



Legacies

UNIVERSITY of MAINE
FOUNDATION

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Volume 18 No. 2 December 2008

INVESTMENT NEWS

The fiscal year ending June 30, 2008 provided unprecedented market volatility over the course of the 12 months. There was a new all-time high in the Dow and S&P 500 Index (last October) and then a crushing retreat that placed virtually all equity index returns negative for the fiscal year. The Dow Jones Industrials declined by more than 10% in June alone. Oil prices began the fiscal year at around \$70 per barrel and finished at more than \$130. Indeed, surging food and energy prices raised fears of a “stagflation” with prices rising as economic growth stalls.

In this seesaw environment, the University of Maine Foundation General fund survived in quite respectable fashion, earning a -3.15% return. While any negative return is disappointing, the fact that our fund lost only -3.15% when the benchmark S&P 500 was down 13.12% for the same time period is encouraging. In such a bifurcated market it is understandable that several of our managers performed very well. Perennial standout Westfield Capital, Boston,

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Foundation Celebrating 75 Years of Endowing Excellence



Robert Daigle, a 1971 UMaine graduate, president and chief executive officer of Camden National Corporation

In 1934, the University of Maine Class of 1909 presented a check for \$1,000 to the newly formed University of Maine Foundation. In their infinite wisdom, those who established the Foundation created an independent, non-profit organization as a means to raise and manage private money above that which is appropriated from state funds. Today, that \$1,000 investment, along with investments from many other loyal friends, have resulted in Foundation assets of over \$180 million including an endowment worth over \$140 million on June 20, 2008.

The Foundation will celebrate its 75th anniversary with a reception and dinner on

“Enabling aspiring students to realize their dream of a college education through the benefit of scholarship aid... is the ultimate reward...” Robert Daigle



June 9, 2009 that will honor five University of Maine alumni who were able to earn an education and go on to contribute to their profession and their community in momentous ways because of the scholarship assistance they received while at UMaine.

A selection committee has been established that includes volunteers with a strong commitment to UMaine and knowledge of its history. The committee was appointed by the Foundation. Robert Daigle, a 1971 UMaine graduate and president and chief executive officer of Camden National Corporation, is chairing the selection committee.

As you know, we are witnessing unprecedented volatility within the global financial markets. Both September and third quarter performances for virtually every sector of the capital markets were very weak. The Foundation investment performance was a negative 14% for the 3rd quarter. October and November have not been good either. Through our investment consultant, Smith Barney in Portland, Maine, our investment committee, and our board chair, Darryl Brown, we are closely monitoring the situation with great concern and making what adjustments we can in the difficult market. We are holding a substantial amount of cash.

Thank you for your continued confidence in and support of the University of Maine through the Foundation and for your patience during this extraordinary time.

Amos E. Orcutt
President/CEO

NEWS BRIEFS

◆ **Foundation Recognizes Four new Honorary Members**

The Foundation recognized four new honorary members at the annual meeting. They were selected in recognition of their outstanding level of volunteer service and support of the University of Maine. Frederick T. Baird, Jr. is a member of the Class of 1944 who now lives in Farmingdale, Maine. He spent his career in the wildlife and fishery industry. Marvin W. Blumenstock of Old Town and Mount Chase is an Associate Professor Emeritus of Forestry and remains active in forestry education. John P. Harriman is a native of Cherryfield and a member of the Class of 1939. Helena M. Jensen, a member of the Class of 1943, was an associate professor of nutrition and lives in Portland.



Pictured left to right are Dale Arnold, K.C. Jones, Governor John Baldacci, Skip Chappelle

◆ **Paul Baldacci Memorial Golf Classic Benefits Scholarship**

The Third Annual Paul Baldacci Memorial Golf Classic, named as a memorial for the son of the Baldacci's, was held on Tuesday, September 9th at Sable Oaks Golf Club in South Portland, Maine. Despite the rain and threat of thunderstorms, over 100 golfers participated in this annual charity event to benefit the Robert E. Baldacci, Sr. and Rosemary K. Baldacci Memorial Scholarship Fund.

Seven of Robert and Rosemary's children, including Maine's governor John Baldacci, earned their undergraduate degrees at UMaine.

◆ **Extension of Charitable IRA Rollover Benefits**

President Bush signed the Emergency Economic Stabilization Act (EESA) of 2008 into law on October 3, 2008. The EESA contains an extension of the charitable IRA rollover benefits that were first part of the Pension Protection Act of 2006. Under EESA 2008, in tax years 2008 and 2009, donors will again have the ability to directly donate funds—free of income tax—from their individual retirement accounts (IRAs) to a qualified charity. Donors do not receive an income tax charitable deduction for the gift, but the money is excluded from taxable income when computing taxes.

A few things about the IRA Rollover provisions:

- Outright gifts of up to \$100,000 can be made directly to the charity in tax years 2008 and 2009;
- Individuals must be 70 1/2 at the time of distribution;
- Distributions can be made from an IRA or Roth IRA;
- Charitable distributions count toward minimum distribution requirements, which would usually be taxed;
- Charitable distributions to fund planned gifts—like a charitable gift annuity or a charitable remainder trust—are not permitted;
- The transfer must be made directly from the IRA to the charity.

The planned giving staff at the University of Maine Foundation is always available to be of assistance to you. For more information and copies of sample transmittal letters, please visit our website at www.umainefoundation.org

Giving Back — Thanks in Return



Professor Emeritus Wayne Hamilton and
Torey Olaf Johnson

Torey Olaf Johnson is a 32 year old single parent and non-traditional student currently in his senior year in the Civil Engineering Program at UMaine. He is a recipient of the Wayne A. Hamilton, P.E. Civil Engineering Scholarship that Hamilton established in the Foundation in 2005. In a letter to Hamilton, Torey wrote:

“I’m writing to thank you for your generous contribution towards my college career through the Wayne A. Hamilton, P.E. Civil Engineering Scholarship. I would like to take this opportunity to tell you a little about myself. I have always wanted to be an engineer, but I had been discouraged in pursuing my dream by many people in the past. I finally got the courage to apply to the University ten years after graduating from high school. In high school, I didn’t realize the importance of an education and as a result I barely graduated. Not having all the prerequisites to attend college, I enrolled in the Onward Program, which is designed to help non-traditional students like myself prepare for going back to school. After completing the Onward Program, I was matriculated into the University as a full time engineering student...I am proud to say that I currently maintain a 3.83 grade point average. I have a 2 1/2 year old son named Anders, and I think of all the things that I will be able to show him and all the opportunities I will be able to give him after I graduate...Thank you again for your help and support.”

“That letter made my day,” says Wayne A. Hamilton, professor emeritus of civil engineering and associate dean emeritus of the College of Engineering. “What more can one ask than to feel that you have given a boost to someone such as Torey and his son? I cannot express in words the warm feeling that letter has given me. It is exactly what I had in mind when I made the decision for [establishing] the scholarship fund.”

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Massachusetts, earned a 24% return for the year by emphasizing the energy and materials sectors. The General Fund’s investments in emerging markets via Newgate Capital Management, Greenwich, Connecticut, earned a 10% return as those markets, led by China, continued to grow at impressive rates.

In such an unpredictable market a diversified strategy oriented towards the long term can serve to mitigate at least some of the effects of negative market cycles. Each quarter, the policy and the Foundation’s asset allocation are carefully reviewed by our investment committee, chaired by Ed Hennessy, President and CEO of Machias Savings Bank.

Downturns always lead to opportunities and the fund managers are busy finding the most attractive options available.

FEATURED NEW FUND

Marcia Smargon Kornetsky Sociology Prize

The Marcia Smargon Kornetsky Sociology Prize Fund was established in the University of Maine Foundation in 2008 with a memorial gift from Conan Kornetsky, Ph.D., a member of the class of 1948 and their two children, David and Lisa. Mrs. Kornetsky graduated from the University of Maine with a degree in sociology in 1948. She subsequently was awarded a MSSW from Boston University School of Social Work and enjoyed a rewarding career in social work with special emphasis on children. She was a second generation student at the University of Maine. Her father, Isaac Smargonsky, was a 1919 graduate of the University.

Dr. Kornetsky created this fund as a tribute to his wife after her passing in order to help sociology students because the study of sociology was so helpful to Marcia in her career.



Marcia Smargon Kornetsky '48



Darryl N. Brown

Darryl N. Brown Elected Chair at Foundation's Annual Meeting

The Foundation held its annual meeting and luncheon at Wells Conference Center on Thursday, October 9, 2008 with nearly 200 in attendance. The keynote speaker was University of Maine professor, Dr. Paul Mayewski, an international explorer and recognized expert on climate change.

Darryl N. Brown was elected Foundation Board Chair at the annual business meeting held prior to the luncheon. Brown holds both a B.S. and M.S. from the University of Maine and is president of Maine-Land Development Consultants of Livermore Falls. Other elected officers include Patricia M. Dunn, Portland, vice chair; Ellen K. Stinson, Standish, Secretary; Dennis P. King, Westbrook, Treasurer; Brent R. Slater, Bangor, Clerk and Amos E. Orcutt, Bangor, President & Assistant Treasurer.

New Format for *Legacies*

How do you like our new newsletter format? We'd like your feedback. Please e-mail us at round@maine.edu and let us know what you think. We also welcome your suggestions about topics you'd like to see featured in future issues of *Legacies*.

You can contact the University of Maine Foundation by writing or calling President/CEO Amos Orcutt:
 Two Alumni Place
 Orono, Maine 04469-5792
 207-581-5100 or
 800-982-8503
 100 Foden Road
 Suite 303, W. Building
 South Portland, Maine 04106
 207-253-5172 or
 800-449-2629
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