



BOARD OF DIRECTORS

Minutes of the Annual Meeting June 10, 2022

The Board of Directors held their 36th meeting at 10:00 a.m. EDT on Friday, June 10, 2022, virtually via Zoom at <https://tennessee.zoom.us/j/95555731706>.

I. WELCOME, OPENING REMARKS and CALL TO ORDER

Chair Phil Wenk welcomed everyone and stated the meeting was being webcast for public viewing. He called the meeting to order and asked for the roll.

II. ROLL CALL

The Secretary called roll and the following members of the Board of Directors were present:

Philip A. Wenk, Chair
Ronald E. Frieson, Vice Chair
Kerry W. Witcher, President and CEO
Randal D. Boyd, University President
Hans N. Airee
Isaac E. Bennett
Alexis G. Bogo
Phillip A. Clendenin
Gregory E. Cox
Kimberly W. Cross
Renee B. Iacona
Deborah A. Ingram
Mark D. La Branche
Donde A. Plowman
Timothy L. Tucker
Charles A. Wagner III
Richard F. Warren
Jamie R. Woodson

Board of Directors not present:

Christopher B. Bollinger
Robert F. Decosimo
Judith A. Herbert
Kathy W. Ledbetter

Ms. LeBlanc announced the presence of a quorum.

Vice chancellors for advancement were also participating, as well as foundation and university leadership and counsel Dan Holbrook. Others were watching via livestream at <https://tiny.utk.edu/UTFIboard2022>.

III. UNIVERSITY PRESIDENT’S REPORT

Dr. Wenk welcomed UT president Randy Boyd, who thanked the UTFI Board, UT Board of Trustees, and other Volunteers who serve countless hours in so many areas across the state on behalf of the University. He shared the attached report (Exhibit 1) on incredible news from the last legislative session. Not only were state revenues up dramatically, but federal stimulus monies were also. Next year, we may have an equally good year in the state, but it is not likely we will have the stimulus money. He reviewed UT’s windfall from the historic budget, including major initiatives, capital investments, student and employee increases, campus and institute funding, as well as UT’s legislative priorities and major initiatives for 2023.

President Boyd mentioned that he expects the Institute of American Civics at UTK’s Baker Center will host civil public forums on important controversial topics; prepare policy papers for the state; train master’s level students in public administration; and in conjunction with the Institute for Public Service will disseminate knowledge to existing leadership.

Chair Wenk thanked President Boyd for his leadership on the hill and encouraged other board members to join him in mentoring Tennessee Promise students. He also encouraged the university to do everything we can to pursue automobile research in Tennessee. Trustee Jamie Woodson also thanked President Boyd and the campus chancellors for their incredible historical work getting the University system to where we are. Kim Cross commented on how Tennessee Promise is benefitting our state educators’ children.

IV. UNIVERSITY ENDOWMENT UPDATE

UT CFO David Miller shared the endowment performance as of March 31, 2022 (Exhibit 2). He commended donors and fundraisers for the \$90M in new endowed gifts over the past twelve months, providing for \$52M in spending plan distributions (which is significantly higher than the previous twelve months). He went on to review the CIP performance and stated he did not see us meeting our anticipated performance of CPI+5.5%. From December 31, 2021 to March 30, 2022, the endowment value went down from \$1.431B to \$1.404B.

Mr. Miller then reviewed the university’s performance dashboard and stated that the new strategy with Cambridge Associates has been in place about three years. The university’s investment advisory committee advises on the long-term target allocations, informed by Cambridge’s investment strategy. He went on to give an update to the numbers from January 1 through May 31, 2022. We are down 8.1% due to market downturns in large capital stocks, global REITS and US small cap stocks all being down. Our oil commodities are way up. Some cash equivalents are up, but we do not see moving much more in that direction.

David closed by stating our investment is ultimately long-term, and we have maintained the 4.5% payout year after year. The endowment as of May 31 was \$1.35B, and we take this not so good year with last year’s 32% up as it comes. We have the diversification to weather this and view the investments long-term.

V. COMMITTEE REPORTS

a. Executive Committee

Article VI Section 1 of the UTFI Bylaws states the Executive Committee shall report to the Board all decisions made since its last meeting. Chair Wenk read the report (Exhibit 3) in the material.

b. Audit and Finance Committee

Committee Chair Greg Cox thanked committee members and Adam Heller for their continued work. He asked the CFO to review FY2022 budget results (Exhibit 4). Adam briefly shared the budget to actual results as of April 30. Expenses continue to produce a favorable variance in operational savings, although lessening. Revenue is at 57% of budgeted due to less than anticipated investment earnings. He continued with sharing the budget to actual investment performance. Although the losses are significant in this report, since implementing the new strategy in FY2021 our investments are still up 2.3%. He noted the gifts received increased the investment base by \$75M more than budgeted and believes UTFI will fully participate in the market rebound whenever it occurs. The time horizon on our investments is significantly longer than one year. We anticipate non-endowed receipts will continue to outpace expenditures.

Mr. Cox stated the budget being presented for approval is a draft and could be impacted by final campus budgets. The final budget will come for approval at the fall meeting. Mr. Heller stated an overall priority is to limit campus direct support to fund investments in advancement and presented a comparison of actual FY22 and draft FY23 budgets. 23% of the additional revenue is funded by campuses and institutes. The remainder is sourced from endowment growth, advancement assessments and investment earnings, decreasing direct support reliance from 56% to 53%. Increases in revenue are being expended on retaining our existing personnel, given the cost of turnover in the current labor market. Our current retention rate is 98%, and we plan to continue retaining our top performers. The current compensation ratio to market is 92%; and the planned 4% merit pool and other compensation structure adjustments will put us at 98% of median for FY23.

Adam stated Audit and Finance Committee had reviewed the draft budget and are recommending it for board approval. Greg Cox moved approval of the draft FY 2023 operating budget, Alexis Bogo seconded, the secretary took a roll call vote, and the draft FY2023 budget (Exhibit 5) was approved as submitted.

During their meeting in May, the committee also reviewed the Charitable Gift Annuity (CGA) program and received a complete health check on the program and investments presented by BNY Mellon (Exhibit 6). Chair Cox moved that the administrative fee at maturity of gift annuities be set at 4.5% effective July 1, 2022, and that the gift annuity program be reviewed annually for adjustments as needed. Alexis Bogo seconded, the secretary called roll for the vote, and the motion was approved.

c. Directorship Committee

Committee Chair Alexis Bogo reported that Directorship Committee had met by conference call January 10, to review the board profile and evaluate needs for this year's election. It was determined that intentional work should continue toward the alumni

demographic of ~50/50 male/female ratio, that someone with specific experience in accounting/audit/finance is needed, and that all UTFI Board members should be at the executive level in their field. Additionally, a new vice chair will need to be elected.

While only two elected board members (Bogo and Greg Cox) will be rolling off at the end of the month, six member terms will expire in 2023; so it was decided that we should elect four new members this year. Nominations were solicited through February, and additional information was gathered on the nominees. Directorship Committee met March 25 to review candidates; and the nominees were recruited and have confirmed their willingness to serve UTFI Board of Directors if elected. We met again May 18, to nominate the slate of new directors and officers of the board for election. Brief notes on each nominee were included in the Board material.

Ms. Bogo moved, pursuant to Article IV, Section 3 of the Foundation's Bylaws, that K. Jean Beauchamp, Karen M. Bowling, Charles Douglas Haney and Alan D. Wilson are elected to serve initial three-year terms as Directors of UT Foundation beginning July 1, 2022. Tim Tucker seconded the motion, the secretary called roll for the vote, and the board approved election of the new directors submitted.

Phil Wenk's term as Chair is ending June 30; however, he will continue to be with us as past chair. Pursuant to Article V. Sections 2 and 3 of the Bylaws, Directorship Committee nominates Ron Frieson to serve as the Board's next Chair, and Alan Wilson to serve as the incoming Vice Chair. Hearing no other nominations, Ms. Bogo moved that the officers nominated by Directorship Committee were elected to serve 2-year terms of office beginning July 1, 2022. Kim Cross seconded, the secretary call roll for the vote, and the officers were elected by the board as nominated.

Alexis thanked Phil Wenk for his leadership, and Ron and Alan for their willingness to take the reigns as incoming officers as well as directorship committee members for their thoughtfulness and continued work to get the board demographics closer to mirror the UT system alumni population.

d. Real Estate Committee

Committee Chair Charlie Wagner shared the report (Exhibit 7) on the Real Estate Committee activities since the November 2021 meeting and thanked committee members and staff for the good work. Dr. Wenk thanked Mr. Wagner for his leadership.

VI. FOUNDATION PRESIDENT'S REPORT

President Kerry Witcher reported to the board (Exhibit 8) with FY22 results to date compared to goals and other accomplishments, as well as goals for FY23. At almost \$286.8M, we have surpassed the total private support goals as well as engaged alumni. Donors were also at an all-time high, and advocacy members are approaching goal as well. UTFI has made progress in fundraising, cash receipts and total donors over the past three years.

The Connect UT platform has more alumni participation to date than had been anticipated, and students will be added this fall. An updated draft naming policy will be brought to the Board of Trustees for approval later this month.

VII. CONSENT ACTION AGENDA

Having received no requests to discuss any item on the consent agenda, Dr. Wenk moved approval of the items. The secretary called roll for the vote, and the consent agenda items were approved, including: November 12, 2021 Minutes, FY23 Non-director Officer Election and Compensation (Exhibit 9), Proposed 2023 Meeting Dates (Exhibit 10), and 2022 Board of Directors Award Recipients (Exhibit 11).

Dr. Wenk noted that normally Board Awards would be presented in June; but due to the virtual meeting, presentation has been postponed. He congratulated the four UTFI employees selected to receive the \$1,500 award, Brian Broyles/UTK Development, Darren Hughes/ Central Advancement, Jackie Johnson/UTM Alumni, and Ben West/Ag Development. We are hopeful they will be able to join us in November to be recognized in person.

VIII. RECOGNITION OF RETIRING DIRECTORS

Dr. Wenk made remarks on each retiring director's service.

Alexis Bogo was elected in 2016 and has served two full terms. She was a member of Directorship Committee for both terms of service and has led as directorship chair for the past three years. Dr. Wenk thanked Alexis for the high level of leadership and service, and she remarked on UTFI Board's and Leadership's growth during her time.

Greg Cox was also elected in 2016 and has served two full terms. He has been a continuous member of the Finance Committee since election and has chaired Finance and the combined Audit and Finance Committees since 2017. Dr. Wenk thanked Greg for his loyal service, and Adam Heller thanked him for leading the committee and mentoring him as he entered as Treasurer and CFO. Mr. Cox commented on the foundation's accomplishments during his time.

UTK Chancellor Donde Plowman was appointed in 2019 and has served a 3-year term on Audit and Finance Committee. Dr. Wenk thanked Donde for her time and attention to the foundation since she returned to the Knoxville campus.

Tim Tucker has served ex-officio as UTAA past president for two years (rather than one) due to the pandemic. He has served on Directorship Committee both years. Dr. Wenk thanked Tim for his continued service to UT.

UTS Chancellor Mark La Branche has announced his retirement. He was appointed in 2021 and has served one year on Directorship Committee. Dr. Wenk thanked Mark for leading the UT Southern students and serving UTFI while he acclimated the Southern campus into UT.

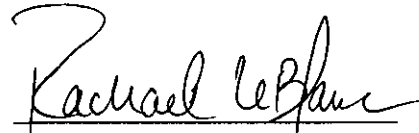
Parting members will also be invited back to join us in November for recognition in person. Dr. Wenk commended Rachael LeBlanc for the tremendous service to him and the board, Kerry Witcher for his leadership, the Vice Chancellors for their commitment to the campuses, central services and campus support staff for their dedication, and the board members for allowing him to lead through this challenging time. Finally, he thanked Ron Frieson for stepping into the Chair role.

Kerry Witcher thanked Dr. Wenk for his kind words to the team as well as his commitment to the university. Ron Frieson also thanked Phil and Kerry for truly leading us to this point.

We look forward to being together in Knoxville in November!

IX. ADJOURNMENT

With no additional business, the meeting was adjourned.


Rachael LeBlanc, Secretary