

January 19, 2006

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 Thursday, January 19, 2006

The External Affairs Committee of the Board of Visitors of the University of Virginia met, in Open Session, at 12:15 p.m., Thursday, January 19, 2006, in the Board Room of the Rotunda; Lewis F. Payne, Chair, presided. A. Macdonald Caputo, Alan A. Diamonstein, Ms. Georgia Willis Fauber, G. Slaughter Fitz-Hugh, Jr., Ms. Glynn D. Key, Ms. Catherine S. Neale, Gordon F. Rainey, Jr., Warren M. Thompson, and Thomas F. Farrell, II, Rector, were present.

Present as well were John T. Casteen, III, Leonard W. Sandridge, Alexander G. Gilliam, Jr., Paul J. Forch, Robert D. Sweeney, Gene D. Block, William B. Harvey, Ms. Patricia M. Lampkin, Dr. Arthur Garson, Jr., Ms. Yoke San L. Reynolds, Chris Johnston, Ms. Alison Traub, Ms. Catherine Wharton, and Ms. Jeanne Flippo Bailes.

After a brief review of the Committee's goals for Fiscal Year 2005, the Chair asked Mr. Sweeney, Senior Vice President for Development and Public Affairs, to present the Agenda.

REPORT ON UNIVERSITY FOUNDATIONS

Mr. Sweeney asked Ms. Reynolds, Vice President and Chief Financial Officer, to present the annual report on the Foundations' compliance with Board Policy. Ms. Reynolds reminded the Committee that under the Board's Policy on University-Related Foundations, all foundations that are established and operated for the University's benefit must participate in an annual audit to verify adherence with Board policy. Board of Visitors' representatives on the foundation boards are asked to provide the Board with annual reports on foundation activities.

Two new foundations, the Jefferson Institute for Lifelong Learning (JILL) and the Rare Book School, were established during 2005. As new foundations, these foundations were not required to report at this time but will do so in FY-07.

COMPLIANCE WITH THE POLICY ON UNIVERSITY-RELATED FOUNDATIONS

Foundation Name	Annual Budget	Minutes of Meetings	Management Letter/Audited Financial Statements	Management Letter Response	Tax Returns (990)	Annual Certification Letter	BOV Representative Annual Report	Year Ended
Alumni Association	√	√	√	N/A	2/15/06	√	√	6/30/05
Alumni Board of Trustees	√	√	√	N/A	√	√	√	6/30/05
University of Virginia College Foundation	√	√	√	√	1/31/06	√	√	6/30/05
University of Virginia's College at Wise Alumni Association	√	√	√	N/A	2/15/06	√	√	6/30/05
University of Virginia's College at Wise Foundation	√	√	√	√	√	√	√	6/30/05
Curry School of Education Foundation	√	√	√	N/A	√	√	√	6/30/05
Darden School Foundation	√	√	2/15/06	2/15/06	√	√	√	6/30/05
Foundation of the State Arboretum at Blandy Experimental Farm	√	√	√	√	√	√	√	6/30/05
HealthCare Partners, Inc.	√	√	1/30/06	1/30/06	1/30/06	√	√	6/30/05
Health Services Foundation	√	√	√	N/A	√	√	√	6/30/05
Jefferson Institute for Lifelong Learning*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	12/31/05
Law School Foundation and Law School Alumni Association	√	√	√	√	2/15/06	√	√	6/30/05
McIntire School of Commerce Foundation	√	√	√	N/A	√	√	√	4/30/05
Medical School Alumni Association (subsidiary of the Medical School Foundation)	√	√	√	√	2/15/06	√	√	6/30/05
Medical School Foundation	√	√	√	√	√	√	√	6/30/05
Miller Center Foundation	√	√	√	√	√	√	√	6/30/05
Patent Foundation	√	√	√	√	√	√	√	6/30/05
Rarebook School*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	9/30/05

COMPLIANCE WITH THE POLICY ON UNIVERSITY-RELATED FOUNDATIONS, continued

Foundation Name	Annual Budget	Minutes of Meetings	Management Letter/Audited Financial Statements	Management Letter Response	Tax Returns (990)	Annual Certification Letter	BOV Representative Annual Report	Year Ended
School of Architecture Foundation	√	√	√	N/A	2/15/06	√	√	6/30/05
University of Virginia Foundation and Subsidiaries	√	√	√	√	√	√	√	6/30/05
University of Virginia Health Foundation	√	√	√	√	√	√	√	6/30/05
University of Virginia Investment Management Company (UVIMCO)	√	√	√	√	√	√	√	6/30/05
Virginia Athletics Foundation	√	√	√	N/A	√	√	√	12/31/04
Virginia Engineering Foundation	√	√	√	√	√	√	1/31/06	6/30/05
Virginia Tax Foundation, Inc.	√	√	√	√	√	√	√	9/30/04

Notes:

* The Jefferson Institute for Lifelong Learning (JILL) and The Rarebook School are new University-Related foundations, effective July 1, 2005 and September 23, 2005 respectively, thus have no items for submission until next year.

VICE PRESIDENT'S REPORT

Mr. Sweeney began his report by introducing Mr. Chris Johnston, the newly appointed Assistant Vice President of Constituent Relations. Mr. Johnston made brief remarks.

Mr. Sweeney then gave his customary report on philanthropic cash flow.

He told the Committee that, while audited numbers were not yet available, the University reported approximately \$67.35 million in cash flow for the month of December. This represents the second largest single month on record, surpassed only by December 2001 when a single gift of \$52.6 million was recorded. Cash flow to-date for Fiscal Year 2006, which began on July 1st, comes to \$128.8 million through December 31st, an increase of \$17.8 million, or 16% above the total in the same period last year and an increase of \$30 million, or 31% above the total in the same period for Fiscal Year 2004.

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 a series of Campaign reports in their notebooks. As of December 31st, he said, the total raised in the Campaign was approximately \$800 million. This figure represents 26.7% of the overall \$3 billion goal, with about 25% of the Campaign period elapsed. This total reflects Campaign commitments in excess of \$47 million for the month of December, a notable achievement given earlier concerns about donor fatigue and competing philanthropic needs.

In addition to the \$800 million in current Campaign commitments, Mr. Rainey added that several significant commitments, not yet booked, should be noted. These include the gift of \$45 million from the Ivy Foundation to the Health System, as well as two \$5 million gifts from private foundations to the School of Nursing for its new nursing education building and to the Curry School of Education and the Darden School for the "Partnership for Leaders in Education" program.

Given these known commitments of \$55 million and the Campaign total of \$800 million, Mr. Rainey said Campaign

progress stands at approximately \$850 million, well-positioned toward the stated goal of \$1 billion by the National Kickoff, slated for September 30, 2006.

Several schools and units of the University are doing exceptionally well in progressing toward their Campaign goals. The Alumni Association has surpassed its Campaign goal by almost 40%, Athletics has achieved 47% of its total goal, while the Health System stands at 37.5% of its goal. In addition, the Curry School of Education reports achieving 39% of its Campaign goal.

Finally, Mr. Rainey noted that as of the end of December 2005, the Campaign had received gifts from more than 87,000 donors, 27 of which were at the level of \$5 million or above.

MEETING OF THE CAMPAIGN EXECUTIVE COMMITTEE - THE NATIONAL KICKOFF

Mr. Rainey then reported on the recent Campaign Executive Committee meeting, held on January 11th, in New York. The firm "Along Came Mary" was chosen as the National Kickoff event planner, and the John Paul Jones Arena was chosen as the site.

PARENTS MAJOR GIFT INITIATIVE

Mr. Rainey then introduced Ms. Catherine Wharton, from Regional and Reunions Development, who is the internal lead on the new Parents Major Gift Initiative. Ms. Wharton reported that, of more than 15,000 parents of current students, approximately 190 have the capacity to makes gifts of \$1 million or more. The Parents Major Gift Initiative will coordinate closely with the newly created Society of University Families in its efforts, and will soon begin the process of enlisting parents to serve on its board, with the goal of a first meeting in the Spring.

CAMPAIGN CASE STATEMENT

Mr. Sweeney concluded his remarks with a brief discussion of efforts to mesh the Campaign case statement, the University's branding effort, and the work of the Special Committee on Planning. He noted that McCann-Erickson, the firm chosen to lead the University's branding work, had completed two phases of its research and would soon be reporting to the Deans regarding their progress. Mr. Sweeney noted that a new case statement had been drafted by President Casteen and had been introduced at a recent case review in Richmond.

At the conclusion of Mr. Sweeney's remarks, the Rector noted the forthcoming meeting of the Special Committee on Planning and its work on a ten-year, or 'aspirational' plan for the institution. He said the Committee will be completing a gap analysis to assess obstacles to the University's achievement of a Top-15 ranking, noting that efforts to address these gaps must be synchronized with the goals and priorities of the campaign.

The Chair thanked Mr. Rainey for his continued leadership on the Campaign.

On motion, the meeting was adjourned at 1:50 p.m.

AGG:lah

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

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