The UW Foundation, established in 1962, is appointed by the University Board of Trustees to raise, receive, and manage private gifts to maximize support for the University of Wyoming. It is an independent, nonprofit corporation with a Board of Directors comprised of 36 members, including the university president and two members of the UW Board of Trustees. Through private gifts, the university is able to enhance UW programs and projects to meet future needs.
There is no better investment than in education, and your endowment provides critical support to the University of Wyoming. Your many university friends greatly appreciate your significant contribution to the elevation of programs across the UW landscape—from scholarship support, to faculty support, to academic facilities, to athletic excellence.

UW is on a solid track. The unwavering support of the State of Wyoming and our enthusiastic donors, alumni, and friends continues to strengthen Wyoming’s university. The important role that endowments play in sustaining and enhancing UW is underscored during these difficult economic times, as was shown during the 2009 Wyoming State Legislative Session when the legislature passed the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA modernizes the 35-year old rules governing expenditures and investment of endowment funds. Governor Dave Freudenthal has signed the bill, and it is now law. UPMIFA encourages institutions to establish payout policies that account for fluctuations in the value of an endowment due to market conditions.

Guidelines previous to UPMIFA used the term “historic gift value.” UPMIFA updates this language and does not restrict payouts to amounts above this value. Under UPMIFA, the UW Foundation may spend the amount it deems “prudent” from both principal and earnings after considering the purposes of the endowment, relevant economic factors, and the donor’s intent that the endowment continue permanently.

As a result, the UW Foundation Board of Directors established a new endowment payout policy that will help smooth year-to-year variations in market performance. The main objective of UPMIFA and the UW Foundation’s endowment payout policy is to recognize and protect donor intent—that their endowment continues to support the priorities they designate both currently and in perpetuity. The new payout policy, as prescribed by UPMIFA, allows for expenditure from the corpus during difficult economic times. The UW Foundation ran numerous investment models prior to finalizing the new spending policy in order to ensure that the policy strikes the right balance between providing a reasonable payout in support of UW programs and preserving the endowment for the future. The bottom line: The UW Foundation is committed to elevating the university today while strengthening its endowment funds to ensure the elevation of UW for all the generations to come.

Within the pages of this report, you will find examples of the generous support from UW’s endowment donors during the past fiscal year (July 1, 2007, through June 30, 2008). Thank you for all that you are doing to ensure the ongoing excellence of the University of Wyoming. Creating an endowed fund is a commitment to educational longevity.

Your individual fund reports are enclosed. Should you have questions or concerns regarding the UW Foundation’s new endowment payout policy and how it affects your endowment, please contact Mary Ann Garman, UW Foundation Chief Financial Officer at (307) 766-3939 or e-mail mag@uwyo.edu, or Ben Blalock, UW Foundation President and CEO at (307) 766-3948 or e-mail bblalock@uwyo.edu. We are available to answer your questions.
While we are not unaffected by the economic downturn, the University of Wyoming remains a strong institution, and the UW Foundation is experiencing another robust year in raising private support for UW. The UW Foundation is steady in its daily commitment to be proactive and prudent in the management of the university’s private assets during these volatile economic times.

The unprecedented turmoil of the global investment markets during the second half of 2008 caused a decline in the UW Foundation's endowment portfolio of 27.39%.

However, in March 2009, the Wyoming State Legislature enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA updates the “prudence” standard and modernizes the 35-year-old rules governing expenditures and investment of endowment funds. It encourages institutions to establish payout policies that account for short-term fluctuations in the value of an endowment fund. Previously, the 1972 Uniform Management of Institutional Funds Act (UMIFA) guided the UW Foundation regarding the management and investment of funds and rules directing the spending from endowments.

In response to passage of UPMIFA, the UW Foundation Board of Directors established a new payout policy that will help average out the effects of year-to-year variations in market performance. The primary goal of these new standards is to preserve the donor’s intent that an endowment fund continues permanently. The new policy strikes a balance between providing a reasonable payout in support of UW programs while preserving and enhancing the corpus for future generations.

The UW Foundation is committed to strengthening donors’ important investments in UW through the creation of endowments. UPMIFA allows prudent expenditure of both principal and earnings to achieve the goals of donor intent, dependable payouts, and preservation and enhancement of principal for future generations.

The UW Foundation’s revised endowment payout policy smoothes the hard edges that can result from the radical payout fluctuations of tough economic times.

The University of Wyoming endowment portfolio is a major source of revenue for UW priorities. For example, in FY1999, the university received just over $4 million in endowment income. That figure reached over $12 million in FY2009. The UW Foundation’s new payout policy—made possible by the enactment of UPMIFA—will allow for continued support of university priorities from endowments even during challenging budget periods.

The UW Foundation worked closely with the university administration, deans, and unit directors to ensure that the new payout policy will support critical programmatic needs through its endowment funds. This new policy provides a more predictable budgeting process for the university departments and colleges that rely on the endowment funding to support critical student and faculty needs.

The previous policy allowed for an annual payout of 4.75% using a three-year market average of the corpus value but reverted to 1% of the corpus value for accounts below their historic gift value. This is frequently referred to as the “cliff” payout model. This payout policy was driven by UMIFA.

The new payout policy resulted from a careful review of models based on policies used by Yale, Stanford, and other major higher education institutions. Under the new policy, endowment distributions may be made from current income, accumulated income, realized and unrealized appreciation, and principal to the extent necessary to meet the distribution requirements of the payout policy. The new payout policy is weighted 60% by the previous year’s payout adjusted for inflation and 40% by a 3.75% payout of the current market value of each endowment fund as of December 31st of the previous year.

Should you have questions or concerns regarding the UW Foundation’s new endowment payout policy and how it affects your endowment, please contact Mary Ann Garman, UW Foundation Chief Financial Officer at (307) 766-3939 or e-mail mag@uwyo.edu, or Ben Blalock, UW Foundation President and CEO at (307) 766-3948 or e-mail bblalock@uwyo.edu.

These policy changes are not unique to UW. UPMIFA has been enacted in 29 states plus D.C. and has been introduced in 15 more states, and similar payout policies are in place at universities across the nation.

While 2008 was a sobering economic year, please be assured that the UW Foundation is responding to the challenges that impact the university’s endowment. The UW Foundation is proactive in its efforts to support the generous investments that UW’s alumni and friends have made and are making in Wyoming’s university—ultimately ensuring the strength and vitality of our great school for today and tomorrow.
A primary mission of the University of Wyoming Foundation is to practice superior stewardship of the gifts committed to the university. The UW Foundation Board of Directors—in consultation with their professional investment advisors Monticello Associates of Denver—have worked diligently over the last several years to diversify the foundation’s portfolio.

Funds invested by the UW Foundation include cash, reserve balances, charitable remainder unitrusts and gift annuities, outright gifts, and endowments. Well-balanced asset allocations have been shown through many studies to consistently perform better over time under varying market conditions, rather than being heavily invested in one or two asset classes or trying to time the market.

Target allocations and investment managers are reviewed at least quarterly to ensure objectives are being met, and assets are rebalanced to keep them in line with the target ranges for each asset class. With Monticello’s input, the board hires investment managers whose portfolios fit within the UW Foundation’s investment strategy of long-term growth and minimizing risk versus reward. The risk, return, and correlation characteristics of the alternative asset classes provide greater portfolio diversification and stability because of their low correlations to the traditional fixed income and equity asset classes.

Using a sophisticated asset allocation typical of much larger institutions has resulted in more secure UW Foundation holdings that are not unduly influenced by the highs and lows of the equity and bond markets or changes in the political climate. Currently, the pooled, permanent funds are invested across a broad range of asset classes in 55 funds among 41 different managers.

The financial market of 2008 came to a turbulent close in December, with the sub-prime mortgage market meltdown, job layoffs, a serious real estate market slowdown, and a real threat of a long-term recession to the U.S. economy. The UW Foundation’s portfolio was down 27.39% for calendar year 2008. Compare that to our policy index (50% S&P, 25% Barclays US Aggregate, 10% Russell 2000, 15% EAFE), which was down 28.25%.
Anadarko is shoring up the future of energy, which is critical to the state, the region, and beyond.

As reported by the U.S. Department of Labor, the average age of workers in the energy industry is 50, with up to half retiring in the next 5–10 years. Anadarko’s support of UW’s School of Energy Resources, the College of Engineering and Applied Science, and the Departments of Geology and Geophysics and of Chemistry is helping to create the workforce of tomorrow.

Anadarko is contributing $1.5 million to a UW endowment that will support the Anadarko Resource Recovery Program, which will facilitate a concerted long-term set of education and research activities. The State of Wyoming is matching Anadarko’s contribution, for a total endowment of $3 million. Such activities include undergraduate internships and graduate and faculty fellowships that explore technological advances in energy resource recovery, including enhanced oil recovery and carbon sequestration, and in conserving natural resources.

“Wyoming is certainly a key focus of our company,” says Bobby Reeves, Anadarko’s Senior Vice President, General Counsel, and Chief Administrative Officer. “To put it in perspective, we have more than 700 employees in the state, and Wyoming provides enough energy per day to supply 3.5 million average American homes.”

“The College of Engineering and Applied Science is pleased to partner with Anadarko to promote cooperation on the critical energy issues of oil and gas development,” says Rob Ettema, Dean. “Anadarko’s understanding of the value and support for faculty fellowships and student internships enables the college to better coordinate with industry to provide research collaboration and a well-equipped work force for the energy industry.”

Anadarko Petroleum Corporation is among the largest independent oil and natural gas exploration and production companies in the world, and one of their goals is to balance energy development with protection of the environment. Anadarko works with the Bureau of Land Management and the Wyoming Game and Fish Department to proactively support wildlife and conservation issues, such as studying the migration patterns of big game, monitoring sage grouse, and water conservation.

“Anadarko’s gift, designed to fund an endowment in energy resource recovery, will provide a tremendous boost to undergraduates, graduate students, and young faculty members who have focused their career aspirations in energy-related fields,” says Mark Northam, Director of the School of Energy Resources. “And it will help attract the most talented students and teachers to contribute to UW’s energy programs.”

“We were looking for a way to enhance our involvement in Wyoming,” says Bobby Reeves. “It’s not just about oil and gas development. It’s also about partnering so that more money is invested in the future.”
Bill Daniels believed that his success in business was due to the principles that guided his life. These included honesty, integrity, humaneness, reliability, loyalty, innovation, and community spirit.

As a naval fighter pilot in World War II, Daniels was awarded the Bronze Star for his valor during an enemy attack on the aircraft carrier USS Intrepid. He also served during the Korean Conflict and retired with the rank of Commander.

In 1953, he established his first cable television system in Casper, and he would go on to operate hundreds of cable TV systems across the country. He became one of the nation’s leading businessmen and owned numerous professional sports teams, including the ABA’s Utah Stars and an Indy Race Car and was part-owner of the L.A. Lakers when they won five NBA championships. Daniels also brought his unique style to his philanthropic endeavors—a very personal concern for and involvement with individuals in need and the organizations that serve them. He spent his final years carefully defining his goals for the Daniels Fund, which carries on his legacy of generosity by providing college scholarships to deserving students and grants to nonprofit organizations in Wyoming, Colorado, New Mexico, and Utah.

Daniels was deeply concerned that lapses in business ethics were undermining confidence in the free market system. Honoring his concern in this area, the Daniels Fund has pledged the largest single private foundation contribution for an academic program endowment in the history of the University of Wyoming through $3 million in continued support of the Bill Daniels Chair of Business Ethics, which was established in 2005. The State of Wyoming is matching this ethics commitment through its UW endowment challenge program, for a total $6 million added to the existing endowment.

“All you have to do is read the paper to see that lapses in ethics are a big problem in business,” says Linda Childears, President and CEO of the Daniels Fund. “Colleges must do a better job teaching business ethics, and we believe that the University of Wyoming College of Business is emerging as a national leader in this important field.”

“We are just delighted by our partnership with the University of Wyoming and believe it is having a real impact across the state,” she added.

The Bill Daniels Chair of Business Ethics allows UW to further integrate business ethics concepts throughout the curriculum, to expand the program to the state’s seven community colleges, and to provide opportunities for students to interact with business executives to better understand the ethical expectations and issues faced in the real world.

“The relationship we have with the Daniels Fund is as important as any we have at the college,” says Brent Hathaway, Dean of the College of Business.

“This organization and its leadership team are truly devoted to the ideals of Bill Daniels. I can think of no better partner than the Daniels Fund for helping us integrate principle-based business ethics throughout Wyoming and the region,” Hathaway continues.
Jack & Pat Guthrie | John A. Guthrie Sr. Distinguished Professorship in Banking and Finance

J ack Guthrie was passionate about UW and its wider community, and he showed that commitment by supporting the things he believed in. One of those things was the University of Wyoming Foundation, of which Jack was president of the board.

“Jack had a huge impact in establishing the University of Wyoming Foundation,” says Ben Blalock, President and CEO of the UW Foundation. “He had the leadership and the passion, and he understood the important role of private support in a public institution. We wouldn’t be where we are today if it weren’t for Jack.”

Jack and his wife Pat have contributed to UW in so many ways. In 1995, they established the John A. Guthrie Sr. Distinguished Professorship in Banking and Finance in honor of Jack’s father. This tradition of leadership continues with an additional gift of $400,000 for the professorship. This funding, plus State of Wyoming match, brings the professorship to $1.2 million.

“Having a banking professorship endowed in the college of business just made sense,” says Pat.

“The Guthrie professorship helps support banks and financial institutions in Wyoming, and it has strengthened the relationship between UW and the industry,” says Brent Hathaway, Dean of the College of Business. “Banking is a critically important industry within the state, and this endowed faculty position plays a vital role in giving the next generation of bankers the educational experiences they need to be successful in their careers.”

Jack grew up in Laramie in the residence that now houses the UW Foundation, and his family owned what is now Bank of the West. Jack was a U.S. Naval officer in World War II. In 1947 he graduated from UW with a degree in Economics and then went on to receive an MBA from the Harvard Business School. After Harvard, Jack returned to Laramie to join his father in the banking profession as a teller. Finally, Jack was president and CEO of Bank of Laramie.

Pat and Jack were a good team, and they worked well together. “I always say that I don’t have an MBA, but I’ve earned one,” says Pat.

For the Guthries, the professorship is a part of a much larger tradition of giving. Jack helped establish United Way of Albany County in 1949 and was a founding member of the Cowboy Joe Club.

He and Pat have created a substantial endowment for the UW Art Museum. They also helped establish the 50th Class Reunion endowment for UW Libraries and created the Guthrie Family Foundation, which benefits residents of Laramie and of Albany County.

Jack passed away in 2002, but he will long be remembered for his generosity. “Jack was always very loyal to Laramie, to the university, and to Wyoming,” says Pat. “He felt strongly that we should support our community.”

“We wouldn’t be where we are today if it weren’t for Jack.”

BEN BLALOCK
PRESIDENT AND CEO, THE UW FOUNDATION
Without a doubt, the contributions of individuals make a difference. Through the generosity of such donors, the University of Wyoming builds depth that ensures the stability and future success of its programs.

Stuart and Mary Quealy are donating $100,000 to the H.T. Person Memorial Endowment. The gift allows the endowment to exceed the $50,000 threshold necessary to be matched by the State of Wyoming.

Stuart and Mary are both Wyoming people. Stuart grew up in Elk Mountain and Laramie, and Mary grew up in Rawlins. They both graduated from UW in 1941, Stuart in Mechanical Engineering and Mary in Commerce. After graduation, Stuart worked for General Electric before moving back to Wyoming and marrying Mary. Then they ranched and owned and operated Rasmussen Furniture, Mary’s family’s business in Rawlins. Their children, Alice and Michael, also graduated from UW with degrees in Microbiology and Animal Science, respectively.

Mary attended UW when it was still unusual for women to take business courses. “There were 11 boys in my classes—and me,” says Mary.

As a mechanical engineering student, Stuart studied under H.T. Person. “I had two classes with H.T., and I enjoyed him very much. He was quite a man.”

The H.T. Person Chair in Engineering, UW’s first fully endowed chair, was created in 1991 in honor of Hjalmar Thorval (H.T.) Person, an outstanding educator and UW’s 16th president. “H.T. Person as a professor, department head, dean, and university president inspired students and faculty because he cared about the individual and their collective contribution to engineering and the university,” says Rob Ettema, Dean of the College of Engineering and Applied Science. “Stuart and Mary Quealy’s recent generous gift to the H.T. Person Memorial Endowment is testimony to the impact of the professor on their lives, and the state match for every gift to the fund will further commemorate Person’s role in the college’s history.”

“That’s why we gave the money—because of H.T.,” Stuart says.
Roy Shlemon is an expert in his specialized field of geology. He has taught at seven California universities, as well as one in Louisiana.

As a consulting Quaternary geologist for 30 years, he helped site large industrial facilities such as nuclear power plants, large dams, and high- and low-level radioactive waste facilities. He is on professional advisory boards and provides expert witness testimony. His abilities have been recognized by his peers at the National Science Foundation and other professional and academic organizations, as well as the UW College of Arts and Sciences as an Outstanding Alumnus.

Roy continues this energetic tradition of excellence by contributing $50,000, which is subject to state-matching funds, for the Roy J. Shlemon Endowment for Quaternary Studies within the Department of Geology and Geophysics. The endowment sets up the Roy J. Shlemon Center for Quaternary Studies, which will eventually be a major research facility not just for Wyoming but for the Rocky Mountain region.

Why Quaternary geology? “Because during the Quaternary, approximately the past 1.8 million years, humans have evolved, and multiple epochs of world-wide climatic change have given rise to glacial advances and retreats across continents. And it’s also inherently interdisciplinary,” Roy says. Research into the Quaternary involves UW’s geologists, geophysicists, geographers, glaciologists, hydrologists, paleoclimatologists, paleontologists, botanists, ecologists, and archaeologists, many of whom have never worked together before.

“Wyoming is a good state for Quaternary studies,” says Art Snoke, Head of the Department of Geology and Geophysics and Interim Director of the Quaternary Sciences Center. “There are lots of Quaternary problems within the state, and a lot of students want to get involved in research that has a societal impact.”

Practical applications include the study of earth surface processes (such as erosion, sedimentation, thermal hot spots, volcanoes, earthquakes, and landslides) and how they affect small and large areas over varying periods of time—for example, the effect of global climate change on ice dynamics and the impact of regional human activities on riverine habitats.

“Quaternary studies are being rediscovered, especially through climatic change,” Roy says. “A basic geological tenet is that present geological processes operated at the same rate and intensity during the recent past. But there are certainly many uncertainties in this idea, and hence understanding the past (Quaternary) is really a predictor of the future.” He continues, “Some say that the present is the key to the past, but really the past is a predictor of the present.”