FLORIDA A & M UNIVERSITY
BOARD OF TRUSTEES

IN RE: DIRECT SUPPORT
ORGANIZATION COMMITTEE
MEETING

COMMITTEE MEMBERS: BETTYE GRABLE, CHAIR
KELVIN LAWSON
CRAIG REED
THOMAS DORTCH

DATE: WEDNESDAY, FEBRUARY 10, 2016

TIME: COMMENCED AT: 9:00 A.M.
CONCLUDED AT: 9:30 A.M.

LOCATION: PRESIDENT'S CONFERENCE ROOM
LEE HALL
FAMU CAMPUS
TALLAHASSEE, FLORIDA

REPORTED BY: NANCY S. METZKE, RPR, FPR
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ALSO PRESENT:

Robert Woody
Nicole Washington
Cleve Warren
Belinda Shannon

* * * *
PROCEEDINGS

MS. BURY: Good morning. This is Jenny. I just wanted to do a roll call to see who is on the line for DSO.

CHAIRMAN WARREN: Okay.

MS. BURY: Grable.

TRUSTEE GRABLE: Present.

MS. BURY: Trustee Graham.

(NO RESPONSE).

MS. BURY: Trustee Lawson.

TRUSTEE LAWSON: Here.

MS. BURY: Trustee Reed.

(NO RESPONSE).

MS. BURY: Trustee Dortch.

(NO RESPONSE).

MS. BURY: Madam Chair, we do not have a quorum.

TRUSTEE GRABLE: Thank you. Are we just going to give everybody a few minutes to call in, or do we think we need to at least give a call to the members who are not on the line so that we can start on time?

OPERATOR: Excuse me, Belinda Shannon has joined.
TRUSTEE GRABLE: Good morning.

CHAIRMAN WARREN: Good morning.

VICE PRESIDENT COTTON: Madam Chair.

TRUSTEE GRABLE: Yes, Vice President Cotton.

VICE PRESIDENT COTTON: We actually only have information items this morning.

TRUSTEE GRABLE: Okay.

VICE PRESIDENT COTTON: So we actually don't have anything that the Committee would have to vote on. So for the purpose of information, I think it's appropriate for us to move forward.

TRUSTEE GRABLE: Okay. And with that said then, I will call the meeting to order. The February 10th meeting of the Direct Support Organizations Committee will now come to order. And I will ask Ms. Wiggins to do a roll call, please.

MS. WIGGINS: Trustee Bettye Grable.

TRUSTEE GRABLE: Present.

MS. WIGGINS: Trustee Thomas Dortch.

(NO RESPONSE).

MS. WIGGINS: Trustee Tonnette Graham.

(NO RESPONSE).

MS. WIGGINS: Trustee Kelvin Lawson.

TRUSTEE LAWSON: Present.
MS. WIGGINS: Trustee Craig Reed.
(NO RESPONSE).

MS. WIGGINS: Madam Chair, we do not have a quorum.

TRUSTEE GRABLE: Okay. And as originally stated by Vice President Cotton, there aren't any items that we need to vote on that are, I guess -- outside of the minutes, so we will not be able to get approval of the minutes at this time.

Is that something, Mr. Cotton, that we could come back to?

VICE PRESIDENT COTTON: Yes, that's correct, we'll move those.

TRUSTEE GRABLE: Okay. So we will move on then to our informational items, and at this time we will hear from Vice President George Cotton, Sr. as to updates on activities within the Division of University Advancement.

VP Cotton.

VICE PRESIDENT COTTON: Thank you, and good morning, Madam Chair and to all of the trustees. Thanks for the opportunity to address the Board. My presentation this morning is going to highlight the performance and activities of the Office of University Advancement and, in particular, we're
going to focus on fundraising activities, also the results of outreach as it relates to alumni engagement and other stakeholders for Florida A & M University.

I would like to begin by initially reporting that fundraising totals for this year are actually up more than 20% over last year, and as you can imagine, my team and I are pretty excited about that. As of this report, we've successfully generated in excess of $4.6 million, which is slightly more than $600,000 over the same period last year.

Current fundraising efforts also put us on target to surpass last year's $5.8 million total. And at the current pace we're on, we should surpass that by the end of March.

We also have fewer donors than we had over the same period last year, but the good thing is that our average gift has increased significantly from roughly $797 last year to roughly $1,500 this year. So in other words, we have fewer people giving but they're giving larger amounts of money.

I'm also pleased to report that we closed out 2015 with a $1 million gift from the Hershey Foundation to endow the Sybil Mobley chair in the
School of Business.

Also, as an additional update, we continue to look at the readiness capacity, and I know a lot of people have been curious about where we were as it relates to the capital campaign. We are currently in review status and still looking at who our top 500 prospects are. This campaign is designed, I think as I mentioned the last time, to be a $100 million comprehensive initiative; and once it's implemented, will represent the largest campaign ever for a public historically black university. And we're pretty excited not only about the planning but, quite frankly, the possibilities in doing that.

I mentioned to several people before that the endowment for FAMU not only puts us in a position to be able to reach that hundred million, but I think once it's rolled out in the public phase, will generate a significant degree of excitement and interest about the campaign.

CHAIRMAN WARREN: Madam Chair, this is Trustee Warren. May I ask a question?

TRUSTEE GRABLE: Yes, Mr. Chairman, you're recognized.

CHAIRMAN WARREN: VP Cotton, could you --
before we implement the plan, I'm assuming -- I'm hoping anyway, that the Board will be made privy to the implementation strategies around the plan.

VICE PRESIDENT COTTON: Not only will you be privy to it, but structurally the way it works is we are working on, as I said earlier, doing what's called the assessment of readiness, my team and I. From there we would present our basic draft to the President. The President basically provides the vision for it, and then it goes to the Board because the ultimate vote to move forward rests with the Board of Trustees, it does not rest with staff.

CHAIRMAN WARREN: So a follow-on question then, when that has been tweaked, if you will, by the President, then it comes back to this Committee before it gets to the Board; am I following?

VICE PRESIDENT COTTON: That is correct.

CHAIRMAN WARREN: Okay. So I just want to be certain that the Committee has the opportunity to give input to it before we put it in the larger forum with the Board.

VICE PRESIDENT COTTON: Yes, and we'll make sure that's done, but that is definitely the process, okay?
CHAIRMAN WARREN: Okay. So I have another question, if I can.

TRUSTEE GRABLE: Certainly, Chair Warren.

CHAIRMAN WARREN: The Alumni Association has an initiative underway to raise, I believe, a hundred thousand dollars for scholarships for students in this debt reduction program.

VICE PRESIDENT COTTON: It's actually 500,000.

CHAIRMAN WARREN: Is it 500? Would those contributions be made to the Foundation or to the Alumni Association?

VICE PRESIDENT COTTON: They're made to the Foundation, although the initiative would be spearheaded and is being actually shepherded by new President Lieutenant Colonel Greg Clark. But all contributions would be made to the Foundation on behalf of the NAA.

CHAIRMAN WARREN: Okay. Thank you very much.

VICE PRESIDENT COTTON: Okay? And --

CHAIRMAN WARREN: Thank you, Trustee Grable.

TRUSTEE LAWSON: Madam Chair, I have a couple of questions as well.

TRUSTEE GRABLE: Certainly. Trustee Warren, you're recognized.

TRUSTEE LAWSON: This is Lawson, I'm sorry.
TRUSTEE GRABLE: I'm sorry, Lawson.

TRUSTEE LAWSON: Hey, Mr. Cotton, you know, one thing I was thinking about as you work toward your fundraising plan or capital campaign is we are soon to present to the President the updated or revised or new strategic plan that Doctor Robinson has been leading, and the one thing that as we work through that that we were, you know, clear on is that it did not include very specific targets, metrics, et cetera, around fundraising; but obviously, to fuel that plan, it is going to take a degree of fundraising.

So the one thing I would ask is once the President has reviewed and she's comfortable with that and then that plan has come before the Board for everyone to take a look it, if we could just make sure -- and I know you will, but I just want to stress that your initiatives, your fundraising efforts tie to that Strategic Plan because, ideally, you know, to make this really work, your fundraising efforts need to tie to the Strategic Plan, as well as our short-term budgeting process needs to support the initiatives that, you know, we deem to be critical in the Strategic Plan.

So, and I know that these things aren't timed
exactly right because we've asked you a couple of times for your -- you know, the details of your capital campaign and I know you've been working on it, but if you would, let's just make sure. And the same thing for Mr. Cassidy at a later date I'll talk to him about, let's make sure all three of those are really well linked.

VICE PRESIDENT COTTON: I will make note of that, but just a point of clarification moving forward, and I think we talked about this the last time we had a chance to discuss this, procedurally the way we're rolling this out is the task force report provides us, if you will, a road map for where the temperature is of the community and of the stakeholders; but the Strategic Plan upon which we build our fundraising initiative actually has to come from President, because the president for a university lays out the strategic visioning in conjunction, of course, with the conversations that she will be having with the Board of Trustees.

TRUSTEE LAWSON: Right, and what she has done is she's appointed a committee led by Doctor Robinson to do that legwork, and we're almost at the end of our rope in a position to deliver to her the recommendations that she has to review with the
leadership team and approve and then bring to the Board. So I think we're saying the same thing, that when that plan comes from her, you know, after it's been approved by the Board, I just want to make sure that your initiatives link well to that so that, you know, we're all singing off the same, you know, sheet of music. And then in addition to that, you know, our short-term priorities as far as how we budget would obviously be linked to that; but that's more short-term driven by Mr. Cassidy versus yourself.

VICE PRESIDENT COTTON: Okay. All right. Point taken.

TRUSTEE LAWSON: But I think we're on the same -- I think we're saying the same thing, that your initiatives will tie to the Strategic Plan. That's where I'm going.

VICE PRESIDENT COTTON: Yes. Yes.

TRUSTEE LAWSON: Okay.

VICE PRESIDENT COTTON: Our initiatives will tie to the Strategic Plan, that is correct.

TRUSTEE LAWSON: Okay. Okay. So we're saying the same thing.

I'm fine, Madam Chair.

TRUSTEE GRABLE: Okay. Thank you, Trustee
Lawson.

Vice President Cotton, you may continue.

VICE PRESIDENT COTTON: Actually that is a perfect segue into the next thing that we did want to mention. I can't thank Lieutenant Colonel Greg Clark enough for his leadership in stepping up to help us to address the issue of graduation here. Lieutenant Colonel Clark, Doctor Lee and Carmen Cummings also have been very instrumental in helping the NAA and our office pretty much roll out several initiatives that I think -- not initiatives but activities that I think are very worthwhile for us to mention.

We've had -- FAMU National Day of Service took place on January 15th through 18th and there were several exciting things that took place around the state. As you're also aware, we completed FAMU's day at the Capitol, which was a tremendous success, on February the 4th.

And we also are very proud to host the internationally acclaimed Kinsey Collection in the Foster Tanner Fine Arts Gallery through March 25th. And if you've not had a chance to come and visit that collection, you most certainly owe yourself an opportunity to do that. It is indeed a treat. We
were delighted to have Bernard Kinsey and his family here on campus to do a lecture and presentation for the community and for the faculty and staff. We also are pleased to announce that the Kinsey family also were gracious enough to present FAMU with a $20,000 contribution for the arts as a part of their visit and gift here to campus.

The other thing is we're very excited to announce that FAMU will be hosting a conversation with alumnus and Microsoft Board Chairman John Thompson on February 15th, so we're pretty much looking forward to that. The campus is already in a buzz as we get ready to host Mr. Thompson.

FAMU alumni will also host the Hoops Group's reunion to support women's and men's basketball teams and the cheerleaders during the basketball homecoming on February 18th through the 21st.

One of the other things that's important to mention, in my capacity as Vice President for Advancement, I'm also Executive Director of the Foundation so it's appropriate that I report out that the Foundation continues to look at our endowment growth and focus on the fact that one of our major emphasis has been in strengthening the
endowment.

We still stand roughly at just north of $120 million, give or take some change. And while on one hand we definitely want to grow the endowment, I always like to make sure that people understand that the endowment of Florida A & M University, if you take a look at it, is almost as large as the next three HBCUs combined. So we still are not only the strongest and largest of all HBCUs, but we continue to work to grow the endowment. Our endowment growth was actually down the last quarter, so we are currently in conversations working on strategies that will help us indeed grow our portfolio.

Finally, the Rattler Boosters began their annual membership drive with their traditional early bird special and is encouraging members to engage with the University and to support the NAA and also to support FAMU athletics. And finally, the Boosters, FAMU Foundation, and Athletic Director AD Overton and I are engaged in conversations that would focus on increasing capacity for the Boosters and increasing capacity for the Foundation and Florida A & M University.

Madam Chair, that concludes my report, and
most certainly we're available for any questions.

TRUSTEE GRABLE: Okay. Are there any questions from other Board members or comments?

CHAIRMAN WARREN: Madam Chair, this is Trustee Warren.

TRUSTEE GRABLE: Trustee Warren, you are recognized.

CHAIRMAN WARREN: May I back up to the discussion on the endowment and its performance?

TRUSTEE GRABLE: Yes, that's just fine.

CHAIRMAN WARREN: VP Cotton, could you tell me how often the investment advisor visits with us to talk about our portfolio?

VICE PRESIDENT COTTON: Visits with us on campus or how often the investment committee meets as a part of the conversation?

CHAIRMAN WARREN: Well, maybe both.

MR. COTTON: Both? Okay. I'm asking, Madam Chair, for the purpose of this conversation --

TRUSTEE GRABLE: Yes.

VICE PRESIDENT COTTON: -- that Associate VP Angela Poole also join the conversation because organizationally one of the changes we made was to have the Associate Vice President for Finance, or CFO Angela Poole, be responsible principally for
conversations and day-to-day activities as it relates to the Foundation's fiscal side, so she'll be joining us at the table just in case there are questions that I don't know the answer to or screw up so badly that they don't make a whole lot of sense.

TRUSTEE GRABLE: Thank you for that, VP Cotton, and that would be no problem.

VICE PRESIDENT COTTON: But in direct answer to the question, the investment committee -- as a rule, I think meets at least three times a year with the investment committee; and we also have periodic conversations with our investment consultant.

We have a model here, Mr. Chairman, where we have an investment consultant who works with our fund managers, the Bogdon Group, and Angela meets with him conversationally. So why don't I bow out and let Angela give a better answer to that question, and she'll also probably be more suited to answer specific questions you might have about the endowment as well.

CHAIRMAN WARREN: Okay.

TRUSTEE GRABLE: Okay. Thank you, Vice President Cotton.
Ms. Poole.

ASSOCIATE VICE PRESIDENT POOLE: Good morning.

To answer your question, the Foundation's investment committee meets twice a year face to face as a full committee and then they meet -- I guess the frequency would seem like quarterly. It feels like bimonthly in between the face-to-face meetings. They are somewhat ad hoc, but they end up meeting about six times between face to face and conference calls throughout the year.

And then we also meet with our investment consultant monthly, and he also provides a written snapshot of the performance of all of the funds each month to the actual committee as well as to myself and VP Cotton.

CHAIRMAN WARREN: Okay. So, Madam Chair.

TRUSTEE GRABLE: Yes, Chairman Warren.

CHAIRMAN WARREN: Just a couple of questions for you about issues that hopefully covered, and if you could just maybe answer these four categories based on your conversations with our investment advisor; and that is, while we're looking at what's in VP Cotton's report on the screen, I'd be more interested in how we performed over the last 3 to 5 years, what our performance
has been relative to our performance objectives, whether or not those items in our portfolio are in compliance with our investment policy and if, as a result of that, if they have or have not been -- have we had to have a rebalancing of the portfolio for any reason and why; and then what would be the overall safety grade, if you will, for the portfolio.

VICE PRESIDENT COTTON: Okay. Ms. Poole, you want to take a stab at that before I weigh in?

ASSOCIATE VICE PRESIDENT POOLE: Sure.

So the first question I think was what's been the performance over the past five years, and the Foundation has averaged about eight percent return on its investment for the past -- over the past five years.

The most recent return for fiscal year June 2015 that just closed was about one and a half percent, and so we're on the down side of a five-year average. The current six months year to date, fiscal year '15/'16, we're about negative four percent return through December 2015. So we're looking at rebalancing the allocations. The Committee has met to talk with our investment consultant to look at each of the funds, even
putting investment managers on watch lists. We're also looking at different models for how we manage the investment, whether we do an outsource model, a manager model, a fund manager model, a consultant model. So the committee is researching whether the methodology and strategy is consistent for long-term growth.

We're also looking at a two-pronged approach, so in addition to growing the endowment -- actually a three-pronged -- in addition to growing the endowment through fundraising, we're trying to grow the performance of the endowment with the investment strategy, which will be the second prong; and the approach will be managing the spending from the endowment.

So we're looking at the spend rate and looking at ways to reserve our earnings during this time that we're bunkering down while the market is rebalancing itself. And we're basically revisiting a model that will best suit FAMU for a long-term investment strategy and make sure that we're not spending more than we're earning long-term.

CHAIRMAN WARREN: Okay. Well, I appreciate those answers. I'd be interested in what your recommendations are after you've had those
conversations internal within the Foundation and its investment committee. Those strategies obviously need to help the endowment keep pace with what Trustee Lawson mentioned are our strategic goals, and many of those goals are to be supported by the capacity of the Foundation and its endowment. So I look forward to hearing more about your evaluation.

VICE PRESIDENT COTTON: Okay. The only thing I will add to that is, as recently as yesterday, Ms. Poole and Chairman Thomas Jones and I did meet to discuss this, and we will be coming back to the President and to the Board with an update after our next meeting with the investment committee. So we'll keep you updated as we move forward on this.

CHAIRMAN WARREN: Okay. So I want to emphasize one more time just for clarity, because you didn't say it, that you'll be coming back to this Committee --

VICE PRESIDENT COTTON: Yes.

CHAIRMAN WARREN: -- and to the Board.

VICE PRESIDENT COTTON: Yes, that's -- when I say coming back to you, I'm talking about this Committee, coming back to you and the President. I'm not talking about coming back to the full
Board. That's another party.

TRUSTEE DORTCH: Madam Chair, this is Trustee Dortch.

TRUSTEE GRABLE: Good morning, Trustee Dortch, you're recognized.

TRUSTEE DORTCH: Good morning.

My question first is: When was the last time your investment policy was reviewed and updated, if at any time in the recent times, will be one? The other question, I know the last six months the market has taken some pretty big hits, and I know endowments are down in a lot of places. So as we look at that, what is the process and what is the review process for spending the endowment? Is that set by the Board in advance or the Board sets pretty much benchmarks of when the endowment can be spent or invest -- how is that managed?

TRUSTEE GRABLE: VP Cotton or Ms. Poole, would you be able to respond Trustee Dortch's questions?

ASSOCIATE VICE PRESIDENT POOLE: Yes, there is an investment committee that determines and sets an investment policy that's approved by the Foundation Board. And that policy sets an absolute rate of return; it sets goals and allocation percentages for the types of investments that can be invested
in, the types of funds and the different allocation percentages; it also sets a spending rate and determines an administrative fee and establishes a floor.

And so that policy is reviewed annually, and it's actually currently under review. The last policy was updated in 2014 and is currently under review because we're looking at the spend rate now, actually performing projections and determining what the current administrative fee and spend rate should be based on our performance. And so the Committee will meet again --

TRUSTEE DORTCH: And spend rate, just for the record, is that a Board approved, or is there an advanced approval by the Board that allows administration to use those funds out of the endowment?

ASSOCIATE VICE PRESIDENT POOLE: It's approved by the Foundation Board.

TRUSTEE DORTCH: Okay.

ASSOCIATE VICE PRESIDENT POOLE: And that dictates the spending.

TRUSTEE DORTCH: Okay.

TRUSTEE GRABLE: Okay. Did that answer your questions, Trustee Dortch?
TRUSTEE DORTCH: It did pretty much. I need to read up a little more on the relationship between the Foundation Board and the Board of Trustees to see what the role of the trustees are as it relates to the funds in the Foundation.

VICE PRESIDENT COTTON: And we would be more than happy to provide that opportunity. We've actually been scheduling visits and personal orientations and conversations with Board members and trustees, so we will be more than happy to have that opportunity to share that with you.

TRUSTEE DORTCH: Yeah, I'm scheduled there for a full day next month, so I assume I'll get everything when I'm down there for my full orientation.

VICE PRESIDENT COTTON: Okay. And after that, you'll have more information than you ever want to deal with, but we'll make sure you get what you need.

TRUSTEE DORTCH: I have some endowments I work on over a billion, and I have some others I'm in and engaged with, even with my hospital here, that's about 250 million. We took some hits, but there are some controls that we have there, including ensuring that you are doing ongoing
evaluation of the investment managers to make sure they're performing; and if not, to make sure there is a purging of those who don't meet those standards over a period of time, if they're inconsistent in meeting those goals that have been set for them.

Okay. Thank you.

TRUSTEE GRABLE: Okay. Any other questions or concerns from Board members?

VICE PRESIDENT COTTON: Madam Chairman.

TRUSTEE GRABLE: I will take that as a no, and we will now move on to new business.

VICE PRESIDENT COTTON: Madam Chairman, if I could just to --

TRUSTEE GRABLE: VP Cotton.

VICE PRESIDENT CASSIDY: Yeah, just to point out, Ms. Wiggins just pointed out to me that we do, in fact, have a quorum in case you need to go back and approve the minutes.

TRUSTEE GRABLE: Okay. That will be fine. And all trustees who are on the Committee meeting right now are asked to -- we should have already approved the minutes from the December 10th Committee meeting. And may I have a motion to approve the minutes for the December 10th, 2015,
DSO Committee meeting?

TRUSTEE LAWSON: So move.

TRUSTEE GRABLE: And can we get a second?

TRUSTEE DORTCH: I'll second it, even though I wasn't in the meeting, just so that you can proceed.

TRUSTEE GRABLE: We appreciate that, Trustee Dortch.

The motion has been moved and seconded that we approve the minutes from the December 10th, 2015, meeting. All in favor say aye.

(AFFIRMATIVE INDICATIONS).

TRUSTEE GRABLE: Any opposed indicate no.

(NO RESPONSE).

TRUSTEE GRABLE: And I say aye, so the motion carries.

And now at this time we will go back to where we were on the agenda, which brought us to new business. Is there any new business for the Committee to consider at this time?

(NO RESPONSE).

TRUSTEE GRABLE: Okay. I take that as a no. And we will then move on to one of my favorite parts of most meetings, it doesn't mean that I don't like being here with you all, but if there is
no further business for the Committee, this meeting of the DSO Committee is adjourned.

TRUSTEE DORTCH: Thank you, Madam Chair.

CHAIRMAN WARREN: Thank you, Madam Chair.

For the members who are on the phone, this is Trustee Warren. Trustee Grable did an excellent job in orchestrating the meeting. I appreciate your help with this.
CERTIFICATE

STATE OF FLORIDA  
COUNTY OF LEON  

I, NANCY S. METZKE, RPR, FPR, certify that I was authorized to and did stenographically report the foregoing proceedings and that the transcript is a true and complete record of my stenographic notes.

DATED this 21st day of February, 2016.

_________________________
NANCY S. METZKE, RPR, FPR
Court Reporter