


June 28, 2023

TO: Members of the Board of Trustees
FROM: Jeffrey P. Geoghegan, CPA 
Executive Vice President for Finance and Chief Financial Officer
RE: Proposed Statement of Work for the UConn Foundation for Fiscal Year 2024

RECOMMENDATION:

The University recommends that the Board of Trustees approve the resolution below authorizing the University to enter into a Statement of Work (SOW) for Fiscal Year 2024 with the University of Connecticut Foundation, Incorporated (the "UConn Foundation").

RESOLUTION:

RESOLVED, that the University's President and administration are authorized to execute and deliver a SOW for Fiscal Year 2024 with the UConn Foundation on the terms described below and such other terms as may be deemed advisable and in the best interest of the University by the University's President and administration; and

RESOLVED, that the University's President and administration are hereby further authorized to execute, deliver and perform, in the name of and on behalf of the University, such certificates, instruments, documents and agreements as each of them may deem necessary, useful or required in furtherance of the foregoing resolution.

BACKGROUND:

The University has entered into a Master Agreement with the UConn Foundation in satisfaction of the requirements of Connecticut General Statutes § 4-37f(9). This agreement details the University's relationship with the UConn Foundation and sets forth the UConn Foundation's responsibilities for performing development, investment and other services in support of the University. The UConn Foundation is a private organization, exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, that operates exclusively to promote the educational, research, cultural, and recreational objectives of the University.

The Master Agreement requires, among other things, that the University enter into an SOW with the UConn Foundation outlining specific goals and objectives and the financial consideration to be provided by the University. The current SOW expires on June 30, 2023.

The proposed SOW with the UConn Foundation sets forth the fundraising, investment management, alumni relations activities and other related goals and objectives for Fiscal Year 2024. The goals and objectives established for next year include the following:

- A fundraising goal of \$125 million in new gifts and commitments for the University (including support for UConn Health)
- Continuation of a goal aimed at increasing scholarships and need-based financial aid for University students
- Increased donor engagement
- Providing quality alumni programs and services that strengthen lifelong bonds between all members of the UConn family and
- Continued planning and preparation for a significant and concerted fundraising campaign for the benefit of the University

In consideration for the UConn Foundation's performance of these services during the next fiscal year, the University has agreed to pay the UConn Foundation \$13,500,000 for development and alumni activities and related services which includes a minimum amount of \$2,835,201 to be devoted specifically to alumni relations activities and services.

Statement of Work FY24

This Statement of Work FY24 (this "SOW"), effective the 1st day of July, 2023, is made between THE UNIVERSITY OF CONNECTICUT ("University"), Connecticut's land grant university, whose statutory authority is set forth in Chapter 185b of the Connecticut General Statutes, and THE UNIVERSITY OF CONNECTICUT FOUNDATION, INCORPORATED ("Foundation"), a Connecticut nonstock corporation that is exempt from taxation under 501(c)(3) of the Internal Revenue Code of 1986, as amended.

The University and the Foundation have entered into a Second Amended and Restated Master Agreement dated July 1, 2020 (the "Agreement") under which the Foundation has responsibility for fundraising efforts for the benefit of the University, management of endowment and other funds designated to benefit the University and for performing alumni relations activities in support of the University.

The Agreement stipulates that the University and Foundation will from time to time, but in no event less frequently than once every five (5) years, enter statements of work which outline the specific fundraising, investment management and alumni relations activities goals and objectives that the University and Foundation have agreed upon and the consideration to be provided to the Foundation each fiscal year. This SOW covers the period from July 1, 2023 through June 30, 2024 ("FY24") ("Period").

1. Payments

The University agreed to provide certain in-kind consideration to the Foundation for its services under the terms of the Agreement. In addition to agreeing to provide such in-kind consideration, the University further agrees to provide the following consideration to the Foundation for the Period:

- a) FY24 Service Fee: The University will pay a guaranteed amount to the Foundation of Thirteen Million Five Hundred Thousand Dollars (\$13,500,000) during FY24 for development and alumni activities and related services, which payment will be made quarterly in advance in equal installments during the FY24. Of this total amount, the University and the Foundation agree that a minimum amount of Two Million Eight Hundred Thirty-five Thousand Two Hundred and One Dollars (\$2,835,201) will be devoted specifically to alumni relations activities and services.
- b) Other Fees: The University agrees that Foundation operations will also be funded during the Period by an Advancement Fee, a Gift Fee on non-endowed contributions, and retention of earnings on non-endowed Foundation assets.
 - 1) The Foundation will assess and retain an Advancement Fee, as reasonably determined by the Foundation, on all endowment assets (University and Foundation assets) invested by the Foundation. The Foundation's Advancement Fee is calculated annually on a quarterly basis ("Calculation Date") and presently equals one and three-quarter percent (1.75%) of the rolling prior twelve (12) quarter average unitized market value of the long-term pooled investment portfolio multiplied by the number of units held by each endowed fund. The Advancement Fee owing to the Foundation will be transferred to Foundation operating funds in four equal installments as of the first day of each quarter following the Calculation Date (April 1st, July 1st, October 1st, and January 1st).
 - 2) The Foundation will assess and retain Gift Fees on all non-endowed gifts deposited in the Foundation, as reasonably determined by the Foundation. The Foundation's Gift Fee for non-endowed gifts is presently five percent (5%) of the value of the gift as of the date of receipt. Twenty-five percent (25%) of any non-endowed gift fee (or 1.25%) may be transferred to Foundation operating accounts supporting the school, college or unit supported by the fund to which the original gift was designated. The remaining seventy-five percent (75%) of any non-endowed Gift Fees (3.75%) is retained by the Foundation to support its operations.
 - 3) The Foundation will retain all investment earnings on non-endowed Foundation assets.

- c) **Fee Modifications and Waivers:** The Foundation, from time to time, may change its Advancement Fee and Gift Fee policies and will notify the University, in writing, of any changes made during the Period. The Foundation will also provide written notice to the University of any Advancement or Gift Fee reduction or waiver that is approved during the Period in accordance with its policies for any gift accepted in an amount greater than or equal to Ten Million Dollars (\$10,000,000).

2. Foundation Mission

The Foundation is an independent, not-for-profit, tax-exempt organization operating exclusively to promote the educational, scientific, cultural, research and recreational objectives of the University of Connecticut (inclusive of the University's Health Center). This is accomplished by providing quality programs and services for its alumni and supporters, and by serving as the primary fundraising vehicle for the University. The Foundation solicits, administers, and invests private funds for the sole benefit of the University and its mission of pursuing excellence in teaching, research, and public service.

3. Fundraising and Alumni Engagement Goals and Benchmarks

In consideration of the compensation provided to Foundation by the University under the terms of the Agreement and this SOW, the Foundation, consistent with its mission, agrees as follows:

The Foundation will continue its efforts to increase total private gift revenue to achieve One Hundred and Twenty-Five Million Dollars (\$125M) in new gifts and commitments for the University (inclusive of support for UConn Health) over the Period, such amount to be calculated in accordance with the Foundation's reasonably established gift counting policy, as amended from time to time. The parties acknowledge and understand that achieving this target may be significantly negatively impacted by global financial markets and geopolitical events. The Foundation will use its best efforts to reach the fundraising target by implementing annual strategies that will include:

- a) Increase donor engagement.
- 1) Utilize the University President, Provost, Deans and Program Directors in strategic donor outreach at the six-figure level and above.
 - 2) Engage the UConn Board of Trustees, UConn Foundation Board of Directors, and UConn Health Board of Directors in the cultivation, solicitation, and stewardship of major and principal gift prospects.
 - 3) Continue to bring awareness of the needs of UConn's diverse community to a broad range of donors and key prospects.
 - 4) Continue to focus on building customized engagement strategies for principal gift donors and prospects, understanding this group will have a disproportionate impact on the ability to reach and exceed goals.
 - 5) Increase contact and deepen engagement of donors and prospects at the \$50K+ rated level through more efficient deployment of appropriate numbers of full-time frontline fundraisers, effectively utilizing prospect research and screening data to drive activity in communities that are densely populated with rated alumni, parents, and friends.
 - 6) Facilitate stronger collaboration in donor strategy working across the Foundation and the University, using prospect management meetings to review and discuss the status of top donor strategies and package comprehensive proposals. Engage Deans and directors in strategy discussions and direct implementation of fundraising. Increase engagement of University President and Provost with key University stakeholders.
 - 7) Continue to focus on increasing overall alumni and donor count using business intelligence and enhanced annual giving strategy.
 - 8) Build on ongoing planning activities (e.g., constituent data analysis, staffing analysis, and technology enhancements) for a significant and concerted fundraising effort for the benefit of the University ("Campaign"). Work with the Foundation's chosen campaign consultant, the Deans, and appropriate University administration to build campaign themes, organize them around University priorities, and deliver a compelling campaign case statement.
- b) Increase alumni engagement.

- 1) Align alumni programming with key university stakeholders (enrollment management, career services, athletics, and student affairs and regional campuses) to create a variety of programming for diverse communities of alumni.
 - 2) Initiate alumni engagement rate as a measure of success in preparation for campaign
 - 3) Enhance event/program conceptualization and planning to be inclusive of BIPOC constituents and heighten BIPOC alumni, families, and friends' participation and engagement.
 - 4) Leverage the engagement scorecard, net promoter score, and Strike zone for prospects for use in tracking success of alumni programs, defining strategic areas of focus, and conducting personal visits.
 - 5) Utilize comprehensive alumni data to launch the regional engagement event strategy with focus on seven target cities and Connecticut.
 - 6) Develop programs for UConn students to educate them on how to engage as active alumni through programming, volunteering, and giving.
 - 7) Execute outreach and engagement programs to promote the value of philanthropy, increase constituent giving, and support pipeline development.
- c) Align fundraising efforts with the University's priorities, which are expected to include, without limitation, support for the following:
- 1) Programs related to student success including, without limitation, scholarships and fellowships, financial literacy, food security, mental health and wellness, and experiential learning;
 - 2) Programs related to global human rights, social justice, and areas of interest to our Black, Indigenous, People of Color ("BIPOC") constituents;
 - 3) Involve regional campus directors in identifying their key initiatives that impact and enhance student success both on their campus and in the surrounding community.
 - 4) Entrepreneurship across the University population, including undergraduate, graduate, faculty, and alumni/friends and regional campuses.
 - 5) University sustainability, including education (e.g., professorships, scholarships), research, outreach and engagement, and campus(es) infrastructure; and
 - 6) Use reasonable efforts to raise gifts and commitments for student support, including, but not limited to, scholarships, assistantships, fellowships, awards, and prizes, that equal not less than fifteen percent (15%) of the total amount of all gifts and commitments raised during the Period.
- d) Enhance external and internal communications.
- 1) Help educate the University community about the important role of cultivating and stewarding private support.
 - 2) Continue to develop fundraising focused material related to strategic priorities of the University.
 - 3) Align event marketing strategy with alumni goals to increase engagement.
 - 4) Coordinate communications to alumni, donors, and friends with the University.
 - 5) Work with UConn Strong (a separate 501(c)(4) organization established by University volunteers to promote the impact the University of Connecticut and its students, faculty, staff and organizations have on the well-being of the residents, culture and economy of the state of Connecticut) to educate the general public, including lawmakers and community leaders, regarding the important roles of the UConn Foundation and University.
- e) Increase operational efficiencies.
- 1) Strengthen stewardship for donors at various levels, including \$1K or more annual donors, as well as lifetime donors of \$100K or more.
 - 2) Optimize staffing and increase investment in staff training to develop a high-performing Foundation operation.
 - 3) Monitor and align as necessary our endowed faculty minimum gift guidelines with national peers and best practices.

4. Investment Benchmarks

The Foundation in its discretion will establish appropriate investment benchmarks for assets invested for the benefit of the University, both those owned by the Foundation and those owned by the University. The Foundation will provide to the

University's President and Executive Vice President for Finance and Chief Financial Officer a summary report of its investment risk and return benchmarks during the Period. The Foundation will use reasonable efforts to maintain the following benchmarks during the Period:

- a) The target return on Foundation investments will be five- and three-quarter percent (5.75%) plus inflation.
- b) Volatility is expected to be consistent with the risk associated with exceeding the return of the portfolio benchmark noted above, calculated as the weighted average performance of the asset class benchmarks defined in the Foundation's Investment Policy Statement.
- c) Risk is expected to be measured by the annualized standard deviation of returns over a market cycle of seven to ten years.

5. State Contract Requirements

The state contracting requirements set forth in Section 10 of the Agreement are incorporated herein by reference, to the extent necessary.

6. Amendment

This SOW may be modified or amended in whole or in part by mutual written agreement signed by duly authorized representatives of each of the parties.

7. Governing Law

This SOW is governed by the laws of the State of Connecticut. If there shall be any inconsistency between the provisions of this SOW and the Agreement, the provisions of the Agreement shall control.

8. Counterparts and Electronic Signatures

This SOW may be executed by electronic signature and/or in two (2) or more counterparts, each of which will be deemed an original instrument, but all of which will constitute one and the same agreement.

FOR THE UNIVERSITY OF CONNECTICUT

Radenka Maric, PhD
President, University of Connecticut

Date

Jeffrey P. Geoghegan
Executive Vice President for Finance
and Chief Financial Officer, University of Connecticut
and UConn Health

Date

FOR THE UNIVERSITY OF CONNECTICUT FOUNDATION, INCORPORATED

Craig W. Ashmore
Chair, The University of Connecticut
Foundation, Incorporated

Date

Jonathan L. Greenblatt
Interim President, The University of Connecticut
Foundation, Incorporated

Date

APPROVED AS TO FORM

Deputy Associate Attorney General,
Connecticut State Attorney General's Office

Date