



FULL BOARD MEETING

Friday, June 15, 2018
9:30 a.m. EDT

Hilton Downtown
Knoxville, Tennessee

The Board of Directors held their 28th meeting at 9:30 a.m. EDT on Friday, June 15, 2018 in salon C at Hilton Downtown Knoxville.

I. WELCOME and OPENING REMARKS

Chair Ron Turner commended the Knoxville administration on the astounding campus improvements and 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:

Mr. Ronald L. Turner, Chair
Mr. Michael K. Littlejohn, Vice Chair
Mr. Kerry W. Witcher, Interim President and CEO
Dr. Joseph A. DiPietro, University President
Mr. Hans N. Airee
Mr. J. Jonathan Ayers
Ms. Alexis G. Bogo
Chancellor Keith S. Carver (non-voting)
Mr. Phillip A. Clendenin
Mr. Gregory E. Cox
Ms. Kimberly W. Cross
Mr. Kimbrough L. Dunlap III
Mr. Ronald E. Frieson
Mr. James L. Herbert Jr
Mr. Joseph LaPorte III
Ms. Kathy W. Ledbetter
Trustee Sharon J. Pryse
Mr. Richard H. Sain
Ms. Betty Ann Tanner
Mr. Charles A. Wagner III
Dr. Philip A. Wenk

Board of Directors not present:

Mr. Christopher B. Bollinger

Mr. Robert F. Decosimo
Dean Robert S. Dooley
Mr. Charles E. Moore
Trustee Charles E. Wharton

Ms. LeBlanc announced the presence of a quorum.

Officers of the foundation and vice chancellors for development were also present, as well as counsel Dan Holbrook, additional foundation and university leadership, faculty Beauvais Lyons and Philip Daves, and Erica Breunlin reporting for the Knoxville News Sentinel.

III. UNIVERSITY PRESIDENT'S REMARKS

UT President Joe DiPietro opened by thanking Chair Turner for his service and especially his leadership the past two years, and giving thanks to Jim and Judi Herbert for their wonderful gift lifting the College of Agriculture. The president commented on the recent UTAA tour of Italy focused on Institute of Agriculture, and encouraged other campuses and colleges to consider this opportunity to focus on alumni and development engagement.

He went on highlighting efforts to keep college affordable. UT Board Subcommittee on Tuition, Fees and Financial Aid approved a record fourth consecutive year of low and no tuition increases. The Finance and Administration Committee will meet June 22 to vote on the recommendation, and it is expected to go to the full board for approval. If approved, Knoxville and Chattanooga will not increase tuition for undergraduate students for academic year 2018-2019. Martin will have a three percent tuition increase, which is within the Tennessee Higher Education Commission range. Dr. DiPietro noted forty four percent of UT undergraduates finish with a bachelor's and without debt, beating the national average of thirty percent. He thanked campus chancellors, CFO Miller, and the UT Trustees for working together to make this happen and acknowledged state appropriations and increased tuition revenue as well.

Leadership Changes:

- Very appreciative of Wayne Davis's willingness to transition into the Knoxville Chancellor position. Campus needs his statesmanship.
- UT Foundation President will remain interim likely until a new university president is on board. Kerry Witcher has agreed to serve, and Bob Smith will assist.
- UT President's contract ends June 2019, so one of new Trustees' first items for consideration will be the search and transitioning the University Presidency.
- Current Board of Trustees ending and new Board effective July 1.
- Vice President of Human Resources will now include system level responsibilities only. Search committee has begun process and it's expected to be filled by yearend.

Dr. DiPietro gave accolades to the current UT Board of Trustees for engaging strategically with UT administration in order to find sustainable funding, while achieving four years of record-low tuition increases. He looks forward to working with the new board on the same level.

Regarding the legislature:

This year's state budget fully funds the state's higher education outcomes funding formula, resulting in an \$8.3 million operating increase for the UT System. The budget also sets forth funds for 2.5 percent salary increases for state employees, with full funding of that increase for employees at UT's non-formula units (at fifty five cents per dollar).

More capital maintenance funding of over \$47.48 million, and less capital funding:

\$9 million for the UT Veterinary Medicine Teaching and Learning Center

\$4 million to design the UT Institute of Agriculture's Energy and Environmental Science building

Tennessee Foreign Language Institute provides opportunities for state and government officials as well as citizens to get assistance dealing with foreign nationals, translating documents, etc. Legislation transferring the Tennessee Foreign Language Institute to the UT Institute for Public Service passed unanimously. The Center's mission is in-line with IPS' mission and presents an exciting opportunity for IPS to further its work in the State of Tennessee.

Legislation passed, allowing higher education Presidential search committees to select **up to** three finalists to be recommended to the institution's governing board. The current statute requires **at least** three finalists to be named, which could cause problems for those finalists not selected.

Along with two key pieces of legislation passed this year to fight the state's opioid epidemic, this year's budget included \$2 million non-recurring to the UT Health Science Center for the Center for Addiction Science to assist in our efforts to tackle the state's opioid epidemic. Dr. David Stern was also appointed to the Governor's new Tennessee Commission on Pain and Addiction Medicine Education. The 19-member commission is charged with formulating evidenced-based pain and addiction medicine competencies for adoption by the state's medical and healthcare schools regarding management of pain, proper prescribing of pain medication, and diagnosis and treatment of those suffering from addiction.

Dr. DiPietro expressed some concern over the impending institutional changes. He advised that if everyone will continue working really hard, everything will be fine. The beauty of an academic institution is that it is strong enough to withstand the changes which come.

IV. **"EVERYWHERE YOU LOOK, UT" CAMPAIGN UPDATE**

Tiffany Carpenter gave a marketing campaign update (Exhibit 1). 160 over 90 was engaged last summer to assist with developing a platform to tell the UT story, to help express the impact UT has on so many people every day. Focus groups including faculty, staff, and volunteers met in Knoxville, Chattanooga, Martin, Nashville and Memphis. Some people knew a lot about us, but there was also some confusion and misperceptions. These opportunities to clarify the message are being included in the campaign plans.

Airport advertising is coming up at McGee Tyson, and other airports are being looked at. All ads involve at least two and up to four UT entities. The advertising campaign is being funded with private dollars, so round two funding is secured through Research. An outdoor mural

campaign is also beginning. UT would provide the labor and a community event at the cost of ~\$10,000. Paintings will be ~\$4,500. UT property could be done with vinyl wraps for much less, and will likely be the first buildings completed. IPS and UTIA are assisting with identifying buildings with UT connections, and Tiffany will send the link to UTFI Board members where individuals can self-identify a barn or building they would be willing to allow UT to use.

In response to a question, Tiffany also gave an update on the UT news app. Phase 2 is beginning - a new student designer search is in process, and an Android version is being worked on. Team is also working on pooling all info into a searchable database on the UT website. Downloads were far beyond expectations, but engagement has declined since. Considering how to keep refreshed.

The Board thanked Tiffany for the information and commented on UT's impact not only in the State, but the country and across the world as well.

V. CONSENT AGENDA

- a. Approval of the November 17, 2017 Minutes**
- b. Approval of FY 2019 Non-Director Officer Election and Compensation (Exhibit 2)**
- c. Approval of Proposed 2019 Board Meeting Dates (Exhibit 3)**

Chair Ron Turner presented the consent agenda. Hearing no request for any item to be removed for discussion, Trustee Pryse moved that consent agenda items be approved. Dr. Wenk seconded, and all items were approved.

VI. COMMITTEE REPORTS

a. Executive Committee

Chair Ron Turner reported that the committee had met in February and May, and deferred comment until executive session following the meeting.

b. Audit Committee

Committee Chair Charlie Wagner stated he had met with the committee following the November Board meeting and deferred the report to CFO Lisa Taylor. She stated the firm of Brown, Jake, and McDaniel had issued a clean audit report for fiscal year ended June 30, 2017 (Exhibit 4). The same firm, different partner in rotation, will begin work in July on the fiscal year 2018 report, and it will be completed in September. Mr. Wagner also stated the auditors had confirmed that necessary controls are in place.

c. Development Committee

Committee Chair Phil Wenk thanked the vice chancellors and restated the five topics which he thought were addressed in roundtable: be present, a positive influence, be collaborative, be connective, be an advocate, and be invested. The 5/31/18 development report (Exhibit 5) was included as information in the material.

d. Directorship Committee

Vice Chair Mike Littlejohn presented in the absence of committee chair Charlie Moore. Mr. Littlejohn stated the committee had met in February and April and assessed member demographics. It was decided that no new members would be nominated for election; however, it was also concluded that future growth should focus on gender and ethnic diversity. On behalf of the Directorship Committee, Mr. Littlejohn nominated Ronald Frieson, James Herbert, Betty Ann Tanner, Philip Wenk, and Charles Wagner for three year terms. Ron Turner was also nominated to serve one year as past chair. Trustee Pryse moved approval of the nominees, Mrs. Ledbetter seconded, and the slate was approved unanimously.

Chair Ron Turner moved approval of Michael Littlejohn as Board Chair and Philip Wenk as Vice Chair. Trustee Pryse seconded the motion, and it carried unanimously. Mr. Littlejohn gave some personal background and thanked Phil Wenk for serving as incoming vice chair.

e. Finance Committee

Committee Chair Gregory Cox reviewed the April 30 year to date performance (Exhibit 6). Overages are due to interest and tours. Expenses are under budget mostly in Knoxville and at Health Science Center - some open positions and some expenditure timing. Central services expenses are under budget as well, due to retirements which were not budgeted.

Mr. Cox stated the committee had met in May to review the draft FY19 budget and noted that the numbers could change slightly as campuses make final adjustments. Revenue grew five percent, and expenses decreased one percent as a whole. Mr. Cox noted that the 2019 central services budget includes a 10 percent endowment assessment, which will grow by an additional 10 percent each fiscal year.

Committee Chair Cox moved approval of the fiscal year 2019 draft budget (Exhibit 7). Ron Turner seconded the motion, and the draft budget was approved as submitted.

f. Real Estate Committee

Committee Chair Mike Littlejohn reported that Real Estate Committee had met this spring to review property proposed to be used as a future UT Garden site, and also approved two real estate listing reductions:

- Three tracts totaling 160.71 acres in Coker Creek on Highway 68 near Tellico Plains. The property was appraised at \$279,680 and marketed accordingly. However, the land is subject to a conservation easement; and reserved rights were lost through litigation, incurring legal expenses for the Foundation. The broker recommended and the committee approved reducing the offering to \$239,900, with a floor of \$208,900.
- Unimproved lot in Hiwassee Subdivision on Norris Lake. The lot was appraised at \$120,000; and Campbell County lists the value at \$110,000. The donor requested and the committee approved lowering the listing price to \$117,500 with a floor of \$110,000 in order to expedite the sale.

VII. NON-ENDOWED GIFT TRANSFER AUTHORIZATION

The University Treasurer's Office has notified UT Foundation that previously agreed upon, but below minimum endowments, need review for authorizing transfer into existing endowments with closely aligned purposes. In accordance with existing gift agreements, the UT Foundation Board of Directors, in consultation with the Donor and Chancellor, is responsible for redirecting the use of below-minimum endowments in close accord with the donor's original expressed intent. In general, endowments require \$25,000 minimum gifts within five years; however, the above mentioned endowments have not been and are not expected to be fully funded.

It is recommended that the Board of Directors delegate to the UT Foundation President and CEO, the authority for transferring below-minimum endowment funds into existing endowments. Prior to authorization by the President and CEO, each below-minimum endowment would be reviewed by the Foundation CFO, in consultation with the corresponding campus, to determine the most closely aligned existing endowment. Future gift agreements would also reflect this authorization.

Mr. Witcher moved that the Board of Directors delegate authority to the Foundation CFO for determining the most closely aligned existing endowment and authorize the Foundation President and CEO to transfer below-minimum endowment funds as presented. Dr. Wenk seconded, and the motion carried.

VIII. FOUNDATION PRESIDENT'S REPORT

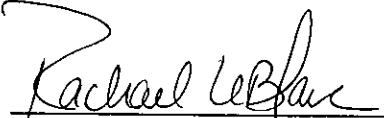
Kerry Witcher opened by recognizing UTFI leadership staff. He went on to give an overview in advocacy, engagement and outreach, services, and fundraising (Exhibit 8).

IX. RECOGNITION OF RETIRING DIRECTORS

Chair Turner and Interim President Witcher recognized Trustee Sharon Pryse upon completing five years, and UTAA Past President Kimbrough Dunlap for one year of service. Trustee Charles Wharton's term also ended; however, he was not present at the meeting.

X. ADJOURNMENT

The meeting was adjourned and Board members convened in executive session to review the report from Dr. Bob Smith on UT Foundation moving forward.


Rachael LeBlanc, Secretary