



BOARD OF DIRECTORS

Minutes of the Fall Meeting November 11, 2022

The Board of Directors held their 37th meeting at 9:00 a.m. EST on Friday, November 11, 2022, at Knoxville Hilton Downtown.

I. WELCOME, OPENING REMARKS and CALL TO ORDER

Chair Ron Frieson welcomed everyone and recognized new board members Jeannie Beauchamp, Karen Bowling, Doug Haney, Emily Love, Alan Wilson, and Chancellors Steve Angle and Peter Buckley. 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:

Ronald E. Frieson, Chair
Alan D. Wilson, Vice Chair
Philip A. Wenk, Past Chair
Kerry W. Witcher, President and CEO
Randal D. Boyd, University President
Hans N. Airee
Chancellor Steven Angle
K. Jeannie Beauchamp
Isaac E. Bennett
Karen M. Bowling
Chancellor Peter Buckley
Robert F. Decosimo
Kimberly W. Cross
C. Douglas Haney
Judith A. Herbert
Renee B. Iacona
Deborah A. Ingram
Kathy W. Ledbetter
Emily Capadalis Love
Charles A. Wagner III
Richard F. Warren

Board of Directors not present:
Christopher B. Bollinger
Phillip A. Clendenin
Jamie R. Woodson

Ms. LeBlanc announced the presence of a quorum.

Vice chancellors for advancement were also present, as well as foundation and university leadership and counsel Dan Holbrook. Jack Holden, AV engineer provided audio and recording.

III. UNIVERSITY PRESIDENT'S REPORT

Chair Frieson welcomed UT president Randy Boyd, who thanked the UTFI Board for serving as Volunteers on behalf of the University. He shared and remarked on the attached report (Exhibit 1).

- Enhancing educational excellence is the reason the University exists. We grew undergraduate enrollment nearly 4% across the system. Knoxville had a 15.5% increase in first year students, and Southern increased retention by 11.8%. Retention increases at Martin and Chattanooga were over 5%, and Knoxville increased ~2-3%. Knoxville's applications last year at this time were over 37,000, and 6,700 students were admitted. We will not likely be able to increase next year due to limited housing, but applications are up to 48,000. Dr. Boyd asked Directors to help friends understand how difficult it is to get into UTK. Housing is a challenge being addressed, and we will be able to admit more students once it is corrected. UT Promise is one reason more students are applying; and because the income threshold has been increased, we expect applicants to continue increasing. Before UT Promise 51% of all UT students graduated without debt. The president asked directors to also help remind friends that college is affordable in Tennessee. As a system, we need to find more ways to reach nontraditional students; so we are expanding online access through partnerships (Knoxville talking with Arizona State).
- Our goal for expanding research capabilities is \$1 Billion by 2030. Last year, we did \$433 million in Research expenditures. Leadership will be key to reaching the goal. VP for Research previously served dual role as president of UTRF also, but the positions will be separated moving forward. ORNL Director search should be complete soon.
- Fostering outreach and engagement is part of our land grant mission, which we accomplish through partnerships. We work with each of the 23 state agencies to make a difference in the lives of many, and President Boyd highlighted: Grow Your Own for teacher apprenticeships, with the goal of adding 2,000 new teachers in the next three years; support to increase law enforcement agencies' efficiencies; and Healthy Smiles expanding access to dental care in rural communities.
- In order to accomplish all we do, we must ensure workforce and administrative excellence. 72% of all UT employees rated us as a Great Place to Work, and we continue to improve with compensation and benefits. We are also improving safety on our campuses with investments in our security systems. Additionally, we need a new ERP system which would be about a \$50 million investment. The State has agreed to invest \$170 million to get all state universities on one system.
- Upon becoming president, Randy realized many programs and services provided by UT go unrecognized by the population. One of the most obvious is UT Health Science Center, with faculty and students in 888 clinics all across the state. 40% of doctors and 70% of dentists in the state are trained through UTHSC. Also advocating for UT, UT Foundation had its second highest fundraising year, thanks to many. This year should be the best in UT history with discussions currently on the table.
- The University has asked \$1.3B of the governor, in support of GME (in order to increase doctors in the state) as well as IPS staffing to assist rural counties spend their monies,

UTHSC recurring funding, and capital initiatives. He also reviewed capital projects and THEC budget recommendations for capital outlay and maintenance.

Chair Frieson thanked President Boyd for his leadership.

IV. 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 Frieson read the report (Exhibit 2) in the material.

b. Audit and Finance Committee

Committee Chair Fred Decosimo asked the CFO to review FY2022 budget to actual results comparison as of fiscal year-end (Exhibit 3). Salaries, benefits, travel and entertainment resulted in favorable variances in expenditures, with an overall net surplus in operations of \$5.3 million. Adam pointed out that operating revenue presents the pre-determined distribution of the non-endowed investment portfolio (\$3.485M), not actual results. The balance of savings for future use and investment position shows \$22.5 million in reserve, including a decline of \$2.96 million (\$1,000,000 of which was applied to the CRM project, ACE); and the remaining \$1.96M decline in investment performance. He also briefly reviewed investment holdings as of June 30, 2022. Since the relationship with LCG began in 2020, the return is flat (cumulatively). Because the interest rate environment has substantially changed since we entered the investment environment, we will be implementing a ladderred treasury portfolio beginning next week (to earn in excess of 4% on 1/3 of the portfolio). Through October, we were up 3.2%; and as of last night, the portfolio investment return was up \$3 million for FY23.

Mr. Heller presented the proposed final budget for fiscal year 2023 as compared to the draft which had been shared in June and stated the changes were in direct support for Knoxville to fund specific development positions and DEI initiatives. Adam also stated that the foundation operating budget has grown from \$33.5 million in FY20 to \$40.6 million in FY23. Audit and Finance Committee had reviewed the final budget and recommend it for board approval. Mr. Decosimo moved to approve the UTFI Fiscal Year 2023 final budget (Exhibit 4). Dr. Wenk seconded, and the final FY 2023 budget was approved as submitted.

Adam briefly shared the budget to actual results as of September 30 (Exhibit 5). He noted that expenses continue to produce a favorable variance in operational savings, and investment performance was at a loss of \$2.6 million. The audit is being finalized, and the metrics indicate a record year of UTFI support to UT of \$108 million for fiscal year 2022 (preliminarily, unaudited).

c. Directorship Committee

Committee Chair Kim Cross reported that Directorship Committee had met by conference call October 19, to review the committee charter and bylaws. She reviewed and moved to approve the proposed changes to the Committee Charter (Exhibit 6), effective immediately. Mr. Decosimo seconded the motion, and the changes were approved.

Kim Cross also reviewed and moved approval of revisions to the UTFI Bylaws as recommended by Nominating and Governance Committee (Exhibit 7). The motion was seconded by Alan Wilson, and revisions were approved as recommended.

The final proposed revision to the Bylaws required a $\frac{3}{4}$ affirmative vote of the Elected Directors of the Board. On page 3 of the Bylaws, the wording for the UTAA representative was clearly restating this Director would be the UTAA immediate past president. Also, the Sr VP for Agriculture would no longer be eligible to serve UTFI Board as a chancellor. The Secretary called role for the vote, and the changes were approved by all Directors present.

d. Real Estate Committee

Committee Chair Charlie Wagner presented the report (Exhibit 8) on the Real Estate Committee activities since the June 2022 board meeting.

V. FOUNDATION PRESIDENT'S REPORT

President Kerry Witcher thanked the Board of Directors for their time in service and reported to the board (Exhibit 9) on FY22 results, goals for FY23 and other priorities. Knoxville and Southern both had record years as well as being the Foundation's overall second-best year in fundraising dollars. It was the best year in university history for number of donors who gave, as well as engaged alumni. Days of giving have certainly increased online giving.

The Advocacy Network is a partnership between UT Alumni Association and Government Relations, created solely to advocate (to the Legislature) on behalf of UT. The goal is to reach 10,000 advocates by 2023.

Mr. Witcher reviewed FY23 goals and mentioned the possibility of needing to increase fundraising goals based on potential gifts which could push actual gifts far ahead if they are to come through this year.

He also commented briefly on key initiatives.

- The goal for UTM's RISE campaign is \$175 million, and they are just over \$9 million short at this time; however, Charley anticipates the possibility of meeting the goal by year-end.
- Vice Chancellor searches will continue into 2023. Love Collins will be retiring from UTHSC and the search for his replacement has been launched. Charley Deal will serve both UT Martin and the Health Science Center in the interim. Tom Looney will serve as interim Chief Advancement Officer for Ag, and that search will begin in a few months.
- The UT Promise Endowment commitments are just over \$34M (with \$15M in-hand) of the \$100M long-term goal.
- CRM implementation is on time and budget.

Finally, Kerry thanked UTFI Directors for leading by example with 100% giving participation again in FY22. Dr. Wenk applauded UTFI leadership and campus vice chancellors for their stellar performance over the past year and a half. Mr. Wagner seconded the foundation value!

VI. CONNECT UT OVERVIEW

Kerry introduced UTAA Executive Director Mike McCay, who gave an overview of Connect UT (Exhibit 10), a platform which will assist us to better connect with all graduates and students. Under Be One UT values, in agreement with President Boyd, and with UTFI Board as a great example, Connect UT is another opportunity to come together to benefit UT as a whole. The platform structure allows for specific content to be pushed to certain groups. Connect UT is completely opt-in and participants select their level of commitment. It also syncs with campus-based employment platforms.

The data analysis can be used for additional connection opportunities and partnerships. Alan Wilson asked how people will be invited to connect, i.e., will those who attend an event be asked to join the platform? UTAA started with a strategic email push asking folks to register at www.connectut.tennessee.edu, as well as including information in alumni magazines and in campus communications. Students are now also being invited since the alumni base is robust. Kim Cross inquired about the possibility of adding a QR code for event attendees. The process will be more readily available with ACE. Loads with ANDI are manual. Dr. Wenk inquired about opportunities for companies which would like to use UT students/alumni for interns in research, business, etc. This would be in partnership with the campus-based career centers. Users are asked whether they would be willing to hire students for internships, so that data is captured and reported.

VII. CONSENT ACTION AGENDA

Having received no requests to discuss any item on the consent agenda, Mr. Frieson called for a motion to approve. Kim Cross moved approval of the items, Phil Wenk seconded, and the consent agenda items were approved, including: June 10, 2022 Minutes, Non-director Officer Compensation (Exhibit 11), Appointments of Assistant Treasurer (Exhibit 12) and Assistant Secretary (Exhibit 13), and Approval of Fall 2023 Meeting Date (Exhibit 14).

VIII. INFORMATIONAL ITEMS

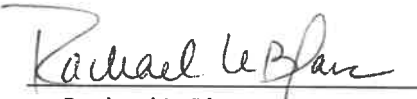
Mr. Frieson noted the informational items in the material included the UT Foundation 2022 Annual Report (Exhibit 15) which was shared with UT Board of Trustees last month as required by the Affiliation and Services Agreement, Committee Appointments (Exhibit 16) for the current year, and 2023 Meeting Dates and Locations (Exhibit 17).

IX. ADJOURNMENT

With no additional business the meeting was adjourned, and the Board received a legislative update in executive session following. Directors interesting in joining the Advocacy Network can do so at <https://advocacy.tennessee.edu>.

Following the meetings, the UTFI Board of Directors presented the 2022 awards to Brian Broyles, Darren Hughes, Jackie Johnson and Ben West (not available in person).

Directors were also invited to join Dr. and Mrs. Wenk at Neyland Stadium for the unveiling of Delta Dental Gate 15.


Rachael LeBlanc, Secretary