

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

MINUTES OF THE ADVANCEMENT AND PUBLIC AFFAIRS COMMITTEE

June 23, 2016
Knoxville, Tennessee

The Advancement and Public Affairs Committee of The University of Tennessee Board of Trustees met at 10:15 a.m. EDT on Thursday, June 23, 2016, in the Hollingsworth Auditorium on the campus of the Institute of Agriculture in Knoxville, Tennessee.

I. CALL TO ORDER

Chair Sharon Pryse called the meeting to order.

II. ROLL CALL

Dr. Tonja Johnson, Vice President for Communications and Marketing, called the roll of the Committee members. Those present were:

Ms. Sharon Pryse, Chair
Mr. Shannon Brown
Dr. Joe DiPietro
Mr. Raja J. Jubran
Ms. Rhedona Rose
Ms. Julia Wells
Mr. Charles Wharton

Dr. Johnson announced the presence of a quorum.

III. MINUTES OF THE LAST MEETING

Chair Pryse called for a motion to approve the minutes of the April 1, 2016 committee meeting. Trustee Brown moved approval, Board Vice Chair Jubran seconded, and the motion carried.

IV. REVISED COMMITTEE CHARTER

Vice President Rickey McCurry reported the Trusteeship Committee is recommending Amended and Restated Bylaws to the Board. The revisions include deleting the specific responsibilities of the standing committees from the Bylaws and incorporating them in the standing committee charters. Some revisions to the Advancement and Public Affairs Committee's specific responsibilities were identified, and those revisions have been incorporated in the charter presented for this committee's consideration (Exhibit 1). The revised charter also includes changes to conform to other Bylaw changes, which in turn are required to conform to Public Chapter 753.

Raja Jubran, Vice Chair of the Board, moved that the Advancement and Public Affairs Committee recommend the following resolution for adoption by the Board of Trustees:

RESOLVED: The revised Advancement and Public Affairs committee charter is approved as presented in the meeting materials.

Trustee Brown seconded, and the motion carried.

V. ANNUAL REPORT OF THE UT FOUNDATION AND FY 2017 UTFI OPERATING BUDGET

Mr. McCurry shared the proposed FY2017 budget for the Foundation (Exhibit 2). This budget was presented and approved at the Foundation Board meeting earlier in June. The budget will be finalized once the final numbers are received from the campuses.

It has been a good year in fundraising and engagement and Mr. McCurry commends the statewide development and alumni staff for their efforts. As of May 31, 2016, pledges and commitments total \$222 million with an expected \$230 million by the end of the fiscal year. The number of donors also increased with a projected total of 60,000 donors by the end of this fiscal year.

The Foundation sold three properties during the fiscal year for a total of \$350,050 and received one property with an appraised value of \$78,000. The Foundation continues to hold and is seeking buyers for real estate donated in previous years located in counties of Knox, Grainger, Roane, Cumberland, Madison, Sequatchie, Monroe, Shelby and Sunset Beach, North Carolina.

The Foundation endowment balance as of May 31, 2016 is \$142,041,224. The amount of total bequest expectancies and insurance policies outstanding as of this same date is \$238,607,779. The Foundation has received no gifts that would place a financial liability on the University.

Mr. Ron Turner is the newly appointed Chair of the UT Foundation Board of Directors, and Mr. Kimbrough Dunlap is the newly appointed President of the UT Alumni Association.

Mr. McCurry announced the Foundation central staff will be moving into the new facility located at 1525 University Avenue in Knoxville in two phases. The first phase will move July 11, and the second phase will move July 18.

Trustee Wharton asked the appraised value of the properties sold. Mr. McCurry agreed to provide that information to him. Trustee Wharton also asked that additional columns be added to the budget report that would include specific information about development officers and dollars raised. Mr. McCurry will provide and make sure it is part of the presentation moving forward.

Chair Pryse asked if there are comparables in development officers in the SEC or in the U.S. to understand how UT numbers compare. Mr. McCurry said that information can be provided.

VI. ANNUAL REPORT OF THE UC FOUNDATION

Dr. Bryan Rowland, Vice Chancellor for Development and Alumni Affairs and Executive Director of the UC Foundation, gave the report (Exhibit 3). Mr. Bucky Wolford, Chair of the UC Foundation was unable to attend.

- Since it was established in 1969, the UC Foundation has transferred \$112 million to support UT Chattanooga in various areas such as professorships, scholarships, operating fund and building support.
- Six new members were added to the Foundation Board in FY16 and two added for FY17.
- The Foundation provided funding to allow development and alumni staff to grow by 13 staff positions and the promotion of six current employees.
- Created the SMILE (Student-Managed Investment Learning Environment) Fund with a \$250,000 investment on July 1, 2015. This provides 25 students the opportunity to manage an investment portfolio.
- The Foundation received a clean audit.

- As of March 31, 2016 the endowment total is about \$119 million with \$40 million of that total marked as unrestricted.
- The Foundation currently has 39 fully endowed professorships, 212 endowed scholarships and 44 temporary scholarship programs supporting over 1,000 students.
- Probasco South Campus Housing Project was refinanced in FY16 which resulted in a savings of \$19 million over 20 years and an annual debt service reduction of just over \$900,000.
- Fundraising totals are very strong with a total of \$14.68 million through May 31, 2016.

VII. ANNUAL REPORT OF NAMING INTERIOR SPACES AND GROUNDS

Mr. McCurry presented the Annual Report of Naming Interior Spaces and Grounds for the Committee's information (Exhibit 4).

VIII. COMMUNICATIONS AND MARKETING REPORT

Vice President for Communications and Marketing Tonjanita Johnson gave a brief Communications update starting with reporting on the bi-annual UT Communicators meeting. Key issues were discussed regarding an overview of System communications initiatives. Johnson continued on to give an update on the UT System News Roundup and on media subscription and media monitoring costs.

Johnson then shared with the group System Communications and Marketing Snapshots (Exhibit 5). The snapshots include one-page reports that offer a quick glimpse of marketing and communications efforts by our campuses and institutes for a three-month period. It gives a general sense of marketing and communications achievements across the system, important metrics and facts related to operations and activities, and key actions related to reputation management.

Johnson gave an update on preparations for a marketing campaign to enhance brand awareness and reputation management. She provided the Board with a better sense of what is realistic at this point and ways in which we are maximizing resources for positive results. She then reviewed the top marketing challenges UT Chief Marketing Officers would like to address across the System.

Johnson closed her report with highlighting some of the many awards that have been received for Marketing and Communications work across the UT System.

IX. GOVERNMENT RELATIONS AND ADVOCACY REPORT

Mr. Anthony Haynes, Vice President for Government Relations and Advocacy, presented a post-session update since the April Board meeting and a report on some key federal activities and developments. In follow-up to the detailed review of legislation Mr. Haynes presented at the April meeting, he informed the Committee that the 2016 session placed a heavy workload on the Government Relations and Advocacy (GR&A) staff. He commended Lou Hanemann, Carey Whitworth, Valerie Yancey, Connie Cantrell, and GR&A Legislative Intern Peter Murray for their perseverance and hard work.

Advocacy

Because UT's Director of Advocacy, Carey Whitworth, was on maternity leave, Haynes did not present an advocacy report. A report on advocacy metrics as well as plans for the future of UT's program will be presented at the fall meeting.

State Relations

GR&A staff members continue their workload but at a more manageable pace since the end of session. They work daily on follow-up and implementation of legislation.

- We are working with the Tennessee Higher Education Commission (THEC) on review of growth in the cost of unfunded mandates in the form of tuition discounts and waivers, currently totaling approximately \$7 million for UT alone. We appreciate the support of THEC Interim Executive Director Russ Deaton in looking at this issue. Thanks to Senator Todd Gardenhire, legislation was passed to take a critical review of this growing cost and identify policy recommendations.
- We are working with UT General Counsel's office, Tennessee Board of Regents, and Tennessee Association of Chief of Police to help craft and develop procedures to implement PC1061 that will allow appropriate faculty and staff to carry handguns on campus.
- We also have been working with the General Counsel's office and legislative sponsors of PC753, commonly referred to by our staff as: "The President is the President Bill." The legislation clarifies the role of the Board of Trustees, the President, and Chancellors and how the Board conducts its business. The sponsor's intent was not to change the way of

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doing business but to codify it for all to see and have the same expectations.

- GR&A staff members remain in a support role to the President as he serves on the Governor's Workforce Subcabinet. Lou Hanemann represents President DiPietro in engaging in out-of-session policy issues that affect the UT Health Science Center and its partners, such as future support for the Memphis Research Consortium and issues surrounding the Certificate of Need process.

Federal Relations

- GR&A staff members continue to explore new avenues to help secure more research funding from NIH, as it awards more than \$2 billion in new funding that gets NIH closer to pre-sequestration levels.
- In May, Mr. Haynes met with U.S. Secretary of Agriculture Tom Vilsack regarding the role extension could play in combating Zika. He offered that UTHSC could serve in a coordinating role, partnering with the Delta Regional Authority, throughout the seven-state region.
- Staff members are working with Senator Lamar Alexander, the Tennessee Congressional Delegation, and members of President Barack Obama's Cabinet as well as various associations on recent changes in overtime regulations of the Fair Labor Standards Act.
- We finally have success from years of efforts to secure year-round Pell Grant funding for our students. As the Pell Grant program saw a historically high surplus of \$8 billion, UT advocated that the surplus be held for future years and dedicated to assisting students in access to affordable education.
- We have enjoyed some success in advancing the UT Space Institute's hypersonics research program and its partnerships with not only UT Chattanooga and ORNL, but also with Indiana, Purdue, Texas A&M, and defense giant Raytheon.
- Mr. Haynes reiterated that he is convinced that UT needs to place a more strategic focus on opportunities to grow its outreach and research portfolio through the Department of Defense.

As for the outlook, the upcoming elections will determine everything. Voters will decide, and we will "have to live with it." Everyone has a vested interest in being informed on the candidates and their issues and should vote.

Haynes concluded his remarks by thanking Board members and everyone in the meeting room for their assistance, advice, counsel, and patience during the 2016 legislative session. He thanked them primarily for the trust they placed in the Government Relations and Advocacy staff, who grew as a team because of that trust and the trust that they had for each other. Knowing "that you had our backs" was key to our success.

He went on to say: "From the Government Relations and Advocacy team, whether in Washington or Nashville, we understand that sharing information early, building relationships, and building trust are critical. Our President was engaged. Our Chancellors were involved. Our Board members made important contacts. UT faculty, staff, students, and alumni as well as many businesses across the state took the time to be heard. All of these connections are important."

Following the conclusion of Mr. Haynes' remarks, Trustee Lampley commented that no one in Nashville had a harder job during the past legislative session than Anthony Haynes. "The word 'masterful' doesn't describe it."

President DiPietro added that this Government Relations team is the finest he has worked with of the three institutions where he has served. Under challenging circumstances, they worked hard and got the job done. "It is a pleasure to work with them."

X. OTHER BUSINESS

No other business stated.

XI. ADJOURNMENT

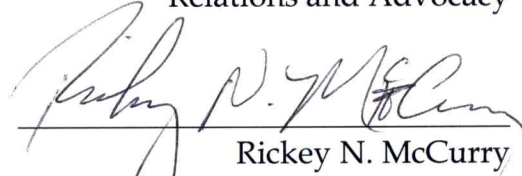
With no further business, the meeting was adjourned.

Tonjanita Johnson
Vice President for Communications
and Marketing

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Anthony Haynes
Vice President for Government
Relations and Advocacy



Rickey N. McCurry
Vice President for Development and Alumni Affairs
President/CEO, UT Foundation, Inc.