EXTERNAL AFFAIRS COMMITTEE

Thursday, February 5, 2004
1:00 – 2:30 p.m.
Board Room, The Rotunda

Committee Members:
Thomas A. Saunders, III, Chair
Thomas J. Bliley, Jr.   Lewis F. Payne
Mark J. Kington    Gordon F. Rainey, Jr., Ex Officio

AGENDA

I. REPORT ON UNIVERSITY FOUNDATIONS
(Mr. Sweeney to introduce Ms. Yoke San Reynolds; Ms. Reynolds to report)
- Annual Report on Foundations’ Compliance with the Board Policy 1

II. REPORTS BY THE SENIOR VICE PRESIDENT FOR DEVELOPMENT AND PUBLIC AFFAIRS (Mr. Sweeney)
A. Vice President’s Remarks
   1. Philanthropic Cash Flow 6
   2. University Development Office Reorganization 7
B. Alumni Relations Task Force (Mr. Sweeney to introduce Mr. H. Eugene Lockhart, Jr.; Mr. Lockhart to report) 8
C. Campaign Priorities/Issues
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      b. Campaign Executive Committee Enlistments 11
      c. Campaign Messages 12
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      a. John Paul Jones Arena
      b. McIntire Back to the Lawn
      c. South Lawn
      d. Performing Arts Center
BACKGROUND: The Board of Visitors approved the Policy on University Related Foundations on October 9, 1992. The Policy applies to all foundations that are established and operated for the University's benefit and that use the University's name and resources. The Policy was designed to ensure efficiency and accountability of University foundations, as well as to maintain the foundations' independence and integrity. At its October 2000 meeting, the Board concurred with specific procedures to be followed in the administration of the Policy.

The responsibility for monitoring compliance with the Policy, as well as general administrative oversight of the University-Related Foundations, rests with the Vice President for Finance, who was given that authority by the President of the University (in accordance with the Policy).

DISCUSSION: During the year, each foundation submits to the Vice President for Finance certain reports specified in the Policy. The reports include, but are not limited to, minutes of board meetings, audited financial statements, approved operating budgets, amendments to by-laws, and tax returns. In addition, the foundations are asked to submit a letter certifying that they have complied with the Policy on University-Related Foundations. A matrix on the following pages shows the items received from each of the foundations.

Board of Visitors' representatives on the foundation boards are asked to provide the Board with annual reports on foundation activities. We have received the reports from the representatives, and they are available upon request.

Information received from the foundations and from the Board representatives indicates that all foundations are in compliance with the Policy on University-Related Foundations.

Two new foundations have been established. The University of Virginia Health Foundation was established on October 5, 2002, to support the study and teaching of medicine, the study and teaching of nursing, the improvement of patient care, and to enhance the
creation and dissemination of knowledge of medicine and health care at the University of Virginia and to aid, strengthen, and extend in every proper and useful manner, the work, services, and objectives of its Schools of Medicine and Nursing, its medical center, and its health sciences library. The University of Virginia School of Architecture Foundation was established on October 2, 2003, to support and foster the study and teaching of architecture and its related disciplines at the University of Virginia, and to aid, strengthen and extend in every proper and useful manner the work, services and objectives of its School of Architecture.

The Vice President for Finance will set a meeting in the near future with foundation representatives to discuss pertinent issues, such as the application of GASB 39, tax regulations, conflicts of interest and the current capital campaign. This meeting is an example of the University's on-going efforts to foster a working relationship with each of the foundations.

ACTION REQUIRED: None
## COMPLIANCE WITH THE POLICY ON UNIVERSITY-RELATED FOUNDATIONS

<table>
<thead>
<tr>
<th>Foundation Name</th>
<th>Annual Budget</th>
<th>Internal Financial Statements</th>
<th>Minutes of Meetings</th>
<th>Management Letter/Audited Financial Statements</th>
<th>Management Letter Response</th>
<th>Tax Returns</th>
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## COMPLIANCE WITH THE POLICY ON UNIVERSITY-RELATED FOUNDATIONS, continued

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**Notes:**

** Newly created foundation, has not completed a full year of operation.
UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 5, 2004

COMMITTEE: External Affairs

AGENDA ITEM: II. Vice President’s Remarks

DISCUSSION: The Senior Vice President for Development and Public Affairs will report on items of interest to the Committee.

ACTION REQUIRED: None
UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 5, 2004

COMMITTEE: External Affairs

AGENDA ITEM: II.A.1. Philanthropic Cash Flow

BACKGROUND: Cash gifts to date for Fiscal Year 2004 will be discussed. Emphasis will be placed on measuring performance against receipts for the same year-to-date period during the previous three fiscal years.

DISCUSSION: Mr. Sweeney will present the most recent audited figures available and compare the progress over the last three years. Cash flow through November 2003 is $48 million. Cash flow for Fiscal Year 2004 is significantly behind that of the same period last year. Much of this difference can be attributed to one very significant gift received last year (from the Harrison Family). An analysis of the last three years shows that baseline fundraising ability continues to improve each year. Discussion will focus on cash flow projections and philanthropic trends for the remainder of the fiscal year.

ACTION REQUIRED: None
UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 5, 2004

COMMITTEE: External Affairs

AGENDA ITEM: II.A.2. University Development Office Reorganization

BACKGROUND: To better position the University Development Office (UDO) for the new campaign, the office has reorganized components of its operation to take full advantage of its years of expertise, and to address new areas of focus. The goal is to present a more cohesive organization to all donors and prospective donors.

DISCUSSION: Mr. Sweeney will discuss the reorganization of the University Development Office, which is designed to apply staff resources most effectively to achieve the $3 billion campaign. Changes include a greater emphasis on Principal Relationships and Gifts, i.e., donors and prospective donors at the $1 million and greater level, especially those able to contribute more than $5 million. The newly combined Regional and Reunion Development Office has directed its officers to manage relationships in a new way, through a focus on reunion giving and on affinity groups, such as parents and women. In addition, the Annual Giving Office will spend fewer resources on stewarding and soliciting annual giving donors who already have a primary relationship with one of the schools or units, but will concentrate its efforts on alumni who have seldom, or never, given to the University.

At this point the reorganization has been reviewed and approved and the required paperwork to support the reorganization has been submitted. The Principal Gifts Office has been staffed with Charly Fitzgerald as Senior Associate Vice President for Principal Relationship Development and Michael Clark, Principal Gifts Officer. We are recruiting to fill positions for Regional and Reunion Development Officers in the combined new office.

ACTION REQUIRED: None
UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 5, 2004

COMMITTEE: External Affairs

AGENDA ITEM: II.B. Alumni Relations Task Force

BACKGROUND: The President appointed an Alumni Relations Task Force in the fall of 2003 to study current University alumni relations efforts and to recommend specific approaches to enhance the University’s ability to consistently engage a broad and diverse body of alumni in meaningful ways. The Task Force’s report is due in late spring 2004.

DISCUSSION: Mr. Sweeney and Mr. Eugene Lockhart, the volunteer chairman of the Alumni Relations Task Force, will report on the progress and draft recommendations of the Task Force. Among other activities, the work accomplished by the Task Force to date includes: a survey of the activities, publications, staff and budget dedicated to alumni relations both at the Alumni Association and in the University’s schools and units; a discussion of the 1998 study of the Stanford Alumni Association’s (SAA) alumni relations initiatives and subsequent reorganization, aided by the president emeritus of the SAA; compilations of information about UVa alumni interests and attitudes, collected through the use of surveys and focus groups; and a catalog of University communication vehicles, their purposes, and suggested opportunities for greater effectiveness and cost-efficiency. This information has guided the creation of recommendations focused on better alumni engagement.

The Task Force has formed two subcommittees, focusing on “Alumni Interests and Objectives”, and “University Interests and Objectives”, to draft recommendations regarding these areas. Plans are for a draft report to be ready in April for review by school and unit governing boards before submission to the President in May.

ACTION REQUIRED: None
BOARD MEETING: February 5, 2004

COMMITTEE: External Affairs

AGENDA ITEM: II.C.1. Campaign Priorities/Issues

BACKGROUND: The University launched the quiet phase of the new campaign on January 1, 2004. The goal for the campaign, provisionally entitled "New Century," is envisioned at $3 billion.

DISCUSSION: Mr. Sweeney will review the continuing campaign planning efforts and provide an update on the special projects included in the campaign.

ACTION REQUIRED: None
UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: February 5, 2004

COMMITTEE: External Affairs

AGENDA ITEM: II.C.1.a. Campaign Carry Forward

BACKGROUND: The University Development Office has assessed ongoing priorities and initiatives in light of the new campaign. The campaign “Carry Forward” includes gifts made toward major institutional programs that were launched after the last campaign concluded, and prior to the start of the new campaign.

DISCUSSION: Mr. Sweeney will report on the campaign Carry Forward process and results. A careful analysis of the priorities indicates that to date, approximately $350 million has been counted toward the new campaign. Data are still being received from the schools and units that will alter the final figure.

The giving priorities that are part of the campaign “Carry Forward” include initiatives focused on the four major 2020 priorities (Fine and Performing Arts, Science and Technology, Public Service and Outreach, and International Activities) as well as the Student Experience and Athletics programs. Gifts to bridge campaigns, employed to “bridge” the time between the two major campaigns and maintain momentum, will merge into the new campaign because of their size and importance to the University, e.g., the South Lawn project, the McIntire Back to the Lawn initiative, the Darden 50th Anniversary campaign, and the John Paul Jones Arena. Additionally, gifts to pan-University and unit-based strategic priorities, such as the new Curry School building, the Cancer Center, the Children’s Medical Center and the Groundswalk project, are included in the “Carry Forward.”

ACTION REQUIRED: None
BOARD MEETING: February 5, 2004

COMMITEE: External Affairs

AGENDA ITEM: II.C.1.b. Campaign Executive Committee Enlistments

BACKGROUND: The first step toward launching the quiet phase of the new campaign was the enlistment of a core group of volunteer leaders to help shape campaign policies and strategies.

DISCUSSION: To date, nine members of the new Campaign Executive Committee have been recruited. Enlistments will be completed by June 2004, with a first meeting to be held in the Spring of 2004. As campaign leaders, the committee is intended to be representative of the broad University community, including women and minorities, as well as those who have the capacity to be major benefactors in the new campaign.

As of late December 2003, the Campaign Executive Committee members are A. Macdonald Caputo, Everette Doffermyre, Jr., Christopher B. Galvin, Sonja L. Hoel, Paul T. Jones, Reginald W. Lathan, John L. Nau III, Gregory H. Olsen, Thomas A. Saunders, III, Jeffrey C. Walker, and Marjorie H. Webb.
BACKGROUND: To be successful in the new capital campaign, the University must be able to convey a compelling argument for private support at a level most similar to that of a private institution. This new prototype involves the creation of a private university funding model for a public institution.

DISCUSSION: Unlike many peer campaigns, where special “campaign” themes and messages are adopted, this fundraising effort will focus on the University’s aspirations and strategic priorities that must resonate with every unit on the Grounds, as well as the institution as a whole. Some of the concepts - whether characterized by the phrase “self-sufficiency,” “self-determination,” or “privately-financed public” - are complex and may be misinterpreted. The challenge will be to provide clarity and focus on this new kind of institutional message, one that resonates with University constituents and still reassures the public that the University is maintaining faith with its founding mandate as a public institution.
BACKGROUND: Several major initiatives that are included in the new campaign were launched over the last few years. These projects are at different stages of progress.

DISCUSSION: Mr. Sweeney will provide an update on the status of several special projects underway across grounds, including the John Paul Jones Arena, the McIntire Back to the Lawn project, the South Lawn initiative, and the Performing Arts Center.