



BOARD OF DIRECTORS

Minutes of the Annual Meeting June 11, 2021 Middleton, Tennessee

The Board of Directors held their 34th meeting at 9:30 a.m. CDT on Friday, June 11, 2021, in the sale barn at UT Lone Oaks Farm in Middleton, Tennessee.

I. WELCOME AND CALL TO ORDER

Chair Phil Wenk welcomed everyone and thanked Kathy and Scott Ledbetter for hosting a wonderful reception and dinner Thursday evening. He then called the meeting to order and asked for the roll.

II. ROLL CALL

Board Secretary, Rachael LeBlanc took roll, and the following members of the Board of Directors were present: Philip Wenk/Chair, Kerry Witcher/President and CEO, Randal Boyd/University President, Christopher Bollinger, Phillip Clendenin, Gregory Cox, Kimberly Cross, Tim Cross, Kathy Ledbetter, Michael Littlejohn, Donde Plowman, Betty Ann Tanner, and Charles Wagner. Ms. LeBlanc announced the presence of a quorum.

Foundation Strategic Leadership and Vice Chancellors for advancement were also present, as well as 4H Extension Dean, Ashley Stokes.

Board of Directors not present were: Ronald Frieson/Vice Chair, Hans Airee, Alexis Bogo, Robert (Fred) Decosimo, James Herbert, Timothy Tucker, and Jamie Woodson.

III. UNIVERSITY PRESIDENT'S REMARKS

Dr. Wenk welcomed UT president Randy Boyd, who thanked all volunteers system-wide who helped us accomplish major objectives this challenging year. Mr. Boyd continues to believe that this will be the greatest decade for UT. He gave an update on current happenings across the system.

UT graduated about 7,900 students in May, including undergraduates and graduates. Tennessee's Legislature also is contributing to making it the best decade ever for UT by funding us at the highest level in UT history, including:

- 4% for systemwide salary pool
- \$5.1M operating increase for UTHSC

- \$8M to further develop the UT-Oak Ridge Innovation Institute, which is responsible for a 40% increase in Research across the system
- \$2.2M recurring for 32 additional ag extension agents (in amended budget)
- \$4M for Graduate Medical Education (1st time). Provides 100 slots, 70 at UTHSC
- \$56M capital for UTK Nursing building
- \$11M capital for UTHSC Nash buildout
- \$59.9M for UT's full capital maintenance requests

For the first time in 50 years, UT Board of Trustees will address adding an additional campus by acquiring Martin Methodist College in Pulaski. The State budget includes \$5.1M recurring and \$1M non-recurring funds to address the higher education desert in southern middle Tennessee. This will be huge for families in the area to have the opportunity of affordable in-state education.

President Boyd stated his most important task for the coming year will be to replace the UT Health Science Center Chancellor. Steve Schwab, MD has announced his retirement for June 30, 2022, or until a successor is in place. He called for questions.

Kathy Ledbetter inquired about changes at Region One in Memphis. Dr. Boyd stated UTHSC is expanding relationships and distributing more as Methodist is backing away.

Charlie Wagner asked about the collaboration between UT, ORNL and TVA. It is a partnership with Techstars to launch a startup accelerator that will foster growth in our region and will provide internships and jobs in the future.

Mike Littlejohn inquired about the president's office move, and President Boyd described the open concept space and stated he will be moving in September.

Kim Cross asked about the benefit of the Everywhere You Look UT campaign. It is providing opportunities for students, residencies, extension and Ag research across the state. We currently have 12 murals, with 10 additional planned. Randy will begin his visits to all counties across the state in July.

Dr. Wenk thanked Dr. Boyd for his time.

IV. FOUNDATION PRESIDENT'S REPORT

President Kerry Witcher reported to the board with YTD results as of June 4 (Exhibit 1). In addition to current results, he reviewed Vision 2025, as well as the months and year ahead. He noted that all goals are being met, with the possible exception of volunteer giving. The Vice Chancellors were applauded for their teams' continued efforts.

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 report. Chair Wenk reported that Executive Committee received requests in December 2020 and March 2021, to consider accepting gifts of Jewelry Television (a non-public company) stock. The 220,000 total shares and the projected dividends are for the establishment and operation of the JTV Center for Applied Business Analytics at UTK's Haslam College of Business. The Foundation previously accepted JTV shares of stock and is realizing significant benefit from the dividends. The committee consented in writing to approve acceptance of the stock and its retention, as the stock has significant value, there is no risk in the ownership, and UTFI will receive the dividends pending any sale of the company.

Executive Committee met February 2, to review an offer on the Technology Drive property, which included a reserve requirement. The committee agreed to move forward with negotiating details in the offer. On February 10, the committee met again to review negotiated terms. The claw-back Reserve to mitigate the buyer's potential losses was reduced from \$1,588,000 to \$1,500,000 and set at a seven-year term. In order to minimize foundation risk with carrying costs, Executive Committee agreed to move forward with a contract to sell the property as-is at \$3.4M. (However, this offer has since been withdrawn and negotiations continue.) Proceeds will provide UTK College of Engineering endowed scholarships.

Executive Committee met again April 13, to consider UTFI serving as Trustee on UT Charitable Remainder Trusts. Due to the FOCUS Act of 2016, the University could no longer sell gift real estate, so a mass of opportunities has accumulated for UTFI to assist. Legal Counsel Dan Holbrook stated it seems there was a previous misunderstanding regarding whether UTFI could serve as fiduciary on behalf of UT. His legal opinion is that UTFI is authorized under Tennessee law to serve as a fiduciary when either UTFI or UT is a beneficiary and confirmed that UTFI serving as Trustee will not cause a legal issue. Messrs. Witcher and Heller assured that appropriate policies and insurance coverage would be in place to protect UTFI, officers, and directors, and that UTFI will have adequate staff with expertise to carry out the fiduciary duties. The Committee agreed that UTFI will serve as Trustee for UT, once the aforementioned caveats are fulfilled.

On June 1, Executive Committee met to review policy 6.3 Gift Management, which was revised to address Charitable Trusts. With liability coverage confirmed and a policy in place, Executive Committee approved UTFI serving as a Trustee for UT. Mr. Heller informed the committee that BNY Mellon would serve as trust administrator.

The Committee also previewed draft material for this meeting. Over the course of reviewing material, Executive Committee moved approval to support the

recommendations on a couple action items which will be presented later in the agenda: salary increase for Adam Heller and changes to policy 5.20 Disposition of Real Property on disbursement of proceeds.

b. Audit and Finance Committee

Committee Chair Greg Cox stated that the preliminary draft budget for FY22 would be presented for approval. He asked CFO Adam Heller to review the budget to actual and investment reports as of April 30, 2021, which indicate \$9,282,341 net surplus due to better than expected investment earnings and lower than budgeted expenses (Exhibit 2).

Mr. Heller then presented the fiscal year 2022 draft budget proposal, which included a FY21 v FY22 comparison, sources and uses of budgeted revenue growth, sources and uses of revenue, and draft budgets by campus. Mr. Cox noted the CFO's narrative and recommended Directors take time to read it. Audit and Finance Committee had met June 3 to review the draft and are recommending it for board approval.

Chris Bollinger moved approval of the FY 2022 draft budget proposal, Kim Cox seconded, and the fiscal year 2022 draft budget proposal (Exhibit 3) was approved as submitted. It was noted that this budget does not include the proposed UT Southern. The question was asked, and it was confirmed that current Martin Methodist College money will remain with the Methodists, and all new fundraising for UT Southern will be through UT Foundation.

c. Directorship Committee

Committee Chair Alexis Bogo was absent from the meeting due to a death in her family, so Dr. Wenk requested a moment of silence in honor of her family during this difficult time. He also praised the important work the committee had conducted over the past few months in using the matrix to seek more diversity.

Directorship Committee met by conference call December 14, 2020, to review the board profile and evaluate needs for this year's election. Based on alumni demographics, it was determined intentional work should be done to more closely mirror the ~50/50 male/female alumni ratio, that Human Resources was not a board function, and that all UTFI Board members should be influencers.

Nominations were solicited through February; information was gathered on nominees in March; and Directorship Committee met April 8, to review potential candidates and again April 20, to recommend a pool to the UTFI President. Phil and Kerry have recruited the nominees and confirmed their willingness to serve the UTFI Board of Directors if elected.

First, Directorship Committee recommends extending Fred Decosimo's second term for a full three-year term. Upon re-election in 2020, Mr. Decosimo was able to commit to only one additional year. However, his circumstance has changed, and he is now able to complete two additional years. Because UTFI Bylaws only allow for two terms, the committee is asking the Board to extend his second term to a full three years, ending June 30, 2023. Dr. Wenk noted the major role Mr. Decosimo has played in the UTFI investment strategy.

Phil Wenk moved to extend R. Frederick Decosimo's term as elected director effective July 2020, through June 30, 2023. Chris Bollinger seconded, and the motion was approved unanimously.

Directorship Committee met again May 24, and formally nominate the slate of directors for election. Brief notes on each nominee were included in the meeting material (Exhibit 4).

Pursuant to Article IV, Section 3 of the Foundation's Bylaws, Phil Wenk moved that Isaac E. Bennett, Judith A. Herbert, Renee B. Iacona, Deborah A. Ingram, and Richard F. Warren were elected to serve initial three-year terms as Directors of UT Foundation beginning July 1, 2021. Betty Ann Tanner seconded, and the directors were elected without objection.

Phil Wenk and Ron Frieson were elected last year to serve two years as Chair and Vice Chair respectively, so they will continue another year in their current officer roles upon re-election (on today's consent agenda). Dr. Wenk thanked the committee for their work this year to intentionally get the board demographics to more closely mirror the UT system alumni population and noted looking forward to working with the newly elected directors soon.

d. Real Estate Committee

Committee Chair Charlie Wagner shared that since the Board met October 23, 2020, the Real Estate Committee had not met; but that several real estate sales had been completed (Exhibit 5). He noted the huge service which UTFI provides the campuses through this committee.

VI. RECOMMENDED COMPENSATION INCREASE FOR TREASURER AND CFO

In October 2019, Adam Heller was elected Treasurer and CFO by the UT Foundation Board of Directors at the market-driven salary of \$148,000. Effective January 1, 2021, Adam took on oversight and leadership of the Human Resources function under the Business and Finance umbrella. Given this additional responsibility, Kerry Witcher recommend Adam's base annual compensation be increased by \$15,000.

Mr. Witcher moved approval to increase Adam Heller's compensation to \$163,000, effective January 1, 2021. Chris Bollinger seconded, and the compensation increase was approved.

VII. CONSENT ACTION AGENDA

Having received no requests to discuss any item on the consent agenda, Dr. Wenk moved approval of the items. Chris Bollinger seconded the motion, and the consent agenda (Exhibit 6) items were approved, including: October 23, 2020 Minutes, Re-election of Board Directors, FY2022 Non-Director Officer Election and Compensation, and Proposed 2022 Meeting Dates.

VIII. RECOGNITION OF RETIRING DIRECTORS

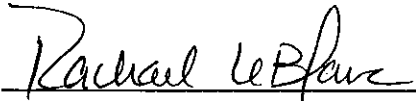
Dr. Wenk and Mr. Witcher made remarks on each retiring director's service and presented their gifts. Tim Cross had completed his two-year term as chancellor representative. He was also congratulated on his announcement to retire as of August 31, 2021.

Betty Ann Tanner was elected in 2015 and had served six years on the Audit and Finance Committee. She and John continue to be loyal supporters. Jim Herbert had also served six years but was unable to join the meeting. He and Judi will be recognized at a future meeting for their unending generosity.

Mike Littlejohn began his service in 2014 as the UTAA representative for two years. He was then elected to serve as Vice Chair, followed by Chair for two years. Mike has completed his seventh and final year as past chair. He was honored with a captain's chair and also a framed copy of the article featuring his service in *OurTennessee*.

IX. ADJOURNMENT

Dr. Wenk congratulated the vice chancellors on the past year's accomplishments. He again thanked Kathy and Scott Ledbetter and the Lone Oaks Farm staff for their hospitality and the board members and spouses who joined us this trip. With no additional business, the meeting was adjourned.


Rachael LeBlanc, Secretary