

**Florida Agricultural and Mechanical University
Board of Trustees**



Direct Support Organizations Committee Meeting

Date: Tuesday, July 21, 2015

Time: 1:45PM

Location: Band Rehearsal Hall

Committee Members: Belinda Shannon, Chair
Kelvin Lawson, Vice-Chair
Kimberly Moore

AGENDA

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| I. | Call to Order | Chair Belinda Shannon |
| II. | Roll Call | Chair Shannon |
| III. | Action Item: Approval of March 4, 2015, Committee Minutes | Chair Shannon |
| IV. | Informational Items | |
| | A. Updates on DSO Budgets | Mr. George R. Cotton, Sr.
Vice President, University Advancement
Executive Director, FAMU Foundation |
| | B. Update on Divisional Activities | Vice President Cotton |
| | 1. University Advancement | |
| | a) BOT Goals | |
| | b) 90-Day Plan | |
| | 2. FAMU Foundation, Inc. | |
| | a) Foundation Operations | |
| | b) Investments | |
| | 3. Alumni Affairs | |
| | 4. Rattler Boosters | |
| V. | New Business | Chair Shannon |
| VI. | Adjournment | |

**Florida Agricultural and Mechanical University
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Trustee Belinda Shannon, Chair

The meeting was called to order by Committee Chair Belinda Shannon. Ms. Angie Wiggins called the roll, and the following committee members were present: Vice-Chair Kelvin Lawson, Trustee Kimberly Moore, and Trustee Marjorie Turnbull. A quorum was established.

Approval of the December 3, 2014 Committee Minutes

The Committee reviewed the minutes from the December 3, 2014, Direct Support Organization (DSO) Committee Meeting. Vice-Chair Lawson moved approval of the minutes, and the motion was seconded by Trustee Moore. The motion carried.

Update on Divisional Activities

The Vice President for University Advancement, Dr. Thomas Haynes, presented an update on divisional activities. **He began by presenting updates on University Advancement & B.O.T. Goals.**

Over the last few months, the University has experienced an extraordinary level of success this year.

- To-date, we have raised \$4.1M in cash and a total of \$8.3M in cash and pledges.
- Giving to the university has increased 72 percent over the same period last year.
- We continue to reap benefits from a substantial multimillion dollar gift.
- Our annual Faculty and Staff Campaign giving has garnered over \$194,000 in cash and pledges.
- FAMU has garnered over 5,000 donors; many of whom are first-time alumni contributors. A very significant impact has been from social media efforts.

Several slides which outlined a four-year comparison of constituent giving, a comparison of gifts by purpose and donor giving analysis were shared with the committee. These slides showed a large number of new and repeat donors and more than \$726,500 that they represented.

In regard to the decrease in giving by 402 donors, Dr. Haynes stated that these are primarily donors who make multiple gifts without making pledges. The expectation is that their giving will rebound during the remaining of the third quarter and in the fourth quarter.

Dr. Haynes advised that we have exceeded our \$900,000 goal for Expendable Scholarships, which is currently over \$1.2 million. Per Dr. Haynes, donors are stepping up and are giving back to the University to take care of immediate needs. Additionally, we have surpassed our \$1.3 million goal for Temporary Restricted Funds and generated \$1.7 million.

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Direct Support Organizations Committee Minutes (continued – Page 2)

Trustee Tonnette Graham asked Dr. Haynes about the number of scholarships supported through the scholarship portal. Dr. Haynes agreed to provide details to Trustee Graham.

The latest totals for the 10for\$10 Campaign show 3,000 new donors have given more than 3,800 gifts totaling over \$170,000 in cash and pledges.

Dr. Haynes indicated several groups associated with the University's Athletic Program are working collaboratively to formulate and implement a comprehensive athletic fundraising initiative.

Dr. Haynes presented several Foundation and Investment updates:

- A search is underway for a replacement for Mr. Harold Bower, the former Associate Vice President for the Foundation. Mr. Bower has returned to his former position with the University of South Florida.
- Dr. Haynes advised the Foundation is continuing to expand its technology infrastructure by using a WebInvoicing software. Additionally, he stated, Fundriver will allow staff to enhance reporting on restricted funds.
- The Spring FAMU Foundation Board of Directors Meeting will be held in Houston, Texas, on May 13-15, 2015. The Foundation Board Meeting in Houston will be in conjunction with the FAMU National Alumni Association Convention.
- Dr. Haynes introduced John Breth, a consultant who represents the FAMU Foundation's investment consulting firm, The Bogdahn Group. Mr. Breth presented a summary of portfolio activities which impacted the investment performance of the foundation.
 - Late 2012, the Foundation conducted a national search for a new master custody relationship and ultimately selected Key Bank as custodian on assets held at Key Bank.
 - In 2013 assets were transferred to Key Bank from Morgan Stanley/Smith Barney and invested into the newly selected investment portfolio. Several managers were retained in the transition including minority-owned firms Hughes Capital and Herndon Capital. In the transition a new minority-owned firm was selected for use as well, Channing Capital. All in all the investment committee selected nine new allocations in 2013.
 - 2014 saw further evolution of the portfolio with the addition of two new managers and the termination of one.
 - 2015 has seen further portfolio activity with the planned transition of Hughes Capital to another minority-owned fixed income manager as well as the planned addition of a minority-owned firm to the alternatives area of the portfolio. With the planned addition of these new firms, the Foundation will move very close to 25% in minority-owned firms utilized within the Foundation portfolio.

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Investment Performance:

In looking at the fiscal year end performance for the Foundation as of June 30, 2014 against the results of the NACUBO study, the Foundation saw very strong absolute results. The Foundation's 16.1 percent net return outperformed the average respondent in the survey and in looking at the various peer groups outperformed all but the largest sized endowments in the study. Asset allocation is in line with the peer group for the foundation.

Performance for calendar year 2014 was volatile with the second half of the year dramatically affected by the falling price of oil and questions about slowing global growth. Within the portfolio, any manager with an overweight position in energy suffered short term performance shortfalls against market benchmarks, and this served as the main cause of relative underperformance vs the Foundation's policy benchmark.

Dr. Haynes presented the following update for the Office of Alumni Affairs:

- There are two upcoming major events that the office of Alumni Affairs is assisting in coordinating:
 - The first is the FAMU Day at the Capitol that will be held on March 26, 2015, at 6PM, on the 22nd floor of the Florida Capitol. At this event, students, alumni, community leaders, faculty and staff, get the opportunity to convey gratitude to Florida lawmakers for their support of the University;
 - The second event is the FAMU National Alumni Association's Annual Convention scheduled for May 14-17, 2015, in Houston, Texas. The Convention is in conjunction with the FAMU Board of Directors Meeting that will also be held in Houston.

Dr. Haynes presented an update on Rattler Boosters:

The Rattler Boosters Membership Drive commenced January 2015. Vice President Haynes cited that 2014 was a great year for booster membership.

The Boosters recently held their first annual Board of Directors Retreat, and have elected new members to serve on the Rattler Board of Directors.

There being no further business, the meeting adjourned at 2:18 p.m.

Belinda Shannon, Committee Chair

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Direct Support Organizations Committee

Date: Tuesday, July 21, 2015

Agenda Item: IV. A

Subject: Update on DSO Budgets

Summary: The DSOs' budgets are submitted for approval in accordance with FAMU Internal Management Memorandum (IMM) Number 2003-01, 8:

The DSO shall submit an annual operating budget, which has been approved by the DSO's governing board and by the President and submitted to the Board for approval. The budget shall be submitted no later than sixty (60) days after the first day of the fiscal year for which the budget pertains.

Management, staff, and all DSO's governing bodies are working to provide final budgets for the President's and B.O.T.'s approval by August 31, 2015, in accordance with the IMM.

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Direct Support Organizations Committee

Date: Tuesday, July 21, 2015

Agenda Item: IV. B. 1-a

**Subject: Update on Divisional Activities:
University Advancement / BOT Goals (Fourth Quarter Fundraising Update)**

Summary: We are continuing to focus efforts on the Division's Strategic Goal: Enhance Institutional Fundraising and its assigned goal of \$5.5M.

To update you on **fundraising activities**, I am pleased to report that we have exceeded our \$5.5 million goal for cash gifts: \$10.2M in cash and pledges; \$5.8M in cash gifts. We saw an increase in the number of donors by 113%.

This accomplishment is due to our alumni, and friends of FAMU including:

- A generous gift of \$1 million cash gift fund from John Thompson as part of a \$5 million commitment.
- Cecka Green's *10 for \$10 Challenge* has raised approximately \$184K to-date.
- The Faculty and Staff Endowment Campaign kicked off earlier this month. The Annual Breakfast is scheduled for Friday, August 14th. The 2014 Faculty and Staff Endowment Campaign has raised \$194,589 through 640 donors.

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Direct Support Organizations Committee

Date: Tuesday, July 21, 2015

Agenda Item: IV. B. 1-b

Subject: Division of University Advancement: 90-Day Plan

Summary: Mr. George R. Cotton, Sr., Vice President of University Advancement and Executive Director of the FAMU Foundation, presents the next steps in determining the operational needs of the Division of University Advancement and the core funding needs of Florida Agricultural and Mechanical University.

90-Day Plan - Timeline

July 2015

- Planning/Operational Activities:
 - ❖ internal staffing/organizational review/recommendations on findings to the FAMU President, Dr. Elmira Mangum; the FAMU Board of Trustees; and the FAMU Foundation Board of Directors
 - ❖ introductory meetings: Senior Staff, Deans, Directors, Coaches, Band/Choir Directors
 - ❖ goals/expectations meeting with President, Foundation Board Chair, Subcommittee Leadership
- Review of Fiscal/Budget Activities:
 - ❖ preparation of organizational budget planning, audit assessments
 - ❖ establishment of key timelines, deliverables, legal obligations
 - ❖ internal review/3-year fundraising totals and Alumni engagement trends
 - ❖ assessment of site-based technology, contracts, and resources

August 2015

- Submission of final organizational budgets of Direct Support Organizations to FAMU Board of Trustees
- Staffing/restructuring/organizational charts/new hires-reassignments
- Assessment dialogue with Board-Institutional Needs Assessment and Capital Campaign
- Assessment of Annual Fund and annual events
- Planning/Coordination of Fall Alumni outreach, linkages, Athletic planning
- Convening session with community stakeholders, key Alumni
- Assessment of key donor potential/prospect development database/Campaign readiness

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90-Day Plan (continued)

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September 2015

- Preliminary report to Senior Leadership-FAMU Board of Trustees/FAMU Foundation Board of Directors/Institutional Development Assessment
- Internal Staff Training/Fundraising Skill Sets for the comprehensive ask
- Continuation of assessment of donor/prospect database/Campaign readiness
- Board member/stakeholder engagement conversation
- Development of FAMU 500: Key Stakeholder/Alumni data file
- Convening of **Internal FAMU Task force on Campaign Planning & Strategic Visioning**

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Direct Support Organizations Committee

**Date: July 21, 2015
Agenda Item: IV. B. 2-a**

Subject: Update on Divisional Activities: Foundation Operations

Summary: Update on activities in the FAMU Foundation Office.

- The University's endowment as of May 31, 2015 was **\$123,844,922.**
- The office is in the process of fiscal year end closing and is preparing for final field work related to the external financial statements audit.

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Direct Support Organizations Committee

Date: July 21, 2015

Agenda Item: IV. B. 2-b

Subject: Update on Divisional Activities: FAMU Foundation, Inc. - Investments

Summary: Investment Returns for the Period Ended May 31, 2015:

	FYTD – 7/1/14 – 5/31/15	12 Months – 6/1/14 - 5/31/15
Investment Returns	3.39%	5.08%
Composite Benchmark	4.82%	6.61%
Investment Goal	7.79%	8.50%

The FAMU Foundation’s Investment Committee meets quarterly to review the performance of the portfolio, and investment managers.

Investment portfolio returns for the fiscal year to date (FYTD), and the 12-month period that ended 5/31/2015 underperformed both the portfolio’s composite benchmark returns and the portfolio’s investment goal. The under-performance of the portfolio returns vs. composite benchmark returns for both the FYTD (3.39% vs. 4.82%), and the trailing 12-month period (5.08% vs. 6.61%) was due primarily to the under-performance of both equity investments, and real assets investments. Equity investments at 49.8% of the total asset allocation as of 5/31/2015 have under-performing investment returns vs. composite benchmark returns of 3.82% vs. 5.70% for FYTD, and 6.19% vs. 8.08% for the 12-month period. Real assets investments at 14.9% of the total asset allocation as of 5/31/2015 had under-performing investment returns vs. composite benchmark returns of 3.95% vs. 6.32% for FYTD, and 6.04% vs. 7.82% for the 12-month period. Investment returns for fixed income investments, and hedge fund investments outperformed benchmark returns for the FYTD, and the trailing 12-month period. The FAMU Foundation’s Investment Committee meets quarterly to review the performance of the portfolio and the investment managers.

Comparison of Investment Returns for Trailing 12 Months to Prior Years:

For the Trailing Twelve Months Ending:	5/31/15	5/31/14	5/31/13
Investment Returns	5.08%	12.76%	13.74%
Composite Benchmark	6.61%	12.21%	15.31%
Investment Goal	8.50%	8.50%	8.50%

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Direct Support Organizations Committee

Date: July 21, 2015

Agenda Item: IV. B. 3

Subject: Update on Divisional Activities: Office of Alumni Affairs

Summary: The Office of Alumni Affairs is gearing up for a number of alumni engagement activities for the summer:

- 1) The National Alumni Association's Midwest Region Conference will be held in Detroit, Michigan, July 31 – August 2.

Alumni leadership from chapters in the Midwest Region will welcome President Elmira Magnum who will serve as conference Keynote speaker.
- 2) Alumni of nearby Gadsden County and neighboring communities will host an inaugural scholarship gala in Quincy, Florida, on Saturday evening, August 1. Dr. Mangum has been invited to serve as keynote speaker for this dinner program.
- 3) Alumni Leadership of the Northern states will convene in Dedham, Massachusetts, a bedroom community of Boston, for the 51st Anniversary of the National Alumni Association's North East Region conference, August 14-15. FAMU B.O.T. Chairman, Rufus Montgomery, has been invited to serve as keynote speaker for the fundraising brunch.

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Direct Support Organizations Committee

Date: Tuesday, July 21, 2015

Agenda Item: IV. B. 4

Subject: Update on Divisional Activities: Rattler Booster

Summary: Update on Divisional Activities.

The Rattler Boosters are preparing the Summer Edition of the Rattler Booster magazine, SnakeBites, for its membership. The featured stories include:

- The Giving of Rattler Boosters' Board Members, Selvin Cobb and Lawton Williams;
- Review of 2014 - 2015 Athletic Season;
- Rattler Boosters Fieldhouse Enhancement Initiative; and
- Upcoming 2015 Rattler Football Schedule, and more.

The Rattler Boosters' membership drive continued with an emphasis on tailgating, RVing, and disability parking.

The Rattler Boosters' Board of Directors held a teleconference call to discuss and approve the Rattler Boosters 2015-2016 operating budget.

BOOSTER INITIATIVES

FAMU Fall-Kickoff scheduled for Saturday, August 29 at The Moon.

This is the annual kick-off event that presents the football team and the Marching 100 to the public in a Rattler Boosters' fundraiser. This event is typically more successful when we do not have other community-related events scheduled immediately preceding this fundraiser.

The Rattler Boosters understand the need for additional revenue for summer school participation for the student-athletes. In an effort to assist in raising funds for specific programs, the Rattler Boosters initiated the Rattler Boosters' Summer School Incentive Program (S.S.I.P.). This program is designed to assist the athletic team with their fundraising efforts with the Rattler Boosters. The funds from that specific sport will go towards

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summer school for that respective sport. In addition, the Rattler Boosters will match whatever the proceeds are to assist in the summer school incentive.

Rattler Boosters Breakfast:

- held in Fang Cafe on Saturday mornings for all home football games;
- special guest, Head football coach, Alex Wood; and
- proceeds to go to summer school for the FAMU football team.

The Rattler Boosters are preparing their “Game Edition” of the SnakeBites magazine to highlight game day activities and procedures for parking, and tailgating. It is scheduled to be released prior to the first home game of the season.

Submitted by: Mickey Clayton