



FOUNDATION SYNERGY

Issue II



UT and MUO Foundations To Merge

With The University of Toledo and the former Medical University of Ohio nearly a year into their unified relationship, the UT Foundation (UTF) and the MUO Foundation (MUOF) are finalizing their own merger plans.

Pending final approval by both organizations, the merger could be effective by July 1, the start of the 2008 fiscal year. Mike Todak, chair of the UTF board, said leadership from both boards began studying a potential merger this past fall. "There's one University, and as the foundations began talking and working together, it appeared to make sense that there be one Foundation," said Mr. Todak.

A proposed structure for the new organization would be similar to each foundation's current structure, with a single board and several committees overseeing functions such as finance, investments, development, scholarship and trustees. One significant change, Mr. Todak said, would be the addition of a committee to oversee entrepreneurial functions such as real estate and other enterprise activities in which the MUOF has already been engaged.

Though the new foundation would have a continued emphasis on traditional investments, more entrepreneurial investment opportunities would allow the merged foundation "to be proactive and to react in a timely fashion to opportunities that come about," said Mr. Todak. Such activities would be consistent with the UTF's current goals and objectives, he added.

"The new enterprise division within the Foundation will optimize our real estate resources," said Philip Noble, MUOF chair. "We intend to continue to enhance all UT campuses and their bordering areas, creating attractive investment opportunities and also helping to bring in more students."

The organizations' investment committees have already been working closely together, he said, and have recently selected a master custodian and an investment consultant for their combined assets, and are reviewing investment policies. "With our new higher amount of assets under management, we will benefit from a variety of new investment opportunities and leverage that neither Foundation could previously achieve," Mr. Noble said.

UT President Dr. Lloyd Jacobs said he is in full support of the proposed merger. "I originally thought that two foundations was the best structure, but my own opinion has migrated," he said. Dr. Jacobs said he now believes a single foundation, overseeing investments "consistent with the mission of the larger institution" is ideal.

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A section of Dorr Street – adjacent to The University of Toledo.

Urban and Urbane to Meet in Dorr Street Project

UT President Dr. Lloyd Jacobs and the UT and MUO Foundations have a long-term vision for areas around Main Campus — and the first phase is calling for some much-anticipated retail development south of campus.

It's anticipated first by students. "UT often takes criticism from current and potential students for not being a 24-hour campus, for students needing a car to get anywhere," explained Matt Schroeder, vice president for business development at the MUO Foundation. During his meetings with Student Government leaders, he said, he's gotten a good sense of what students want; based partly on such findings, Dr. Jacobs and the senior leadership of the UT Foundation plan to augment existing plans for a "tech corridor" with a retail project.

"Phase 1 of UT's three-phase plan has as its emphasis about 30,000 square feet of office and retail space such as restaurants, bookstores, coffee shops and clothing stores," Mr. Schroeder said.

Dr. Jacobs noted, "We realize that any such project has to be both student-focused and community-focused. We hope to influence the look and feel of development in that area, making it pedestrian-friendly and avoiding, for instance, businesses like check-cashing."

With UT students already supportive of the project, the University has been reaching

out to the community. Lawrence Burns, president of the MUO Foundation and vice president for enrollment, marketing and communications, is speaking with representatives of the Secor Gardens neighborhood who have been working with City Councilwoman Wilma Brown to improve economic development on Dorr Street. "We want to engage and listen to what our neighbors want and need," he said.

"The real power of this project is in future phases, where the physical boundaries between community and campus become more permeable," he continued. "It's our hope to create a genuine partnership between UT, its students and the community by bringing more people into the Main Campus."

Attorney Michael Todak, chair of the UT Foundation Board of Trustees, added, "To this point in time, the Dorr Street project has been handled primarily by the MUO Foundation in conjunction with the University. The UT Foundation is very supportive of the concept. Based upon representations made to it by the MUO Foundation leadership, the UT Foundation leadership has also agreed — subject to full Board approval — to contribute to the project real estate which it currently owns. We support the project because we feel it has the potential to greatly enhance student life on campus. We're constantly looking for ways to help the University help its students."

Foundation Investment Committees to Merge

The MUO and UT Foundation investment committees will soon be merging. The combined committee will oversee the investment assets of The University of Toledo and the former Medical University of Ohio, as well as those of both foundations.

“The MUO and UT Foundations are now working together—offering the University added knowledge and experience while implementing the best possible investment strategy,” explained Anne Marie Riley, chair of the MUO Foundation Investment Committee.

Investment committee members have expertise in a wide variety of fields, such as investment management, financial services, law, and the corporate arena. “We’re very fortunate to have a committee which is composed of members with such diverse backgrounds,” said Nick Conrad, chair of the UT Foundation Investment Committee. “Our different experiences provide us with the understanding necessary to assist with investment decisions.”

The committees have already worked together to review and select an investment consultant to advise the committee on investment policy, asset allocation and individual manager recommendations. Fund Evaluation Group (FEG) of Cincinnati was chosen in mid-February by a transition committee comprised of members from both the MUO and UT Foundation investment committees.

“While reviewing potential consultants, there was healthy debate between committee members,” Mr. Conrad said. “The process was extremely positive; everyone was there to find the best solution for the current and future needs of the institution.”

Another important duty of the combined committee was to choose Northern Trust as custodian for the institution’s investments. “Having one consultant and one custodian will reduce fees,” said Ms. Riley. “Having the assets domiciled on a common platform will improve transparency and will facilitate investment management.”

The joint investment committee will review the current investments of both foundations and

decide how to move forward. This will include developing a common investment policy. In doing so, the committee will review current asset allocation and policies in order to find the most beneficial way to integrate institutional funds.

The combined committee will work with Daniel Morissette, UT’s senior vice president for finance and strategy, to help UT achieve its investment goals and broader objectives. According to Mr. Conrad, the committee will work to develop a financial policy that serves the investment needs of both the foundations and UT.

“Ultimately, the investment committee will make its decisions based on what is best for the future of the University,” said Mr. Conrad. “It’s important that we manage the assets in perpetuity, and that we ensure our decisions carry out our donors’ vision for UT.”



Anne Marie Riley (MUOF Investment Committee Chair) and Nick Conrad (UTF Investment Committee Chair) at a recent meeting of the Joint Transition Investment Committee.

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Mr. Noble said the University's mission is a guiding principle in merger talks. "It takes some time and patience to work through the various initiatives and focus that each Foundation has prioritized and to determine how we should proceed so that we accomplish what is ultimately best for UT and its mission."

"The two Foundations are made up of two separate groups of people, each group having its own distinct personality and perspective," he said. "I firmly believe that when you put the best thinking and talent of each respective Foundation together, there will be benefits from synergy, ideas and experiences that will lead this new entity forward."

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