SILVER LININGS

For weeks now we’ve heard and earnestly hoped that “this must be the bottom” of our current economic downturn. Like nonprofits nationwide, East Tennessee nonprofit agencies are struggling to survive the economic downturn – donation income is down and service demand is up. Responding to this crisis in 2008, East Tennessee Foundation (ETF) made strategic year-end grants to 19 East Tennessee agencies that collectively provide much-needed assistance to people in all twenty-five counties in the Foundation’s service area. Our endowments, as evidenced by the grantmaking reported in this issue of Connections, allow us to continue supporting nonprofit partners in efforts to improve the quality of life in our region.

We may not be “at the bottom” and our nation has some important decisions to make. But, even storm clouds have “silver linings,” or opportunities embedded in the crisis. This is a great time to examine “business as usual” and find a better way. At East Tennessee Foundation we have just launched our effort to raise $2 million to add to our operating endowment. With this addition, we will be better able to address unforeseen challenges and to redirect additional resources to our Opportunity Fund for unrestricted grantmaking. Recent events have taught us that our community needs us now more than ever and while we will focus on “spending” or granting smarter, we intend to build the resources that will enable unrestricted, timely, emergency grants for organizations whose work takes on increased value in a time of crisis. That East Tennessee Foundation will not abandon our charitable partners we have supported in the past is a powerful message we must share with our region.

Michael T. McClamroch
ETF President/CEO

We’ve Been Busy!!

A very BIG surprise - see page 6

Johnson County High School Scholarship Workshop

Larry Martin welcomes and makes introductions at ETF Annual Meeting

Carolyn Schwenn celebrates 20 years at ETF

Science Hill Quintet entertains at ETF Annual Meeting

See ETF on Community Television
Channel 12
Tuesdays - 4:00 p.m.
Saturdays - 2:00 p.m.

Michael T. McClamroch
ETF President/CEO

Connections

WELCOME NEW BOARD MEMBERS

The Foundation Welcomes New Board Members

East Tennessee Foundation is pleased to welcome eight new members to its board of directors in 2009.

Keith Burroughs
Keith, who was born, raised, and still lives in East Knox County, practices law in Knoxville and is a founding partner of the law firm of Burroughs Collins & Newcomb, PLC. After obtaining his bachelor’s degree with a major in accounting and his master of accountancy with concentration in taxation from the University of Tennessee, Keith obtained his law degree from the University of Tennessee College of Law in 1990. In addition to his law practice, Keith has been on the board of directors of the American Red Cross, Knoxville Area Chapter, since 1996. Keith is currently serving on the board of Wesley House Community Center (2008-present), chair-elect 2009) and is an active member of Fountain City United Methodist Church (Trustee 2007-present). The Red Cross and its humanitarian aid to those in crisis and the underserved persistently mentally ill community are areas of special philanthropic interest to Keith. Keith and his wife, Fran, have three children – Christina (20), Casey (19), and Caroline (18). Golf, gardening, and shopping for groceries are things Keith does for fun, but three of his favorite things are to get a haircut, his teeth cleaned, and shoes shined.

Mark Cate
Born in Greeneville, TN, Mark’s family moved back to Maryville when he was three. He graduated from Carson-Newman College (B.S. in business management) and the University of Tennessee (M.S. in educational psychology). After working for 16 years at Maryville College (Vice President with oversight for fundraising, marketing, planning, admissions, human resources, business services, and CFO), Mark joined Lawler-Wood as Vice President for Facilities Management. Volunteer endeavors include the following boards: Innovation Valley, Inc., Tech 2020, New Hope Children’s Advocacy Center, Leadership Knoxville, and Chair of the Blount Education Initiative. Mark is also a former Big Brother (Big Brothers/Big Sisters). He is passionate about education and its ability to transform lives and he advocates investing in and working toward better educational systems. Married to Cathy, they have two daughters, Bailey (10) and Abbie (8). He enjoys spending time with family and friends, playing games, and enjoying a good meal. LITTLE KNOWN FACT - Mark spent a year in seminary.

Ellen Fowler
A Knoxville native, Ellen graduated from the University of Tennessee with a B.S. in business administration and Louisiana State University, Shreveport, LA, with a B.S. in computer science. She is a senior estimator with 24 years of construction experience with Johnson & Galyon, Inc. Ellen’s volunteer associations have included: Girl Scouts of Tanasi Council, Executive Women’s Association, Downtown Rotary Club, Metropolitan Planning Commission, and Children’s International Summer Village (CISV). She is especially drawn to philanthropy that helps children become all that they can be and has recently served as the CISV summer camp planner (brought 36 fifteen-year-olds from nine different countries to Knoxville for three weeks). The youth learned how alike they are to one another and how small the world really is. As one of 22 CISV International People’s Project volunteers from around the globe who gathered in Hallig Hooge, Germany, she participated in various service projects while studying the relationship between ecology and economy. Ellen is married to Gordon Fowler and they have three children – James (19), Mary Jo (16), and Aubin (14).

Christine “Teenie” Hayworth
Christine “Teenie” Hayworth was born in Philadelphia, PA, and lived there until she married an East Tennessee native. She has happily lived in Knoxville for 52 years and is a University of Tennessee graduate. Volunteering comes naturally to Teenie, because it was expected in her family and during WWII everyone joined the war efforts. Numerous organizations in our community have benefited from Teenie’s service and support. Her philanthropic focus is determined by where she can make a difference and her interests have been need-based and varied: from social services to horticulture. Horses have always been an important part of Teenie’s life and she has shared her equestrian knowledge and passion with countless young people in our community. Teenie has seven children, eleven grandchildren (ages 24 to 3 months), numerous... Continued on page 3
WELCOME NEW BOARD MEMBERS

David Jones

David was born in Knoxville, graduated from Bearden High School, and then the University of Tennessee with an accounting degree. During his professional career, David has been affiliated with KPMG in Nashville, TN, Pershing Yoakley and Associates in Knoxville, TN, and has been with TeamHealth since 1994 (currently serving as its Chief Financial Officer). David has had past volunteer relationships with the American Heart Association and Big Brothers/Big Sisters. Current volunteer associations include Volunteer Ministry Center (VMC), St. John’s Cathedral, and the Webb School finance committee. Assisting the homeless is one of David’s favorite areas of philanthropy and he has been heartened to see VMC’s positive results of getting some of our Knoxville neighbors off the streets and into homes. David enjoys watching his children participate in various sporting events, working out, traveling, reading, spending time outdoors, going to dinner with friends, and has become a new fan of Facebook. He and his wife, Jeanne Claire, have four children: Lewis (14), Hannah (14), Caroline (12), and Camden (8).

Patricia Robledo

Originally from Colombia, South America, Patricia came directly from the Andes Mountains to the Smoky Mountains in 1981 and started training in late ’81 to work as a VIP Hostess during the 1982 World’s Fair. Patricia owns Robledo Translations, LLC, and since 1999, has provided Spanish translation, interpretation and voice-over services to clients in both the public and private sectors, including national retail and food service chains, television and telecommunications firms, health care providers and marketing and legal firms. She was a contract linguist for the Federal Government for seven years and is a certified judicial interpreter with the Tennessee Supreme Court. Patricia’s volunteer activities include: The Hispanic Chamber of Commerce of East Tennessee, East Tennessee Community Design Center, the YWCA of Knoxville, Bijou Theatre, and 2008 Hola Festival co-chair. Volunteering at Lonsdale Elementary and an annual Knoxville Medical Missions trip to Guatemala offer the direct interaction with the people being served that she most enjoys. Patricia and her husband, John Craig (who is passionate about Knoxville and historic buildings), have two children – Marisa (a Farragut H.S. senior) and Daniel (a Farragut H.S. sophomore). LITTLE KNOWN FACT - Mail was delivered door to door in Colombia, South America. So when she first came to the U.S., Patricia enjoyed checking the mailbox, but was afraid that someone might talk to her when she could not understand them. Also, Patricia loves Salsa (the verb)!

Mitch Steenrod

A native of Ohio, Mitch worked for Marathon Petroleum Company and relocated to Knoxville to work for Pilot Travel Centers LLC, a joint venture of Pilot Corporation and Marathon Petroleum. Mitch continues as Pilot’s Sr. Vice President and Chief Financial Officer after Marathon Petroleum Company recently sold their interest in Pilot Travel Centers, LLC. His volunteer activities include the boards of: Covenant Health (audit and finance committees), Knox Area Chamber Partnership (education and workforce task force chair), Fox Den Country Club, and past board member of Second Harvest Food Bank (served as Treasurer). Mitch likes to use his professional strengths (financial, legal orientation, organizational orientation) to help philanthropic organizations be more successful and recommends that philanthropic organizations try to attract a wide array of talent. Mitch and his wife, Debby, have three children: Kristin (Duvall) - married in 2008 and is 25, Brandon – 23 and is in the United States Air Force (served two tours in the Middle East so far) and Katie – 17 and a junior at Farragut High School. Spending time with family, playing golf, and working are things that Mitch enjoys. LITTLE KNOWN FACT - A major in agriculture when he entered college and plans to go into farming changed quickly when he learned there was not much potential to earn a comfortable living.

Carol Transou

Originally from Brentwood, TN, Carol Transou moved to Johnson City because of her husband’s work. Before retiring, Carol taught history at Johnson City’s Science Hill High School, was Tennessee Teacher of the Year in 1987, and the National Endowment for the Humanities Teacher-Scholar for 1990-91. But Carol has not really...
John D. Grubb and Louise G. Sumner Fund for Monroe County
An Affiliate Fund of East Tennessee Foundation

2008 Grant Awards

The John D. Grubb and Louise G. Sumner Fund for Monroe County was established in 1998 through a generous gift by Monroe County natives John and his sister, Louise. The Fund was created to benefit the economic, social, cultural and educational well-being of Monroe County residents and their communities. Grants from the Fund encourage creative use of area resources and contribute to the quality of life of Monroe County residents.

Blount County

Hearing and Speech Foundation - The Indigent Care Program will provide hearing aids for low-income residents of Monroe County.

Hamblen County

Douglas-Cherokee Economic Authority, Inc. - The Monroe County Neighborhood Center will provide assistance to low-income households in crisis or emergency situations.

Douglas-Cherokee Economic Authority, Inc. - A handicap-accessible van or passenger van will provide transportation for senior citizens who want to participate in the Senior Nutrition Program.

Knox County

Florence Crittenton Agency - The Home Based Community Impact program will promote family stability for Monroe County families in which their child is in state custody or at risk of coming into custody.

Monroe County

American Red Cross - Monroe County Chapter
Disaster preparedness and training will be provided throughout Monroe County and in local manufacturing plants.

Monroe Area School for the Performing Arts, Inc.

Blount County

Hearing and Speech Foundation - The Indigent Care Program will provide hearing aids for low-income residents of Monroe County.

Hamblen County

Douglas-Cherokee Economic Authority, Inc. - The Monroe County Neighborhood Center will provide assistance to low-income households in crisis or emergency situations.

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Knox County

Florence Crittenton Agency - The Home Based Community Impact program will promote family stability for Monroe County families in which their child is in state custody or at risk of coming into custody.

Monroe County

American Red Cross - Monroe County Chapter
Disaster preparedness and training will be provided throughout Monroe County and in local manufacturing plants.

Monroe Area School for the Performing Arts, Inc.

Boys and Girls Club of the Monroe Area - Transportation will be provided for all Monroe Area high school students to attend the “Look Before You Leap” presentation on the campus of Hiwassee College.

CASA Monroe

CASA volunteers will be recruited and trained.

Coker Creek Economic Development Group, Inc. - dba Coker Creek Heritage Group
Coker Creek’s marketing efforts will include a newsletter, area maps, rack cards, and radio advertising.

Good Shepherd Center - Heaters and fans will be provided for clients from low-income households, to help them deal with extreme weather conditions.

Monroe Area Council for the Arts - Fourth grade students at Madisonville Intermediate School and Tellico Plains Elementary will learn the importance of looms, weaving, and cloth-making.

Monroe Area School for the Performing Arts, Inc. - The 2009 season of the Monroe Area Opera will include three scheduled productions, with all roles and aspects of production filled by members of the local community.

Monroe County Community Health Access Committee - Free flu shots will be given to elderly

Continued on page 5
2009 KINGSPORT COMMUNITY FOUNDATION GRANTS

Kingsport Community Foundation
An Affiliate Fund of East Tennessee Foundation

Sullivan County
Arts Council of Greater Kingsport
The Arts4Kids program will provide arts enrichment activities for children.

Big Brothers/Big Sisters of East Tennessee
The “Brothers and Sisters in Music Day Camp” is a one-day music camp for children.

Boys and Girls Club of Greater Kingsport, Inc.
The Fitness Room will engage children in interactive games and encourage positive exercise habits.

Friends In Need Health Center, Inc.
The “Project Awareness” outreach program will inform low-income, working uninsured citizens about their medical, dental, and counseling services.

Girls Incorporated of Kingsport
“Project: Mane Event” is an Equine-Assisted Growth and Learning program for emotionally- and behaviorally-challenged girls.

Literacy Council of Kingsport
The “Literacy Legacy” project improves employability and parenting life skills of adults who read at a fifth grade level or below.

Small Miracles Therapeutic Horseback Riding Center, Inc.
A portable sensory integration trail will be created for students diagnosed with developmental disorders.

South Central Kingsport Community Development, Inc.
The Drug Education for Youth (DEFY) Leadership Training program will provide adolescents with an opportunity to participate in a residential camp.

Teen Center Coalition, Inc.
The “Ambition Quarter” will allow adolescents to play interactive games and socialize with their peers in a positive, safe, and drug-free setting.

Washington County Frontier Health
Children with severe emotional disturbances will attend a week-long Family Links Respite Summer Camp.

Girl Scouts of the Appalachian Council, Inc.
“The Penny Project” financial literacy program will teach girls in the Greater Kingsport area about fiscal responsibility.

TOTAL FUNDING AWARDED: $15,000

TOTAL AMOUNT OF FUNDING AWARDED: $56,950
Connections

FINANCE

Investing for the Long Term

These past eight months have given new meaning to investing, as the Foundation and other investors nationwide have watched our portfolios shrink by previously unimaginable amounts. The Foundation’s long-term commingled investment pool, while performing well, relatively, in comparison to many endowments, lost 22% in value during 2008. The S&P 500 and Wilshire 5000 U.S. equity stock indexes were down 37.0% and 37.5%, respectively, for the year, and our international equity fund benchmark index was down 45.5%. Needless to say, it is time to refocus on the Foundation’s long-term investment strategies.

The East Tennessee Foundation’s Board of Directors is entrusted with the investment management of Foundation funds. Because the Foundation expects to operate in perpetuity, wise stewardship of the investments is essential to the Foundation’s mission. To that end, the Board has adopted an investment policy and appointed an Investment Committee to manage and make all decisions on the Foundation’s investments. This four-member committee, chaired by Charles M. Peccolo, Jr., Vice President and Treasurer of The University of Tennessee, has been meeting regularly throughout the Fall and Winter to monitor the Foundation’s investments in this very volatile investment climate.

The Foundation seeks through its investment policy to maintain or increase the real value of the endowment principal over the long term while funding current needs (grantmaking) at an appropriate level. The Investment Committee establishes investment objectives and strategies of equity, fixed income, and non-traditional investments as it deems appropriate. These investment strategies include:

- Allocating funds across diverse asset classes according to a sound asset allocation model, to maximize returns while minimizing risk
- Diversifying across investment styles and using multiple investment managers
- Rebalancing the portfolio regularly to the target asset allocation
- Monitoring the performance of each fund and investment vehicle against appropriate benchmarks
- Maintaining a prudent spending policy

During difficult times it may seem safer to move to a more defensive posture, i.e., to move to more liquidity until conditions improve. However, the Investment Committee strongly believes that taking this action after markets have significantly fallen is in fact a risky step for a long-term investor; moving toward more liquid investments, after sustaining losses due to a market downturn, essentially locks in those losses. Conversely, if you are out of the market during the times of sharp advances, you end up missing most of the upside gains. Historically, those invested in a more diverse portfolio will outperform those heavily weighted in liquid assets.

Although the current volatility causes anxiety from even the most seasoned long-term investors, we are confident in the oversight of the Investment Committee and remain committed to our long-term goals for investing endowment funds.

By Carolyn Schwenn, ETF Senior Vice President for Finance and Administration

$100,000 GIFT

Johnson County Community Foundation Receives Anonymous Gift

An anonymous $100,000 gift has been given to the Johnson County Community Foundation endowment. The generous donation was a complete surprise when it was presented to the Board at its monthly meeting by Terry Holley, Senior Vice President for Programs and Regional Development for East Tennessee Foundation on behalf of the donor(s).

“I’m not sure there was a dry eye in the room,” stated Minnie Miller, Chairperson of the Johnson County Community Foundation (JCCF). “We have worked as a board and community over the last eight years to create a strong nonprofit organization that encourages Johnson County citizens to help themselves and their neighbors to make Johnson County a better place for all of our residents. We are deeply moved that someone has taken notice of our work and really cares about Johnson County.”

Created by a group of Johnson County residents in 2001, JCCF is an Affiliate Fund of East Tennessee Foundation. The donor’s interest in contributing to the Johnson County Community Foundation endowment was due in large part to the JCCF’s and the community’s local contributions in support of numerous nonprofit organizations and education for all students in Johnson County.
IT WAS A VERY GOOD YEAR

Let me play the first verse of a song for you, and you tell me who sang it:

When I was seventeen
It was a very good year
It was a very good year for small town girls
And soft summer nights
We’d hide from the lights
On the village green
When I was seventeen.

Can’t you just hear the mellow voice of Old Blue Eyes singing that classic?

Here is an updated version of that first verse:

When I was sixty-four
It was a very good year
It was a very good year for starting new funds
Though the markets were bad
Our givers weren’t sad
They gave so much more
When I was sixty-four.

IT WAS A VERY GOOD YEAR

OK, so maybe I did turn sixty-four last year, but that’s not the point. Even as we heard and read daily reports about massive lay-offs and market declines, we had some intrepid souls who were not deterred from their mission of making a difference in our area by establishing a fund at East Tennessee Foundation.

I don’t have enough space to tell you about all of them, but I can mention a few. Like the young couple who sold their business and wanted to share the profit with their community. As they receive annual payments from the buyer, they will divert at least ten percent of that money into a donor advised fund that will represent their “tithe” to this area. For many years to come, this couple will be making substantial grants to nonprofit organizations in East Tennessee that are making lives better.

Then there’s the family with members living in Knoxville and Pineville, Kentucky, who have opened our eyes to a whole new set of twenty nonprofit organizations with which we were not familiar. Mom and Dad made their gift to the family donor advised fund, then “Janie” made her gift and “Robbie” made his. Now they’re keeping us busy as they independently recommend grants for the organizations whose work they believe in and support.

And what about a major corporation in our area that actually gave a donor advised fund to each of two treasured advisors to do with as they see fit? Is that cool or what? How would you like for someone to give you several thousand dollars for charitable grantmaking?

A mom in West Knoxville and her daughter in Virginia believe strongly in the good work being done in the choral programs at the UT School of Music. To show their support, they established an endowment that will provide financial assistance for those programs far into the future.

A retired couple in Tellico Village are absolutely passionate about providing an opportunity for disadvantaged young students to pursue a college education. They started a scholarship fund that will benefit graduating seniors in some of the most economically depressed counties in our region.

Have I told you about the Butterfly Fund? The Barger family and the Harrill family each lost a young daughter last summer to the same rare type of cancer. To memorialize Emily and Maddie, the two families joined forces and established the Butterfly Fund at ETF, and their grants will assist hospitals and research centers working in the area of pediatric oncology. When I say that our hearts have been touched by the dedication and determination of these two couples, I am guilty of a gross understatement.

Is it any wonder that I love my job so much? Working with people like I have just described makes every day a fulfilling and rewarding experience. So you will never convince me that 2008 was anything but a very good year!
Carol Transou continued from page 3

Carol Transou retired – her volunteer service includes: ETF Harris Fund chair, the Johnson City Public Library Board, the Board of Visitors of Vanderbilt Divinity School, area representative for the Sunshine Lady Foundation, headed by Doris Buffet (Warren’s sister). During her previous ETF board tenure, Carol chaired the Foundation’s 20th anniversary celebration committee. Carol is particularly interested in philanthropy that affects women and children because of the far-reaching positive consequences that can result. She and her husband, Bedford, love to garden at their Roan Mountain tree farm, travel (particularly an annual trip to France), cook (gourmet), and read (history and biography).

East Tennessee Foundation is a public, nonprofit, community foundation created for the purpose of building charitable resources to make communities stronger and lives better through thoughtful giving.

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Carol Transou

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To have a copy of this newsletter sent to someone, contact us by phone, toll-free (877) 524-1223, (865) 524-1223 or e-mail, etf@etf.org.

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East Tennessee Foundation respects, celebrates, and encourages diversity that positively contributes to our healthy and caring community.