The Advancement and Public Affairs Committee of The University of Tennessee Board of Trustees met at 10:30 a.m. EDT on Thursday, June 19, 2014, in Hollingsworth Auditorium on the campus of the Institute of Agriculture in Knoxville, Tennessee.

I. CALL TO ORDER

Chair Charles Wharton called the meeting to order.

II. ROLL CALL

Mr. Lofton Stuart, Interim Vice President for Development and Alumni Affairs, called the roll, and the following members were present:

- Mr. Charles Wharton, Chair
- Dr. Joe DiPietro
- Mr. Brian Ferguson
- Mr. Brad Lampley
- Ms. Sharon Pryse
- Mr. Karl Schledwitz

The Chair announced the presence of a quorum.

III. MINUTES OF LAST MEETING

Chair Wharton called for a motion to approve the minutes. Trustee Pryse moved approval of the February 27, 2014 minutes, Trustee Lampley seconded, and the motion carried.

IV. NAMING OF THE VOLLEYBALL PRACTICE FACILITY AT UT KNOXVILLE

Chancellor Cheek stated that although the Policy on Naming of Facilities and Other Assets provides that current employees and those employed within the previous three years are not eligible for naming consideration, the policy also...
provides that the Board of Trustees may make an exception to that provision by duly adopted motion. Chancellor Cheek asked the Board for an exception to the policy to allow the volleyball practice facility at UT Knoxville to be named the Joan Cronan Volleyball Practice Facility.

Trustee Pryse moved that an exception to the Policy on Naming Facilities and Other Assets be approved to allow the volleyball practice facility at UT Knoxville to be named the “Joan Cronan Volleyball Practice Facility” in recognition of her distinguished career of service to athletics and the University (Exhibit 1). Trustee Lampley seconded the motion, and it carried unanimously.

V. NAMING OF THE CHI OMEGA SORORITY HOUSE AT UT MARTIN

Chancellor Rakes restated that the Policy on Naming of Facilities and Other Assets provides that current employees and those employed within the previous three years are not eligible for naming consideration. However, he asked the Board that an exception be approved to allow the Chi Omega sorority house at UT Martin to be named the Pat Head Summitt Chi Omega House.

Trustee Lampley moved that an exception to the Policy on Naming Facilities and Other Assets be approved to allow the Chi Omega house at UT Martin to be named the “Pat Head Summitt Chi Omega House” in recognition of the unparalleled career and legacy of Coach Summitt (Exhibit 2). Trustee Pryse seconded, and the motion carried unanimously.

VI. ANNUAL REPORT OF NAMING INTERIOR SPACES AND GROUNDS

Mr. Lofton Stuart presented the Annual Report of Naming Interior Spaces and Grounds (Exhibit 3) for information. He stated that except for the Lewis Studio Theatre in Chattanooga, all namings were related to gifts received and named either for the donor or in honor of someone the donor had requested. The Lewis Studio Theatre was named in honor of a retired faculty member who was instrumental in creating the Theatre space.

VII. ANNUAL REPORT OF UT ALUMNI ASSOCIATION

Mr. Lofton Stuart introduced Mr. Tom Losh, UT Alumni Association President-Elect. Mr. Losh is a UTC graduate and has been active in both the UT Alumni Association and the UTC Alumni Council. Mr. Stuart also recognized Worrick Robinson, current UTAA President, who was unable to attend the meeting.
The UT Foundation has gone through an extensive study and discussion with the Chancellors and Vice Chancellors for Development concerning form, function, and funding of the UT Foundation moving forward. Mr. Stuart reported the UT Alumni Association, in cooperation with the campus alumni offices and staff, continues to attract participation by more alumni on behalf of the campuses where they graduated. Mr. Stuart commended the creative and professional manner in which the alumni staff and volunteer leaders guide the activities.

Following strategic review, the UT Alumni Association will continue to serve as the major umbrella arm of UT’s alumni engagement efforts with direct responsibilities for a number of key initiatives, including regional networking, advocacy, career services, annual giving, scholarships, marketing and sponsorship, alumni tours, and travel programs.

VIII. ANNUAL REPORT OF UC FOUNDATION

Chair of the UC Foundation, Mr. Fred Decosimo, was unable to attend the meeting. In his absence, Chancellor Steve Angle presented a summary of UC Foundation activities (Exhibit 4). He noted a strong partnership involving UC Foundation, the UT Foundation, UT Chattanooga, and the UT System, and shared the following highlights:

- Over the past year, the UC Foundation provided a $6.75 million guarantee for the match required for the construction project for the Lupton Library Fine Arts renovation.
- UTC hired Dr. Bryan Rowland to serve as the new Vice Chancellor for Development and Alumni Affairs and Executive Director of the UC Foundation beginning June 26, 2014.
- Net Assets of the UC Foundation were $112.8 million as of March 31, 2014.
- Student Housing has been a major partnership between the UC Foundation and the UTC campus.
  - The Probasco Residence Hall has nearly 1,800 beds. The revenue generated has paid the debt service as well as paid down the balance on the loan. In the coming year, a $1.2 million net positive cash flow is expected, which will flow back to the university.
- Investment activity has reached or exceeded the benchmarks.
- The UC Foundation has not received any gifts that place a financial liability on the university.
IX. ANNUAL REPORT OF UT FOUNDATION

Mr. Stuart referred the Committee to the FY 2014 annual report of the UT Foundation (Exhibit 5). He then summarized the changes taking place within UT Foundation.

Since October 2013, UT Foundation has undergone an extensive review of the form and function of its central services due to the required bi-annual review of the Foundation funding model called for by the original affiliation agreement between the Foundation and the University. Every UT Foundation department has been studied and evaluated, and leadership has worked closely with the chancellors and vice chancellors for development and alumni affairs to determine how the Foundation’s central services can most effectively serve their campuses or institutes.

The review was completed and a budget was approved by the UT Foundation Board on June 3, 2014, based on the re-organization of three departments: communications, annual giving, and chapters.

Effective July 1, the central UT Foundation communications staff will be reduced from six to three staff members. These three will administer the iModules and e-mail systems for campuses and institutes as well as other functions needed on behalf of the UT Foundation. The annual giving team will continue to serve the Knoxville and Martin campuses while Chattanooga and the Health Science Center campuses will manage their annual giving. The Institute of Agriculture will manage their annual giving and hire the alumni team on projects as needed. Three of the five positions that support the alumni chapter programs have been reassigned to serve the Knoxville campus. The remaining two staff members will support career services and other chapter-related activities serviced by the System.

Vice Chair Ferguson inquired about addressing revenue and costs. With 50% - 60% of the development staff working in fundraising, he asked what the yield would be from a new development officer. Chair Wharton responded that with a maturity curve of about three to four years, a new fundraiser should raise approximately $2 million per year. President DiPietro said that depending on the college and unit, that number might increase to $2.5 - $3 million per year with the same maturity curve.
Trustee Ferguson asked about hiring more Development Officers. Chair Wharton said adding more fundraisers has been the plan for some time, but has been slowed below the planned level because of budget constraints. Chair Wharton stated that if a new fundraiser would earn his/her salary the first year, it would be a zero-risk endeavor.

President DiPietro said the budgetary issue related to the short-term interest rates not meeting the pro-forma and not having the revenue from the affinity card. The campuses have made investments and the Foundation’s overall budget has gone up because the units have said the Foundation does not have the resources it needs. Vice Chair Ferguson asked if there is a rule against investing Foundation money into a fundraiser to do more development. President DiPietro said at this time, 100 basis points are taken off the endowment funds in order to run the Foundation operation, and then the units are investing $16 million. The Foundation has almost all funds deployed, so it is a resource issue from a standpoint of the Foundation. Unless the Foundation Board secured additional revenue to hire more Foundation fundraisers, it would come at a cost to the units. Dr. DiPietro hopes the Foundation would be financially independent in 20-30 years, and the money coming in from the units would be reduced to zero.

Vice Chair Ferguson said he was willing to have more discussions about this, but felt 20 fundraisers could deliver $40 million per year. Chancellor Jimmy Cheek stated the money that comes into the units cannot always be spent to pay for the fundraisers; the money is almost always restricted. President DiPietro reiterated that unrestricted gifts are the most difficult to secure. The Foundation Board is interested in looking at various models to secure additional resources to hire more fundraisers.

Trustee Duncan suggested that students could be engaged to recruit donors at zero cost. Chair Wharton commended Trustee Duncan’s excellent idea, said he would take it to the Foundation Board, and thanked Trustee Duncan for “volunteering” to lead the effort.

Chair Wharton mentioned that as a matter of policy, many other institutions take a portion of a gift and use it as unrestricted funds to cover costs. Chair Wharton said the practice is becoming more prevalent; and based on conversation with some significant donors, he does not feel this would be the problem he once thought it would.
In conclusion, Mr. Stuart reported the fundraising total for fiscal year 2013 was $149 million. As of the end of May 2014, a total of $172 million had been raised with the month of June still to go. Mr. Stuart thanked the development and alumni staff and especially the Vice Chancellors for their hard work.

At the last meeting, Chair Wharton asked for an update on the UT Health Science Center Foundation. Mr. Stuart introduced Chancellor Steve Schwab who gave the following report.

The Health Science Center Foundation has a unique advisory role to the Health Science Center; it does not manage any money or a budget. This Foundation meets quarterly and advises the campus on potential friends of the University. It also provides advice and communication on how the campus projects itself in all regions.

The Health Science Center Foundation Advisory Board is chaired by Ms. Johnnie Amonette. The regional representatives are:

- Knoxville: Former Chancellor Jim Hunt
- Chattanooga: Former Trustee Jim Hall
- Nashville: Delta Dental President Dr. Phil Wenk
- Trustee: Mr. George Cates
- Alumni: Dr. Robert Kaplan
- Memphis: Mr. John Pontius with the Hyde Foundation and Mr. Jim Keras, one of the largest auto dealers in the region
- BlueCross/BlueShield: Mr. Calvin Anderson
- UT Foundation: Mr. King Rogers

Chancellor Schwab stated they are looking at expanding the Board and continue to interview individuals brought forth by the Board. Chair Wharton recognized Trustees Cates and Schledwitz for advocating for this board of advisors and suggested it will pay great dividends in the future.

Trustee Schledwitz asked Chancellor Schwab how many fundraisers were on staff at the Health Science Center. Chancellor Schwab did not have the exact number, but noted that every position has been filled. Due to some changes in the budget, a series of positions have opened up from the system to the region, and those will be filled this year. Chancellor Schwab was then asked if funds were available to hire more fundraisers if he agreed with the 20:1 over three-to
five-year return. Chancellor Schwab said he would buy into 20:1 over twenty years. He described it as a substantial investment with a guaranteed return, particularly for the chancellors who succeed Dr. Schwab. President DiPietro agreed and urged this to be done. He noted that donor interest may not always coincide with where the institution needs to go, and gifts may not be in cash. President DiPietro urged continued improvement in securing gifts for the University, while those will not necessarily replace operating dollars.

Trustee Cates added the Health Science Center Foundation has had a slow start, but the critical part of staffing had been well-addressed; money was beginning to flow, and numbers were good. The University still has not fully tapped into the strength of the donor community. Trustee Cates supported all the steps Chancellor Schwab is taking to address fundraising outreach. The Health Science Center is in the process of totally revamping its development strategy to be more responsive to the needs of potential donors, Chancellor Schwab stated, adding that they pursue alumni by college and by department for maximum traction.

X. FY 2015 UT FOUNDATION OPERATING BUDGET

The UT Foundation’s FY 2015 Operating Budget (Exhibit 6) was included in the meeting material for the Committee’s information.

XI. COMMUNICATIONS AND MARKETING UPDATE

Dr. Tonjanita Johnson, Vice President of Communications and Marketing, gave an update on the communications team initiatives. Progress has been made in the organizational structure, available data, maximizing use of social media and the website, and identifying methods for tracking and monitoring success and evaluating effectiveness.

The bi-annual system wide campus communicator meetings have continued. These give great opportunities to get updates on key policy, legal and operational issues; debrief some of our most high-profile communication cases; and explore opportunities and strategies for effectively enhancing our communications, marketing and advocacy efforts.

Dr. Johnson gave an update on the Tennessee Alumnus magazine. We have continued to raise the profile of the magazine and are very excited about the future. Dr. Johnson presented a brief teaser video of the upcoming issue.
Dr. Johnson concluded her portion of the meeting by sharing a video of the University of Tennessee’s most recent commencements across the system.

XII. GOVERNMENT RELATIONS AND ADVOCACY UPDATE

Mr. Anthony Haynes presented updates on activities in which the Government Relations and Advocacy staff has been working (Exhibit 7) since his last report. Although this was a challenging legislative year in advancing the University’s interests, significant progress was made in key areas.

Advocacy
- Strategic Plan Dashboard goals were met regarding recruitment and the gauge moved up to over 2,000 followers actively engaged in the Advocacy network. We are working with Alumni Affairs and the UT Foundation on ideas and strategies to dramatically increase the number beyond our Dashboard goals.

- We are in 86 Tennessee counties, up from 82, and in 23 states (with higher numbers in the states of Wisconsin, Michigan, California, Oregon). We continue to build on our nationwide network to help the University, particularly at the federal level.

- Advocacy events were 31 as compared to 29 in last year’s report.

- We are working with Alumni Affairs in redesigning and reconstituting the Alumni Legislative Council to improve its efficiency and effectiveness.

- The Advocacy network sent approximately 1,500 emails on the anti-preference legislation and over 1,000 on proprietary school legislation in 2013. In 2014, UT Advocates sent almost 5,000 emails to the nine members of the Senate Education Committee on student fee and speaker legislation.

State
- We had a less-than-desirable year dealing with such issues as revenue challenges, Sex Week, student and speaker fees, and attempts to direct curriculum and academic course delivery via statute.

- We fought off efforts that would have put us crossways with the NCAA and SEC related to paying student athletes. This issue will be back next
session, and our staff will need help from the chancellors in meeting the challenge again.

- The UT Board of Trustees received a four-year sunset extension to June 30, 2018.

- Education and Finance Committee Chairs led the effort to pass legislation to prohibit some unauthorized lobbying by school systems and employees to get funding for their projects. We will bring a proposed policy to the Board at the October meeting for adoption to ensure UT’s compliance with this legislation.

- There is no new funding for FY2015, so we will have a tight budget with not much leeway as you consider how to improve higher education funding.

**Federal**

- UT’s visibility in Washington, DC increased, and we continue to work with agencies (such as NIH, NSF, Departments of Energy and Agriculture) to find funding and research opportunities for the University.

- We were engaged with the Institute for Public Service and UT Knoxville in Advanced Manufacturing efforts within the Obama Administration.

- We are working with the Institute of Agriculture in pursuing opportunities with bio-manufacturing efforts within the Obama Administration.

- Dr. John Holdren, the President’s Chief Science Advisor, visited Knoxville, where President DiPietro hosted a dinner for him with 11 of UT’s 16 Governor’s Chairs.

Mr. Haynes concluded his remarks by thanking Board members for their work on behalf of the University and reminding them of the upcoming election season and the need to involve all citizens in transforming Tennessee by having the right leadership.

**XIII. OTHER BUSINESS**

No other business.
XIV. ADJOURNMENT

With no other business, the meeting was adjourned.

Respectfully submitted,

Dr. Tonjahita Johnson  
Vice President for Communications and Marketing

Mr. Anthony Haynes  
Vice President for Government Relations and Advocacy

Mr. Lofton Stuart  
Interim Vice President for Development and Alumni Affairs  
Interim President/CEO, UT Foundation