



FULL BOARD MEETING

Friday, June 12, 2020

10:30 a.m. EDT

Via Zoom

<https://tennessee.zoom.us/j/93552810914>

The Board of Directors held their 32nd meeting at 10:30 a.m. EDT on Friday, June 12, 2020, virtually on Zoom.

I. WELCOME, OPENING REMARKS, and INTRODUCTIONS

Chair Mike Littlejohn welcomed everyone and introduced Adam Heller, Treasurer and CFO attending his first board meeting. He also introduced Mary McDonald, UT Controller who is being recommended to serve as UTFI Assistant Treasurer. Mr. Littlejohn then called for the roll.

II. CALL TO ORDER AND ROLL CALL

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

Michael K. Littlejohn, Chair
Philip A. Wenk, Vice Chair
Kerry W. Witcher, President and CEO
Randal D. Boyd, University President
Hans N. Airee
Alexis G. Bogo
Phillip A. Clendenin
Gregory E. Cox
Kimberly W. Cross
Tim L. Cross
Robert F. Decosimo
Ronald E. Frieson
James L. Herbert Jr
Kathy W. Ledbetter
Donde L. Plowman
John L. Staley
Betty Ann Tanner
Charles A. Wagner III
Alan D. Wilson

Board of Directors not present:

Christopher B. Bollinger

Ms. LeBlanc announced the presence of a quorum.

Officers of the foundation and vice chancellors for advancement were also participating, as well as foundation leadership and counsel Dan Holbrook. Additional foundation staff and university leadership were watching via livestream at <https://mediasite.utk.edu/UTK/Play/b8747d374c35421fa84a1f0b51c8e3681d>.

III. UNIVERSITY PRESIDENT'S REMARKS

Mr. Littlejohn welcomed UT president Randy Boyd and commended the leadership teams of both UTFI and UT. President Boyd agreed with the strength of the current team in place across the system and campuses. He stated the current atmosphere is of determination, enthusiasm, and optimism for things to come. He also thanked the thousands of people across the state doing great things on behalf of the University, many in volunteer capacity.

Mr. Boyd gave an update on things happening across the state:

- Finances – Refunds due to the pandemic have cost ~\$40 million system-wide. Federal grants have given us about ~\$20 million back, mostly restricted directly to students. However, UT and state finances have remained strong due to our previous position.
- Budget – In January it was announced that the performance formula was fully funded, as well as money for salary increases and additional programs. Then in March, all increases were removed except for the performance funding formula. The past two weeks have been tumultuous, with questions regarding whether the budget would remain whole or 12% cuts would be implemented. At latest, the state budgets will remain flat. Campuses and departments are moving forward with preparing their budgets. An extra \$2million for technology was added, so this will help provide for students taking classes online.
- Students – 7,200 students in the pipeline applying for Tennessee Promise, but some will drop out due to not qualifying. Mentoring is the most important part for success of the program. Over 1,800 mentors have signed up, but if any UTFI Board members have not signed up to mentor, President Boyd asks that you do so.
- Research – UT Battelle has managed ORNL for 20 years now, and DOE has renewed the management contract for five years at an increased fee. This better enables us to continue forward with the Oak Ridge Institute, which is in the final stages of the contract process. While we will not be given the \$10million previously committed in the state budget, UT has applied for a \$20million grant from DOE, and we should know by end of June whether we will receive the funding.
- COVID caused us to suspend all in-person classes through the summer session, together across all campuses. Communication was also increased to help everyone still feel part of the university family and be more transparent. Decisions are being made timely and based on data in order to move forward. All campuses are implementing strategies for keeping students safe upon return this fall. The new normal will be different, but still a great experience.

- Campus and program leadership across the state have spoken out against racism and social injustices across the country. Many conversations, workshops and discussions have taken place. UT wants to be a beacon of light, taking actions to make a difference long after our words have gone silent.
- This will still be the greatest decade for UT. How we handle the challenges will make us better.

Chancellor Plowman was invited to comment on COVID and systemic racism. She is pleased with the progress made toward assuring our campuses are safe this fall. Racism has been in our country for hundreds of years and will require much more effort. She recommended a book, "How to be an Antiracist", which is not available to purchase. She will be sending information to access an electronic copy. The campus is trying to figure out how systemic racism is manifested in the university and what changes we can commit to making. The Chancellor announced that UTK has its first ever African-American female student body president. The campus and student cabinets are meeting to discuss changes.

Mr. Boyd asked for questions, and Greg Cox asked about how the phased reopening has gone. We are taking a cautious approach, and so far everyone has been safe. In May the system had about 10% of staff working in office, and in June up to about 25%. The remaining work continues to be completed remotely. He reminded the board that working remotely looks different for everyone, and we are continuing to support employees' needs.

Betty Ann Tanner asked that the Tennessee Promise mentors receive updates on both COVID-19 and racial issues in their next correspondence.

Mr. Littlejohn thanked Mr. Boyd for keeping the UTFI Board informed.

IV. FOUNDATION PRESIDENT'S REPORT

President Kerry Witcher reported to the board (Exhibit 1) starting with ways COVID-19 has impacted spending habits and philanthropic contributions, as well as UTFI updates on fundraising, 2025 goals, 2020 metrics progress in private support, donors, engagement, and advocacy, some good news and successes across the system, and looking at priorities for the coming year. He noted that we have seen great engagement increases using online tools and anticipate continuing using these going forward. Mr. Witcher stated he should have next year's goals to share later in July.

Chancellor Plowman gave a shout out to the staff conducting virtual events on the Knoxville campus and asked about balancing increasing donors with increasing gifts/dollars. Kerry pointed out that different staff work on each initiative, so the division of labor lends itself to both. Encouraging large donors in the short term and increasing small gift donors to lay the pipeline for future success are both necessary.

Alan Wilson inquired as to what impact is expected on the endowment from the capital campaign? Chip Bryant stated at the start of the campaign Knoxville's endowment was ~\$350million, and over the eight years it has doubled to over \$700million.

V. CONSENT AGENDA

- a. Approval of the October 25, 2019 Minutes**
- b. FY2021 Non-Director Officer Election and Compensation (Exhibit 2)**
- c. Assistant Treasurer Appointment (Exhibit 3)**
- d. Re-Election of Board Directors (Exhibit 4)**
- e. Approval of 2021 Board Meeting Dates (Exhibit 5)**

Chair Mike Littlejohn presented the consent agenda and hearing no request for any item to be removed, he moved approval. The Secretary conducted a roll call vote, and the items presented were approved unanimously.

VI. COMMITTEE REPORTS

a. Executive Committee

Article VI Section 1 of the UTFI Bylaws state the Executive Committee shall report to the Board all decisions made since its last report. Chair Littlejohn reported that Executive Committee met on April 24, as given consent to act on behalf of the full Board regarding UTFI's short-term investment strategy which exceeds \$5M. CFO Adam Heller presented his recommended strategy for investments of the unspent non-endowed cash gifts. The committee unanimously approved investing the initial \$45M into a diversified historical balanced fund to add equity exposure without great risk and charged Mr. Heller with bringing back advisor recommendations in May.

Executive Committee met again May 28 to hear investment advisor recommendations. Messrs Witcher and Heller had received proposals from two firms with UT connections, LCG who advises UC Foundation, and FEG who previously advised UT Investment Committee. LCG was recommended due to their consistently exceeding industry benchmarks, and they came highly recommended by our Chattanooga board members for their work with UC Foundation and Baylor School. Executive Committee unanimously agreed to proceed with LCG Associates as UTFI's investment advisor, and Mr. Heller was directed to start the investment account soonest.

The committee was also informed that Martin had notified Kerry it would not be necessary for UTFI to assist with meeting the pledge requirement on the innovation garage, as they have exceeded the \$1M needed for the match. Campus leadership remained grateful for the foundation's willingness to assist when needed.

b. Finance Committee

Committee Chair Greg Cox asked CFO Adam Heller to review the May 31, 2020 performance (Exhibit 6). Revenue is on target and favorable expense variables are expected due to COVID-19 effecting travel and events. Mr. Heller stated the \$177M investments (non-endowed cash gifts) are at a high, and UTFI will pay to UT on June 30, those which were spent in FY20.

The draft FY21 budget assumes direct support remains constant and no merit pool for staff increases. It is a draft and will likely have changes. Draft FY21 versus FY20

projections also assume constant direct support as well as an increased endowment assessment (based on 12.31.2019 market value). Adam explained that due to uncertainty related to the pandemic, he had prepared three possible budget scenarios, based on funding sources. If revenue is reduced, he will apply savings from operations in FY20 to FY21. In response to Mr. Cox's question, Mr. Heller stated we are estimating \$3.3M unused operating funds, depending on June expenses.

Dr. Wenk moved approval of the draft fiscal year 2021 budget (Exhibit 7), Mr. Littlejohn seconded the motion, the secretary called roll for the vote, and the draft budget was approved as presented.

c. Real Estate Committee

Committee Chair Charlie Wagner reported on the Real Estate Committee activities since the October meeting (Exhibit 8). Mr. Wagner asked Woody Henderson to give comment, and he stated he anticipated having a lease/purchase agreement for the committee's review within the next week or two.

d. Directorship Committee

Committee Chair Alexis Bogo stated Directorship Committee met by conference call on April 29 to prepare the election slates. She congratulated Hans Airee, Chris Bollinger, Phillip Clendenin, Kim Cross, Kathy Ledbetter, and Fred Decosimo on their re-election and thanked them for their continued willingness to serve the Board.

Ms. Bogo informed board members that Mr. Littlejohn's term as Chair will end June 30, and he will serve one final year as past chair. Dr. Wenk's term as Vice Chair also ends June 30, placing him in position to serve as incoming chair effective July 1. Ron Frieson has been nominated as incoming Vice Chair. Ms. Bogo asked for additional officer nominations from the Board.

Hearing no additional nominations, Ms. Bogo proposed the motion: Pursuant to Article IV, Section 3 of the Foundation's Bylaws, I move that Philip A. Wenk and Ronald E Frieson, the nominees presented by the Directorship Committee are elected to serve two-year terms as Chair and Vice Chair respectively, beginning July 1, 2020. Mr. Littlejohn seconded the motion, the Secretary called roll for a vote, and the officers were approved unanimously.

In brief remarks, Dr. Wenk expressed satisfaction with the current foundation leadership and stated he is looking forward to serving with the Board of Directors. He thanked Mr. Littlejohn for his servant leadership to the foundation and the university overall.

VII. RECOGNITION OF RETIRING DIRECTORS

Mr. Littlejohn thanked the Directors who were re-elected for their willingness to serve a second term. He also thanked John Staley for serving as the UTAA representative over the past year; his term ends this month.

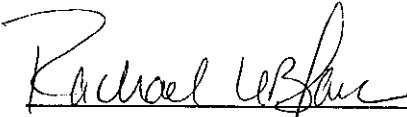
He stated that normally during the June board activities the annual Board of Directors awards would be presented. However, those have been postponed until October due to the inability to gather publicly. We still want to take this opportunity to note that three foundation employees were selected and will be receiving a one-time monetary award of \$1,000 in their June pay checks, for their outstanding achievements. They are Evan Beech/Institute of Ag, Laura Coffey/Central Advancement, and Andrew Sheehy/College of Arts and Sciences, Knoxville. We are hopeful they will be able to join us in the fall.

Mr. Littlejohn gave a few closing remarks as he completed his second year as chair.

VIII. ADJOURNMENT

Kerry Witcher thanked the Directors for continuing to give us their time, energy and advice. He especially thanked Mr. Littlejohn for his service as chair.

A meeting evaluation via Survey Monkey will be sent soon and board members were asked to complete the meeting evaluation to assist with planning going forward. With no additional business, the meeting was adjourned.


Rachael LeBlanc, Secretary