



## **BOARD OF DIRECTORS**

### **Minutes of the Annual Meeting June 9, 2023**

The Board of Directors held their 38<sup>th</sup> meeting at 10:00 a.m. CDT on Friday, June 9, 2023, in Room 208 of the Crowe Nursing Building on the UT Health Science Center campus in Memphis.

#### **I. WELCOME, OPENING REMARKS and CALL TO ORDER**

Chair Ron Frieson welcomed everyone and stated the meeting was open to the public, but no visitors were present. 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  
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  
Kathy W. Ledbetter  
Emily Capadalis Love  
Charles A. Wagner III

Board of Directors not present:

Hans N. Airee  
Chancellor Steven Angle  
Christopher B. Bollinger  
Phillip A. Clendenin  
Deborah A. Ingram  
Richard F. Warren  
Jamie R. Woodson

Ms. LeBlanc announced the presence of a quorum.

CFO Adam Heller, Vice chancellors for advancement Evan Beech, Chip Bryant and Charley Deal were also participating, as well as Jackie Wise, Woody Henderson and David Miller.

### **III. UNIVERSITY PRESIDENT'S REPORT**

Mr. Frieson welcomed UT president Randy Boyd, and he thanked the UTFI Board and other Volunteers who conduct such essential work on behalf of the University. Mr. Boyd also thanked Chancellor Buckley and his team for their presence across the state and country. He shared the attached report (Exhibit 1) with an update from the legislative session. Excluding stimulus funds, this is the largest budget ever. He reviewed the State's major investments and UT's windfall from the historic budget, including capital and operating items and partnerships, as well as UT's key provisions and passed Legislation. The president informed the board that the state allowed the Knoxville campus to do a P3 (public private partnership) for residence halls. 2,572 new beds will come online from 2025-26, and more are needed.

Safety in higher education was overlooked and is expected to be made up in the next session; it's already on the 'Christmas list'. A campaign will begin this fall to promote the value of higher education. UTM Chancellor search has produced three finalists, to be complete by the first week of July; and we also hope to have a new director at Oak Ridge by August. Dr. Wenk asked President Boyd to consider incorporating Determined to be a Doctor Someday and other HSC programs into the dialogue on the importance of education. Chair Frieson thanked President Boyd for his leadership and for keeping us informed.

### **IV. UNIVERSITY ENDOWMENT UPDATE**

UT CFO David Miller shared the endowment performance as of April 30, 2023 (Exhibit 2), which underperformed benchmarks and CPI+5.5%. He went on to review the university's performance dashboard and share information regarding the UT Investment Advisory Council, of which Fred Decosimo is a member. They are expert citizens in the field with a primary role of asset allocation. Through May 31, CIP was .3% and broad policy benchmark went down to -1.5%. Things are changing quickly, and he doesn't anticipate seeing CPI+5.5% beat inflation for a very long time. The broad asset classes were positive except for private exposure, venture capital down 16.1% and REITS down 15.9%. Top performers were utilities, timber and agriculture, and energy, but were not large portions of our portfolio.

David offered to provide additional information and resources from the CIO as needed. He noted that our peers are measured by endowments of the same size and function. David will also provide the NACUBO annual endowment comparison when it is available. Cambridge also has ~200 peer endowment clients for us to benchmark against, which the UT Investment Advisory Council reviews monthly. Chair Frieson suggested we invite the CIO to share more information with the Audit and Finance Committee or Board. (It was later determined that Rip Mecherle will begin joining David at the UTFI annual board meetings in June.) Mr. Miller also suggested the Cambridge team would be glad to do a session with the Foundation.

### **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 Frieson read the report (Exhibit 3) in the material.

**b. Audit and Finance Committee**

Committee Chair Fred Decosimo asked the CFO to review FY2022 budget results (Exhibit 4). Adam briefly shared the budget to actual results as of April 30, with revenue as expected and expenses just slightly under budget.

The CFO 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 the overall budget aligns to expand advancement functions while minimizing university direct support and presented a comparison of actual FY23 and draft FY24 budgets. 15% of the additional revenue is funded by campuses and institutes, mostly to fund the 5% merit pool. The remainder is sourced from endowment growth, investment earnings and advancement assessments. Increases in revenue are being expended on new staff positions and recognizing current staff.

Adam thanked the vice chancellors and their teams for collaborating on budgets. He stated Audit and Finance Committee had reviewed the draft budget and are recommending it for board approval. Phil Wenk moved approval, Kim Cross seconded, and the draft FY2023 budget (Exhibit 5) was approved as submitted.

**c. Nominating and Governance Committee**

Committee Chair Kim Cross reported that Directorship Committee had met by conference call December 16, 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 as well as ethnic diversity, and that additional representatives from Chattanooga and Martin were needed.

Nominations were called for and the Committee met March 20 to review the candidates. Brief notes on each nominee were included with the election action material (Exhibit 6). On behalf of the Nominating and Governance Committee, Kim Cross moved pursuant to Article IV Section 3 of the Foundation Bylaws to elect Douglas A. Brown, Emily Capadalis Love, J. Phenise Poole and Arthur L. Sparks to serve three-year terms as Directors of UTFI beginning July 1, 2023. Phil Wenk seconded, and the Board approved election of the new Directors nominated.

Ron Frieson/Chair, Alan Wilson/Vice Chair and Phil Wenk/Past Chair will continue in their current roles one more year.

Kim reminded Directors that we will be completing self-evaluations and evaluations of the overall board later this summer. Also, the Board Chair and Vice Chair will be conducting calls this fall with Directors regarding engagement over the past year, expectations for the coming year, feedback for improvement, best practices from other boards, etc.

#### **d. Real Estate Committee**

Committee Chair Charlie Wagner shared the report (Exhibit 7) on the Real Estate Committee activities since the November 2022 meeting and noted there had not been much committee action needed, due to the real estate market moving along. In response to the question of why UT had accumulated several properties over time which had not sold yet was because UT did not have a provision to sell real estate below appraised values. Once the real estate is handled by UTFI, properties are mainly sold upon receipt, unless there is a use by the university.

### **VI. FOUNDATION PRESIDENT'S REPORT**

President Kerry Witcher thanked the Board of Directors for their time, talent and treasure and reported (Exhibit 8) on Mission and Vision 2025, FY23 progress, as well as a look at FY24. With two years remaining, we have surpassed number of donors for a record year, arriving at engagement and progressing toward advocacy goals; so some recalibration will take place. Fundraising is approaching the stretch goal and looks to be the second-best fundraising year.

In order for UTFI to do our part in making this the greatest decade in UT history, we anticipate reaching \$3B in fundraising by the end of 2029, and are working with the campus leadership to determine what the goal will be for each campus.

Chancellor Buckley shared copies of the UTHSC annual report final draft which will be taken to the UT Board of Trustees for approval later this month.

### **VII. CONSENT ACTION AGENDA**

Having received no requests to discuss any item on the consent agenda, Mr. Frieson called for a motion. Dr. Wenk moved approval of the items, Kim Cross seconded, and the November 11, 2022 Minutes and Proposed 2024 Meeting Dates (Exhibit 9) were approved.

### **VIII. RECOGNITION OF RETIRING DIRECTORS**

Chair Frieson made remarks on each retiring director's service, and Kerry Witcher shared with them a small gift and certificate of appreciation. Jamie Woodson, Chancellor Angle, Hans Airee and Chris Bollinger were all traveling and unable to join the meeting.

- Jamie Woodson has served as the Board of Trustees representative for the past two years on Nominating and Governance Committee.
- UTC Chancellor Steven Angle stepped in to fill the second year of UTS Chancellor Mark La Branche's term at retirement and has served one year on Real Estate Committee. Chancellor Angle had also served a previous 2-year appointment.

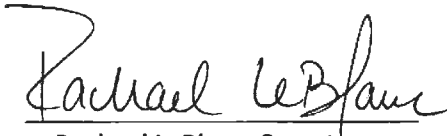
This year's departing cohort of elected directors has 36 years of combined service, as each was elected in 2017 and has served the full six years.

- Hans Airee has served faithfully in Nominating and Governance for both terms. We thank Hans for his continued service and support to Martin and the Health Science Center.
- Chris Bollinger has been a continuous member of the Finance Committee since election. We thank Chris for his continued support of UT Knoxville and the Institute of Agriculture's Herbert College.
- Phillip Clendenin has dutifully served Real Estate Committee since election. He wanted you all to know he has not been present due to beginning medical treatment. He does anticipate a full recovery, and we thank him for continuing to serve and support UT Martin.
- Kim Cross has served the Nominating and Governance Committee since election and ably chaired the committee this year. We thank Kim for being willing to step up all these years both in UTAA and UTFI, and for continuing to support the Knoxville campus.
- Fred Decosimo has been a member of the Audit Committee since election and has chaired both Audit and Finance Committees. We thank Fred for his unending service and support of the University and the Chattanooga campus in so many ways.
- Kathy Ledbetter has also served Real Estate Committee since election. She came to UTFI Board with a connection to 4H and quickly became part of the UT System family. We thank Kathy (and Scott) for being open to sharing Lone Oaks Farm with the State of Tennessee. Everyone is ALWAYS invited to Middleton!

We will definitely miss the departing wisdom and commitment of these UT System Volunteers!

#### **IX. ADJOURNMENT**

With no additional business, the meeting was adjourned.

  
Rachael LeBlanc, Secretary