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
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
State Chairs of Excellence $36,846,488
External Trusts and Accounts $3,112,433

Total Invested Funds $105,267,085

Miller Coliseum and Foundation House $21,000,000
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?