


June 29, 2016

TO: Members of the Board of Trustees

FROM: Scott A. Jordan   
Executive Vice President for Administration and Chief Financial Officer

RE: Statements of Work for the UConn Foundation and the UConn Law School  
Foundation for Fiscal Year 2017

RECOMMENDATION:

The University administration recommends that the Board of Trustees approve the resolutions below authorizing the University to enter into statements of work for Fiscal Year 2017 with The University of Connecticut Foundation, Incorporated (the "UConn Foundation") and The University of Connecticut Law School Foundation, Inc. (the "Law School Foundation").

BACKGROUND:

The University has entered into separate Master Agreements with the UConn Foundation and the Law School Foundation in satisfaction of the requirements of Connecticut General Statutes § 4-37f(9). These agreements detail the University's relationship with each organization and set forth each organization's responsibilities for performing development, investment and other services in support of the University. The UConn Foundation and the Law School Foundation are both private organizations, exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, that operate exclusively to promote the educational, research, cultural, and recreational objectives of the University. The Law School Foundation specifically operates for the benefit of the University's School of Law.

The Master Agreements with the UConn Foundation and the Law School Foundation require, among other things, that the University enter into statements of work with each organization outlining specific goals and objectives and the financial consideration to be provided by the University. The current statements of work expire on June 30, 2016.

*a. UConn Foundation Statement of Work for FY 17*

The proposed statement of work with the UConn Foundation sets forth the fundraising, investment management, alumni relations activities and other related goals and objectives for Fiscal Year 2017. The goals and objectives established for next year include the following:

- A fundraising goal of \$85 million in new gifts and commitments for the University (including of support for the UConn Health Center);
- Continuation of a five-year \$150 million goal aimed at doubling annual scholarships for the University (from \$15 to \$30 million);
- Implementation of a comprehensive Grateful Patient program in Cancer and Cardio programs;
- Raising \$15.5 million to complete funding for the Werth Family Basketball Champions Center and to initiate construction for soccer and baseball projects;
- Providing quality alumni programs and services that strengthen lifelong bonds between all members of the UConn family; and
- Conducting a comprehensive review and feasibility study to assess the readiness of its prospect and donor constituencies to conduct a comprehensive fundraising campaign in support of the University's strategic priorities.

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 \$8,065,000 for its fundraising services and \$1,635,000 for alumni relations activities and services.

*b. Law School Foundation Statement of Work for FY17*

The proposed statement of work with the Law School Foundation sets forth the fundraising, investment management, and other related goals and objectives for Fiscal Year 2017. The goals and objectives established for next year include continuing to pursue the following 2020 Fundraising Objectives:

- 20 percent of graduates making gifts to the Law School;
- \$750,000 giving to annual appeals (including Annual Fund and currently spendable donations for core school programs);
- \$30 million endowment market value (5% annual growth plus \$5 million in new gifts);
- \$3 million total new gifts and commitments annually;
- 250 gifts at Dean's Council (\$1,000) level; and
- 10 new planned gift commitments annually.

In consideration for the Law School Foundation's performance of such services during the next fiscal year, the University's School of Law will contribute \$175,000 to the financial support the University provides to the UConn Foundation, which support is utilized by the UConn Foundation to support the UConn Foundation's development staff that are assigned to work with the Law School Foundation at the University's School of Law.

RESOLUTION:

In furtherance of the foregoing, the University recommends the Board of Trustees of the University approve the following resolutions:

RESOLVED, that the University's President and administration are authorized to execute and deliver statements of work for Fiscal Year 2017 with each of the UConn Foundation and the Law School Foundation on the terms described above 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.

## Statement of Work #2

This Statement of Work #2 (this "SOW #2"), effective the first day of July, 2016, is made between the UNIVERSITY OF CONNECTICUT (the "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 LAW SCHOOL FOUNDATION, INC. (the "Law School 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 Law School Foundation have entered into that certain Master Agreement, dated January 1, 2016 (the "Master Agreement") pursuant to which the University has designated responsibility to the Law School Foundation for certain development efforts in support of the University's School of Law and for the management of certain endowment funds designated to benefit the University's School of Law.

The Master Agreement stipulates that the University and Law School Foundation will from time to time, but in no event less frequently than every five (5) years, enter into statements of work which outline the specific fundraising goals and objectives that the University and Law School Foundation have agreed upon and the consideration to be provided to the Law School Foundation. This SOW #2 is entered into pursuant to the Master Agreement to cover the period of time from July 1, 2016 through June 30, 2017 (the "Period").

### 1. Payments

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

- a) Service Fee: The University's School of Law will contribute \$175,000 to the financial support the University provides to the UConn Foundation (as defined in the Master Agreement) during the Period, which support is utilized by the UConn Foundation to support development staff of the UConn Foundation that is assigned to the School of Law and works with the Law School Foundation.
- b) Other Fees: The University agrees that Law School Foundation operations may also be funded by earnings on non-endowed Law School Foundation assets, an annual endowment administrative fee, and a gift fee on contributions.
  - 1) The Law School Foundation will retain all investment earnings on non-endowed Law School Foundation assets.
  - 2) The Law School Foundation will assess and retain an endowment administrative fee, as reasonably determined by the Law School Foundation. The Law School Foundation's endowment administrative fee is calculated annually on June 30th ("Calculation Date") and presently equals one and one-half percent (1.5%) 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 endowment administrative fee is assessed on all endowment assets of the Law School Foundation that are invested by the Law School

Foundation. The endowment administrative fee owing to the Law School Foundation will be transferred to Law School Foundation operating funds in equal installments during each quarter following the Calculation Date.

- 3) The Law School Foundation may assess and retain gift fees on gifts deposited in the Law School Foundation, at such times and in such amounts as reasonably determined by the Law School Foundation.

## **2. Law School Foundation Mission**

The Law School Foundation operates to support the University's School of Law and fulfills this mission primarily through fundraising, asset management and related support activities. Among such activities the Law School Foundation cultivates, solicits, acknowledges and receipts gifts; administers, invests and disburses funds; maintains constituent records; and manages and coordinates communications with constituents.

## **3. Fundraising Goals and Benchmarks**

In consideration of the support provided to the Law School Foundation by the University under the terms of the Master Agreement and this SOW #2, the Law School Foundation, consistent with its mission, agrees to continue its efforts to satisfy its 2020 Fundraising Objectives, which are as follows:

- 20 percent of graduates making gifts to the Law School
- \$750,000 giving to annual appeals (including Annual Fund and currently spendable donations for core school programs)
- \$30 million endowment market value (5% annual growth plus \$5 million in new gifts)
- \$3 million total new gifts and commitments annually
- 250 gifts at Dean's Council (\$1,000) level
- 10 new planned gift commitments annually

## **4. Investment Benchmarks**

The Law School Foundation in its discretion will establish appropriate investment benchmarks for assets owned by the Law School Foundation and invested for the benefit of the School of Law. The Law School Foundation will provide to the Dean of the School of Law and the University's President and Chief Financial Officer a summary report of its investment risk and return benchmarks during the Period. The Law School Foundation will use reasonable efforts to maintain the following benchmarks during the Period:

- a) for the Law School Foundation "Income Portfolio" – the United States Treasury and Agency 1-3 Year Index known as the "G1A0";
- b) for the Law School Foundation "Equity Portfolio," the Standard & Poor's Index known as the "S&P 500"; and
- c) the target asset mix of the combined investment accounts is targeted at 70% commitment to equities and a 30% commitment to fixed-income securities.

## **5. State Contract Requirements**

The state contracting requirements set forth in Section 9 of the Master Agreement are incorporated herein by reference, to the extent necessary.

## **6. Amendment**

This SOW #2 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 #2 is governed by the laws of the State of Connecticut. If there shall be any inconsistency between the provisions of this SOW #2 and the Master Agreement, the Master Agreement shall control.

*[signature page follows]*

FOR THE UNIVERSITY OF CONNECTICUT

\_\_\_\_\_  
Susan Herbst  
President, University of Connecticut

\_\_\_\_\_  
Date

\_\_\_\_\_  
Timothy Fisher  
Dean of the School of Law, University of Connecticut

\_\_\_\_\_  
Date

FOR THE UNIVERSITY OF CONNECTICUT LAW SCHOOL FOUNDATION, INC.

\_\_\_\_\_  
Steven M. Greenspan  
President, The University of Connecticut  
Law School Foundation, Inc.

\_\_\_\_\_  
Date

DRAFT

## **Statement of Work FY17**

This Statement of Work FY17 (this "SOW"), effective the 1<sup>st</sup> day of July, 2016, is made between 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 an Amended and Restated Master Agreement dated July 1, 2015 (the "Agreement") under which the Foundation has responsibility for fundraising efforts for the benefit of the University, management of endowment 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 into 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 July 1, 2016 through June 30, 2017 ("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 each year of the Period:

- a) Service Fee: The University will pay a guaranteed amount to the Foundation of \$8,065,000 during the Period, which payments will be made quarterly in advance in equal installments during the Period. In addition, the University will pay to the Foundation an amount not to exceed \$1,635,000 for alumni relations activities and services.
- b) Other Fees: The University agrees that Foundation operations will also be funded by an annual endowment administrative fee, and a gift fee on contributions and earnings on non-endowed Foundation assets.
  - 1) The Foundation will assess and retain an endowment administrative fee, as reasonably determined by the Foundation, on all endowment assets (University and Foundation assets) invested by the Foundation. The Foundation's endowment administrative fee is generally calculated annually on March 31<sup>st</sup> ("Calculation Date") and presently equals two percent (2.0%) 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 Foundation, from time to time, may change the endowment administrative fee and will notify the University, in writing, of any changes to the endowment administrative fee made during the Period. The endowment administrative fee owing to the Foundation will be transferred to Foundation operating funds in four equal installments on the first day of each quarter following the Calculation Date (April 1<sup>st</sup>, July 1<sup>st</sup>, October 1<sup>st</sup>, and January 1<sup>st</sup>).
  - 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. The Foundation, from time to time, may change the gift fees and will notify the University, in writing, of any changes to the gift fees made during the Period.

3) The Foundation will retain all investment earnings on non-endowed Foundation assets.

c) Use of Facilities: The University and the Foundation have entered into a separate Lease agreement dated effective October 22, 2015, which documents the terms and conditions for the Foundation's use of the Alumni Center, located at 2384 Alumni Drive.

## **2. Foundation Mission**

The Foundation's mission statement is: Strengthening UConn One Relationship at a Time. The independent, not-for-profit, tax-exempt organization does this by operating exclusively to promote the educational, scientific, cultural, research and recreational objectives of the University of Connecticut. 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 toward an annual target of eighty-five million dollars (\$85M) in new gifts and commitments for the University (inclusive of support for the UConn Health Center), by June 30, 2017, such amount to be calculated in accordance with the Foundation's reasonably established gift counting policy, as amended from time to time. The annual strategies 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) Utilize the UConn Foundation Board Work Group's – University, Health and Athletics – to support increased cultivation, solicitation and stewardship of major and principal gift prospects.
- 3) Increase commitments from the various boards' members - the UConn Board of Trustees, UConn Foundation Board of Directors, and the UConn Health Center Board of Directors - with the target of reaching the national university average of 14% in total annual commitments through board support.
- 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.
- 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.

b) Align fundraising with University priorities

- 1) Continue enrollment management scholarship fundraising with increased focus on a five-year \$150 million goal aimed at annually doubling scholarship support for the University. Use reasonable efforts to raise gifts and commitments for student support that equal not less than fifteen percent of the total amount of all gifts and commitments raised by June 30, 2017.
- 2) Expand comprehensive Grateful Patient program, with an initial focus on Cancer and Cardio programs, supported by direct mail outreach and personalized follow up from staff.
- 3) Raise \$3.5 million to complete funding for the Werth Family Basketball Champions Center
- 4) Raise \$12 million in commitments by June 30, 2017 in order to initiate construction for soccer and baseball projects.
- 5) Maintain an emphasis on endowment fundraising to improve on the current three-year average of \$17.3 million per year.
- 6) Support University, as well as School and College, fundraising priorities.

c) Increase alumni engagement

- 1) Strengthen lifelong bonds between all members of the UConn family by inspiring pride and providing quality programs and services which enhance the engagement of the diverse university community.
- 2) Enrich the lives of alumni by offering them remarkable learning experiences through engagement with the University of Connecticut's faculty, staff and students.
- 3) Increase alumni gifts of time, talent, and treasure by creating meaningful opportunities for alumni to be engaged and involved on behalf of the University through, for example, local and regional networks, reunion programming and opportunities within Career Services and Admissions.
- 4) Develop an exemplary Alumni organization respected for its energy, expertise, effectiveness, and innovation.

d) Enhance external and internal communications

- 1) Help educate faculty and staff across 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) Coordinate communications to alumni and donors with the University.
- 4) Continue efforts to educate the legislature, and general public, regarding the important role the Foundation plays in providing support to the University.

e) Increase operational efficiencies

- 1) Establish a new fundraising model for the Annual Giving program.
- 2) Strengthen stewardship for donors at various levels, including \$1K or more annual donors, as well as lifetime donors of \$100K or more.
- 3) Continue to integrate Regional Major Gift program into fundraising and event strategies.
- 4) Retain staff and increase investment in staff training.

**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 Administration 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 6.25% plus inflation.
- b) The Foundation will limit to 12% the level of volatility on an annualized basis based on the Foundation's Board of Director's policy.
- c) The Foundation's target risk adjusted return measured by Sharpe ratio will be 1.0 or greater measured over rolling periods.

## **5. Campaign Readiness Assessment**

In addition to pursuing the fundraising, alumni engagement and investment goals and benchmarks set forth above, the Foundation agrees to conduct, in a manner it deems appropriate, a comprehensive review and assessment of the readiness of its prospect and donor constituencies and general operations to conduct a comprehensive fundraising campaign in support of the University's strategic priorities ("Readiness Assessment"). Such Readiness Assessment shall assess:

- a) Assessing Internal Campaign Readiness
- b) Developing the Case Summary/Campaign Prospectus
- c) Engaging Leadership (internal and external)
- d) Discussions with key Principal and Major Gift Prospects
- e) Assessing Broader Major Gift Capacity and Interest
- f) Recommendations For Action

On or about January 15, 2017, the Foundation will provide a status briefing to the University's President and Chief Financial Officer with the results of its Readiness Assessment. In consideration of the foregoing, and in anticipation of initiating a comprehensive fundraising campaign, the University agrees to provide additional consideration to the Foundation upon execution of this SOW, to reimburse up to one hundred thousand dollars (\$100,000) to support campaign planning and execution. Following the Foundation's delivery and presentation of the Readiness Assessment to the University, and the University's determination that a comprehensive fundraising campaign is appropriate and in the University's best interests, the University and the Foundation will discuss, in good faith, the manner in which the University will support such campaign.

## **6. State Contract Requirements**

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

## **7. 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.

## **8. 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.

FOR THE UNIVERSITY OF CONNECTICUT

\_\_\_\_\_  
Susan Herbst, Ph.D.  
President, University of Connecticut

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Date

\_\_\_\_\_  
Scott A. Jordan  
Executive Vice President for Administration and  
Chief Financial Officer, University of Connecticut

\_\_\_\_\_  
Date

FOR THE UNIVERSITY OF CONNECTICUT FOUNDATION, INCORPORATED

\_\_\_\_\_  
Daniel D. Toscano  
Chair, The University of Connecticut  
Foundation, Incorporated

\_\_\_\_\_  
Date

\_\_\_\_\_  
Joshua R. Newton  
President, The University of Connecticut  
Foundation, Incorporated.

\_\_\_\_\_  
Date

*APPROVED AS TO FORM*

\_\_\_\_\_  
\_\_\_\_\_  
Associate Attorney General,  
Connecticut State Attorney General's Office

\_\_\_\_\_  
Date