

The MTSU Foundation and University Development

Board of Trustees Meeting

April 3, 2019

History

- MT Scholarship and Loan Foundation established in 1961 – the first in Tennessee
- All LGI's follow a similar model
- University of Tennessee operated as an instrumentality of the state until 2001 and in 2011, Legislation was passed that allowed UT Foundation to operate under a fee for services agreement

- Only legal entity that can solicit, accept and manage gifts on behalf of the University – includes the Foundation, BRAA and Alumni Association and operates under a contractual agreement with the University
- Primary responsibilities:
 - Fiduciary oversight and management
 - Provide leadership through personal giving
 - Assist the University in securing private support for institutionally selected programs and activities

- Foundation is governed by a Board of Trustees
- 24 members with 3 year terms, can be renewed once
- Utilizes committee structure for operations
 - Executive
 - President – Ron Nichols
 - Vice President – Kent Ayer
 - Finance
 - Trusteeship
 - Development

Investment Management

- Endowment managed by Gerber Taylor Investments – the Foundation’s investment partner since 1991
- Gerber Taylor served as an investment advisor for the Foundation until 2013
- In 2013 the relationship changed to a direct investment client
- Gerber Taylor is reviewed annually to evaluate performance against established metrics with a “deep dive” review every 5 years

- In 2003, Foundation investment policy moved from an income driven model to a total return model, balancing the need for funds for current use with long-term growth and sustainability
- Current investment strategy calls for a 7-7.5% targeted annual return, with 4% of the 3-year rolling average value provided for expenditure, 1% used for Foundation expenses and 2-2.5% support asset appreciation
- Endowment funds are administered by contractual agreement with the donor, defining the terms of use
- Foundation investment policies are governed by UPMIFA and, as such, the primary reasonability is to preserve capital while providing a responsible level of spending for program funding
- Upside capture has been in the 82-85% range while downside exposure has been in the 67-72% range

- Endowment is a highly diversified fund, including investments in:
 - Domestic and International Equity
 - Emerging Markets
 - Multi Strategy and Hedged Equity Funds
 - Fixed Income
 - Private Equity
 - Real Assets
 - Opportunistic Funds
 - Cash
- The overall endowment is benchmarked against the MSCI World 60-40 Aggregate Index, the S&P 500 60-40 Index, a custom MTSU Mirror Index and the NACUBO Annual Report
- Individual holdings are benchmarked against established national standards

Assets and Funds Invested to Benefit the University (June 30, 2018)

MTSU Foundation	\$65,308,164
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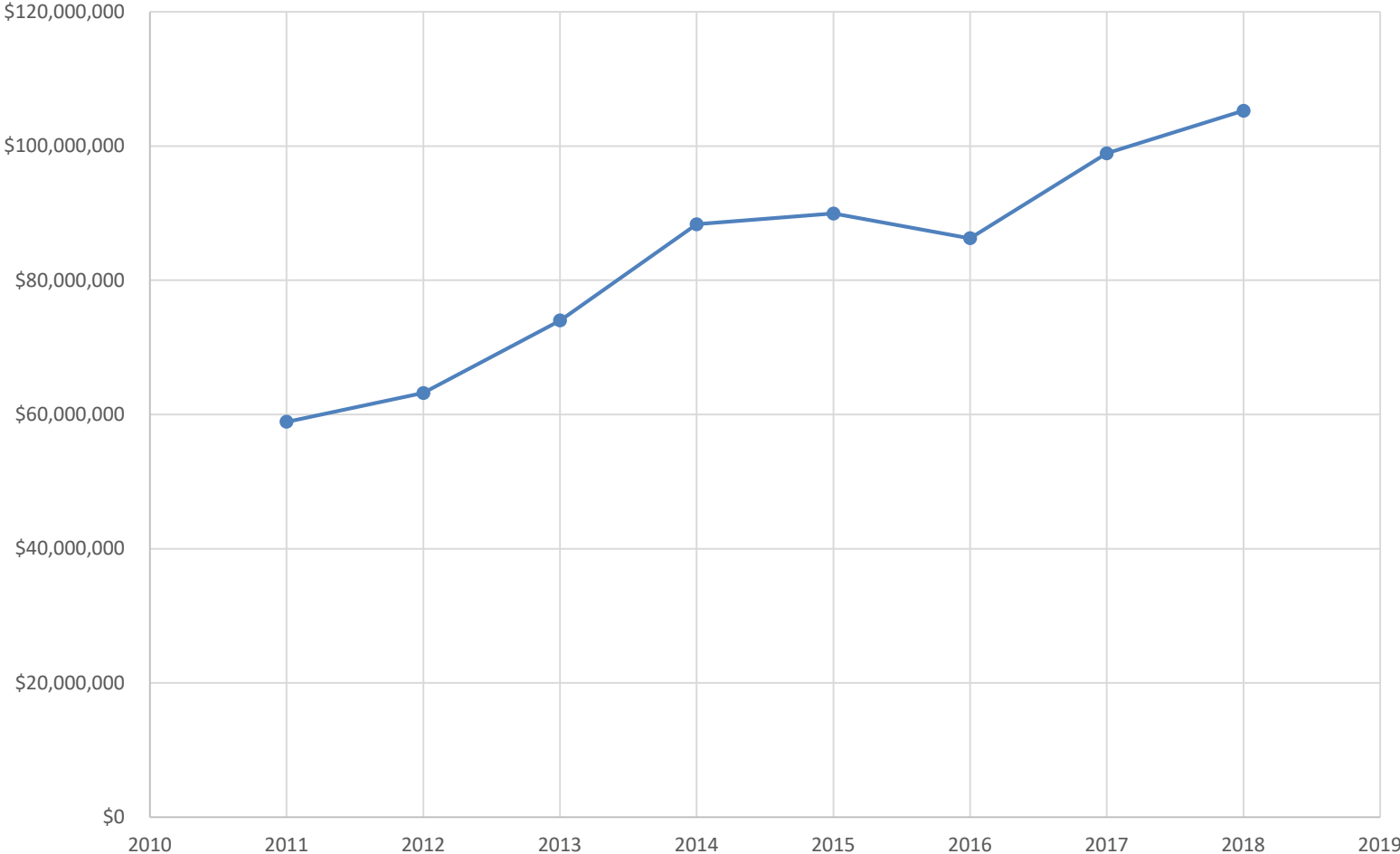
State Chairs of Excellence	\$36,846,488
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External Trusts and Accounts	<u>\$ 3,112,433</u>
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<i>Total Invested Funds</i>	<i>\$105,267,085</i>
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Miller Coliseum and Foundation House	\$21,000,000
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Funds Invested to Benefit MTSU



Development

- Per terms of the contractual agreement, the University provides the funding for personnel and operations for all Advancement activities
 - Fundraising
 - Alumni
 - Advancement Services
 - Accounting and Information Technology
- Staffing includes 8 FTE fundraising staff for institutional and academic programs, 3 FTE for athletic fundraising and 6 professional and administrative staff in Advancement Services

- Fund raising priorities are established by the University utilizing needs assessments and unit developed needs
 - Over \$175 million in priority needs have been identified in the past 10 years
 - Construction matching funds have created new challenges/opportunities
- Development staff and Foundation Board provide assistance in evaluation of the viability and interest in the project

Questions?