



November 2015

TO: Chancellor Steven Angle
FROM: Mr. Bucky Wolford, Chair
SUBJECT: UC Foundation Annual Report for Fiscal Year 2015

The UC Foundation remains focused on improving academic excellence at UTC through the enhanced partnership between the Campus, the UC Foundation, UT Foundation and the University of Tennessee. The UC Foundation continued to play a very active role in the University.

Endowments, Gifts, and Finances

The UC Foundation funds include 39 professorships for UTC faculty and more than 280 different endowed and temporary scholarship programs impacting more than 1,000 students in FY 2015 which ended June 30, 2015.

Fiscal Year 2015 gifts and pledges totaled \$14,484,112. The UC Foundation endowments remain separate from those of the University, and plan payout from endowment funds have not changed.

Since 1969, more than \$108 million has been provided to UTC. The fiscal year 2015 audit is completed, and UC Foundation reports total consolidated assets of more than \$193.9 million as of June 30, 2015.

Residence Hall Project

The UC Foundation continues to support the University's student retention and success goals by offering affordable, safe, and convenient housing for UTC students. Our subsidiary, Campus Development Foundation, Inc., owns the Probasco South Campus housing properties which provided 1749 beds for undergraduates in FY14. The fall 2014 occupancy was 99% and for the spring 2015 semester the occupancy was 96%. Occupancy for the fall of 2015 was 96% and spring 2016 is projected to be 91%.

The summer of 2015 saw continuing progress on projects directed at improving both the longevity of the property as well as appearance. Ongoing maintenance programs will continue to address preventative maintenance, repairs and replacement of equipment and furniture, and life safety.

Through prudent operation of UTC's Housing and Residence Life Department and the sustained occupancy, supported by overflow housing, a positive cash flow has been maintained.

Investment Activity

The UC Foundation investment portfolio is invested for long term capital appreciation with reduced volatility. While the markets have seen a fair amount of volatility during the last few years, the endowment has been able to outperform our benchmark during this time period. This outperformance has been achieved by only taking 75-80% of the volatility of a passively managed portfolio despite a strong run from the equity markets. As an example, for FY 2015, we have been able to capture additional return in our income oriented portfolio by positioning the portfolio with the expectation that interest rates may remain low or increase, while at the same time, not taking on leverage or additional volatility to do so.

Questions regarding day-to-day operations of the UC Foundation should be directed to Bryan Rowland, the Executive Director and UTC Vice Chancellor for Development and Alumni Affairs at 423-425-2302 or Bryan-Rowland@utc.edu. Additional information related to the UC Foundation may be found on the UTC website under:

www.utc.edu/development/uc-foundation/index.php and www.utc.edu/development/uc-foundation/members.php