by-case basis by the Gift Policy Committee and/or the President of the University.

VICE PRESIDENT'S REPORT

Mr. Sweeney gave his customary report.

He told the Committee that the University raised \$183.5million in Fiscal Year 2005, an increase of \$8.6million or 4.9% over the previous fiscal year. Cash flow for Fiscal Year 2006, which began on July 1st, comes to \$23.7million through August 31st, an increase of \$5.2million, or 28% above the total in the same period last year.

Alumni giving, he said, has been particularly impressive: it is running at \$8.5million, which is about 130% above last year's total of \$3.7million. Foundation giving is about 19% above last year's figure.

Mr. Sweeney cautioned that progress looks good, but the early months of the current fiscal year do not necessarily predict what will happen during the remainder of the year. He said, though, that he is encouraged by the increase in Alumni giving.

Mr. Caputo asked if there have been any effects from Hurricane Katrina on giving. Mr. Sweeney replied that he hasn't seen any.

The Chair commended Mr. Sweeney for his good work.

REPORT ON THE CAMPAIGN

Mr. Sweeney then asked Mr. Rainey, in his capacity as National Chair for the Campaign, to report on the Campaign.

Mr. Rainey referred Members to material previously distributed to them. As of August 31st, he said, the total raised in the Campaign was \$699.4million. This figure represents 23.31% of the overall \$3billion goal, with about 21% of the Campaign period elapsed.

The Campaign is still doing well, but not as dramatically well as it did initially - which is to be expected. As the Campaign goes on, the momentum will increase. But as Chair, Mr. Rainey said, he wants to break the traditional trend and keep up a steady pace throughout the Campaign.

In the end, he said, he believes the University will raise more than the \$3billion goal of the Campaign. He added that the goal of the "quiet phase" - which is to say before the formal kick-off of the Campaign - is to raise \$1billion.

Mr. Rainey reported that several schools and units of the University are doing exceptionally well in progressing toward their Campaign goals. The Alumni Association has reached 94% of its goal and Athletics 44%. Health Systems has raised 35% of its goal and the Curry School 32%. Law, Architecture and Commerce stand at 25% and the Miller Center at 21%.

The sources of gifts in general reflect traditional patterns at the University: 40% have come from alumni, 28% from foundations, and 13% from friends. These gifts have been directed as 25% toward the Endowment, 31% to "Other" - that is, restricted, and 22% unrestricted, and this, too, reflects traditional giving patterns at the University.

As of the end of August, gifts had been received from 80,000 donors; 23 of these gifts were at the level of \$5million or above. For optimum success, Mr. Rainey said he hopes more large gifts to the Campaign can be made sooner rather than later in an effort to build momentum.

Mr. Rainey said he wants the Board actively involved in the Campaign.

Mr. Rainey and Mr. Sweeney told the Committee that the Campaign Kick-Off is set for September 30, 2006. Ms. Christine Gustafson, an alumna in Phoenix, is the Chair of the planning committee for the Kick-Off and Mrs. Rainey and Mrs. Casteen are working with her.

COUNCIL OF CHAIRS

At Mr. Sweeney's request, Ms. Alison Traub of his staff reported on plans for the first meeting of the Council of Chairs, set for October 19th, in Northern Virginia.

REPORTS ON ALUMNI ENGAGEMENT AND "BRANDING"

There was a report by Ms. Mary Blair Zakaib on the progress of alumni engagement, which is to say the recommendations mandated by the Board as a result of the work of the Alumni Relations Task Force.

Mr. Sublette of the Development Office reported briefly on the "branding" of the University, that is, the establishment of an identity for purposes of the Campaign. He emphasized that the purpose of branding is to make the University known, and not a slick promotion of something the University is not. McCann Erickson has been engaged as the University's brand consulting firm.

GOALS OF THE EXTERNAL AFFAIRS COMMITTEE

The Chair gave a quick summary of progress made on the Committee's goals, established at the Board Retreat in July.

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On motion, the meeting was adjourned at 11:40 a.m.

AGG:lah

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

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