



## **BOARD OF DIRECTORS**

### **Minutes of the Annual Meeting June 14, 2024**

The Board of Directors held their 40<sup>th</sup> meeting at 10:00 a.m. EDT on Friday, June 14, 2024, in Salon D/E of the Hilton Downtown in Knoxville.

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

In the Chair's absence, Vice Chair Alan Wilson welcomed everyone and stated the meeting was open to the public. 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:

Alan D. Wilson, Vice Chair  
Kerry W. Witcher, President and CEO  
Lee Ann Adams  
K. Jeannie Beauchamp  
Karen M. Bowling  
Douglas A. Brown  
Chancellor Peter Buckley  
Chancellor Yancy Freeman  
C. Douglas Haney  
Judith A. Herbert  
Deborah A. Ingram  
Emily Capadalis Love  
J. Phenise Poole  
Arthur L. Sparks  
Charles A. Wagner III  
Philip A. Wenk

Board of Directors not present:

Isaac E. Bennett  
Randal D. Boyd, University President  
Ronald E. Frieson, Chair  
Renee B. Iacona  
Shanea A. McKinney  
Richard F. Warren

Ms. LeBlanc announced the presence of a quorum.

Treasurer Adam Heller, Vice chancellors for advancement Evan Beech, Brian Broyles, Charley Deal, and Kim White were also participating, as well as other Foundation and University leaders.

### III. UNIVERSITY ENDOWMENT and INVESTMENT UPDATE

Alan Wilson welcomed UT CFO David Miller and Chief Investment Officer, Rip Mecherle. Rip works closely with Cambridge Associates and talked about oversight of the University Endowment/Consolidated Investment Pool. Mr. Mecherle shared the report as of March 31, 2024 (Exhibit 1), which included returns vs primary benchmarks, asset classes, and peers. Cambridge began in late 2018 and transitioned the portfolio gradually to long-term targets. Asset allocations and diversifying strategy were shared. Alan inquired how do we calculate the returns on private equity? It is in the return calculation, based on the cash flows and market value. Current liquidity sits at 36% daily and 18 monthly, and ~2 years of distributions are covered in cash and bonds. A historical snapshot of the endowment's market value was shown. The giving rate has been ~\$70M annually, which offsets the 4.5% distribution.

David Miller reminded the board that this endowment covers UT system, except for UTC who has a separate foundation. He also stated that UT Board of Trustees are the fiduciary for the endowment and investments. The Investment Advisory Council advises the board on these matters, with the assistance of consultants. It is not a committee of the board, but is chaired by the Finance Committee Chair and is populated by demonstrated professionals in the field. UTFI representative on the committee is Joe LaPorte, and Adam Heller also participates. Alan asked from the donor perspective, if someone funds \$100k in endowed scholarships and the endowment grows, do the scholarships available also grow. It is based on how the gift agreement was written by the donor as to how investment earnings are spent.

### 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. Mr. Wilson stated Executive Committee had assisted with real estate transactions and referenced the report (Exhibit 2) in the material.

#### b. Audit and Finance Committee

Committee Chair Karen Bowling stated the committee had met on May 28 and reviewed the fiscal results and the draft budget. She asked the CFO to review the financial reports, and Adam briefly shared the budget to actual results as of April 30 (Exhibit 3), with revenue and expenses both as expected at ten months into the year.

The CFO stated the budget being presented for approval is a draft, and the final budget will come for approval at the fall meeting. Mr. Heller stated the overall budget is a collection of all campus budgets combined with central services. Revenue is budgeted at 9% growth and expenditures are expected to grow by 12%. The net surplus is in line with the proposed reserve policy revisions. The line under central office for *advancement readiness and service concept* is designed to assure the fiscal capability to move quickly in

response to actions identified by Marts & Lundy. While we are enhancing revenue capabilities, these are not dependent proportionately on university direct support.

Adam stated Audit and Finance Committee had reviewed the draft budget. Karen Bowling moved approval, Phil Wenk seconded, and the draft FY2025 budget (Exhibit 4) was approved as submitted.

UTFI maintains strategic discretionary reserve funds to mitigate risk. The Audit and Finance Committee has reviewed the CFO's analysis and recommends setting the strategic reserve target at 35% of UTFI's expense budget. The strategic reserve would include both general reserve funds and accumulated savings balances. Phil Wenk asked whether the reserve target could be adjusted annually, and it will be reviewed as part of the annual budgeting process; but would require a vote by the Board to change. Karen Bowling moved that the UTFI policy on Reserves be revised as presented (Exhibit 5), Art Sparks seconded the motion, and the policy change was approved.

**c. Nominating and Governance Committee**

Committee Chair Emily Love reported that Nominating and Governance Committee had met by conference call December 19, 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.

Nominations were called for and the Committee met March 18 to review information on the candidates. Misty Mayes was recruited and has confirmed her willingness to serve. The committee met again May 9 to review staggering terms and nominated the slate of directors for election.

On behalf of the Nominating and Governance Committee, pursuant to Article IV Section 3 of the Foundation Bylaws, Emily Love moved to re-elect Ron Frieson (2 years), Debbie Ingram (1 year), Judi Herbert (2 years), Isaac Bennett, Renee Iacona, and Richard Warren (3 years) to serve the specified terms as Directors of UTFI beginning July 1, 2024. Karen Bowling seconded, and the Board approved re-election of the Directors.

Ms. Love also moved to elect Misty D. Mayes to serve as Elected Director of UT Foundation, for an initial 3-year term beginning July 1, 2024. Phil Wenk seconded, and the Board approved election of the nominee.

Finally, Emily Love nominated Art Sparks to serve as incoming Vice Chair of the Board and Alan Wilson as Chair and called for additional nominations from the Directors. Hearing none, Phil Wenk seconded the motion and Alan Wilson and Art Sparks were elected Chair and Vice Chair respectively, each for two-year terms. Ron Frieson will become past Chair of the Board effective July 1.

Emily 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 with Directors regarding engagement over the past year, expectations for the coming year, feedback for improvement, best practices from other boards, etc. We look forward to hearing feedback in the fall.

**d. Real Estate Committee**

Committee Chair Charlie Wagner shared the report (Exhibit 6) on the Real Estate Committee activities since the November 2023 meeting. In response to a question, Woody Henderson confirmed that all sellable UT-owned properties had been sold.

**V. FOUNDATION PRESIDENT’S REPORT**

President Kerry Witcher thanked the Board of Directors for their time, service and support and reported (Exhibit 7) on reviewing progress toward FY24 Goals/Priorities, Priorities for FY25 and Strategic Planning. Fundraising is approaching the stretch goal and already is the second-best fundraising year. Chattanooga, Knoxville/UTIA and Southern are setting records.

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 each campus has a proportionate goal.

In the next six months, Kerry will return with an action plan regarding the Marts & Lundy report. ACE bumps in the road are being worked out. UTFI’s strategic planning committee is being put together. We anticipate the consultant will meet with UTFI Board in November. Prospect management and research will be revamped and use the ACE database to more effectively give fundraisers prospects for major gifts.

**VI. CONSENT ACTION AGENDA**

Having received no requests to discuss any item on the consent agenda, Mr. Wilson called for a motion. Dr. Wenk moved approval of the items, Jeannie Beauchamp seconded, and the November 3, 2023 Minutes, Bylaws Revision (Exhibit 8) and Proposed 2025 Meeting Dates (Exhibit 9) were approved.

**VII. RECOGNITION OF RETIRING DIRECTORS**

Vice Chair Wilson made remarks on each retiring director’s service and thanked them once again.

- Shanea McKinney has served as the Board of Trustees representative for one year on Nominating and Governance Committee. David Watson has been appointed as the next Trustee representative.
- UTHSC Chancellor Peter Buckley has served for two years. President Boyd has appointed Interim Chancellor of UT Southern, Linda Martin as the next chancellor representative.
- Lee Ann Adams has served on Real Estate Committee one year as the UTAA past president. Brian Winbigler is the incoming UTAA representative.

The two retiring elected directors have 17 years of combined service.

- Charlie Wagner was elected in 2016 and has dutifully served Real Estate Committee, including six years as chair. We thanked Charlie and Nancy for their continued service and support to Haslam College and UTK.
- Phil Wenk was elected in 2015 and has served as the former Development Committee as well as Executive Committee. Phil chaired the board from 2020-2022 and has served as past chair for two years. We thanked Phil and Brenda for their unending support to UTHSC and UTK.

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

#### **VIII. ADJOURNMENT**

With no additional business, the meeting was adjourned.

  
Rachael LeBlanc, Secretary