



# **Direct Support Organizations Committee Meeting**

PRESENTED BY

**Thomas Haynes, Ph.D.**

**Wednesday, September 10, 2014**

Florida Agricultural and Mechanical University



# **BOARD OF TRUSTEES REPORT SEPTEMBER 2014**



# Action Items

- Approval of March 5, 2014 Committee Minutes
- Approval of Changes to Spending Policy
- Approval of Use of the Tookes Center for the President's Inaugural Gala
- Approval of DSO Budgets
- Approval of Recommended Changes to Naming Policy







# Approval of Minutes

## Approval of March 5, 2014, Committee Minutes

### **Rationale:**

In accordance with the Florida Statutes, a governmental body shall prepare and keep minutes or make a tape recording of each meeting of the body.

### **Recommendation:**

Approve the minutes of the March 5, 2014, DSO Committee Meeting.





# Spending Policy

## Approval of Changes to Spending Policy

### Current Policy:

At the present time, the Foundation calculates the annual distribution and administrative fee as a percentage of the contributed value of the endowment accounts on deposit with the Foundation. The current spending rate is 3.5% and the administrative fee is 2%.

### Proposed Policy:

The Foundation will use 12 quarters of market value as a basis for calculating the annual endowment distribution which is the most common method among Florida's state university foundations. The proposed spending rate is 4% and the administrative fee is 1.75%.







# Spending Policy

## Approval of Changes to Spending Policy (continued)

### Comparative Tables:

	FAU	FGCU	FIU	FSU	UCF	UF	UNF	USF	UWF	FAMU
Endowment 12/31/2013	\$201M	\$70M	\$172M	\$598M	\$147M	\$1.463B	\$88M	\$403M	\$61M	\$124M
Administrative Fee	1.70%	1.50%	2.00%	2.20%	2.25%	1.20%	0.00%	2.00%	1.89%	2.00%
Spending Rate	3.90%	4.00%	3.00%	4.00%	4.00%	4.00%	4.35%	4.00%	4.00%	3.50%
Total Annual Rate	5.60%	5.50%	5.00%	6.20%	6.25%	5.20%	4.35%	6.00%	5.89%	5.50%
Valuation Method	5YR AVG	3YR AVG	N/A	3YR AVG	Formula	N/A	3YR AVG	5YR AVG	3YR AVG	HCV

ADMIN FEE	ENDOWMENT VALUE ALTERNATIVES FOR CALCULATING DISTRIBUTION		
	MARKET	3YR AVG	4YR AVG
	110,585,495	97,189,861	95,095,642
1.00%	1,105,855	971,899	950,956
1.50%	1,658,782	1,457,848	1,426,435
1.75%	1,935,246	1,700,823	1,664,174
2.00%	2,211,710	1,943,797	1,901,913





# Spending Policy

## Approval of Changes to Spending Policy (continued)

A 1.75% administrative fee and 4% spending rate would certainly be more appealing to potential donors than our current profile and should enhance fundraising effectiveness. A decision to increase our spending rate to 4% would raise the total annual distribution to 5.75% of a three-year (12 quarters) rolling average market value.

### Recommendation:

(To be effective July 1, 2014):

1. Adopt a three-year rolling quarterly average market value approach to calculating annual endowment distributions.
2. Reduce the Foundation's administrative fee from 2.00% to 1.75%.
3. Increase the annual distribution (spending) rate from 3.50% to 4.00%.







# Tookes Center – President’s Inaugural Gala

## Use of the Tookes Center for the President’s Inaugural Gala

### Rationale:

Pursuant to FAMU Board of Trustees Regulation 3.021, no alcoholic beverages may be possessed, served, sold, consumed or distributed at the University except the following FAMU Designated Areas: President’s Box (Bragg Stadium); Alumni House; Faculty Club House; Center for Viticultural Sciences & Small Fruit Research Center for Water Quality; Alfred Lawson Multipurpose Teaching Gymnasium, Grand Ballroom/Student Union; Black Archives; President’s Club (located at the northern end zone of the stadium during football games and other stadium events); Bragg Stadium; and the College of Law. In light of the President’s Inaugural Gala on October 3, 2014, at the Tookes Center, which is not a FAMU Designated Area, the FAMU Board of Trustees is requested to approve the serving of alcoholic beverages at this event consistent with the requirements set forth in the Regulation.

### Recommendation:

Approve the request to serve alcoholic beverages at the President’s Inaugural Gala that will be held at the Tookes Center.







# DSO Budgets

## Approval of FAMU Foundation Operating Budget

### Material Changes from FY2013-14

- Projected Real Estate Income
- Salary Increase (filling two positions: Accounting Coordinator, and Senior Accountant for Scholarship Accounting and Donor Reporting)
- University's Support

### FY2014-15

- Provide maximum scholarship support
- Provide President with resources to use for expenses in place of E&G funds
- Provide fundraising dollars in support of the strategic plan

### Recommendation:

Approve the FY2014-15 FAMU Foundation Operating Budget.





# DSO Budgets

## Approval of National Alumni Association Budget

**The National Alumni Association (NAA) Budget is tied to the following objectives:**

- Student Recruitment
- Alumni Chapter Development and Stewardship
- Fundraising
- Government Relations

### **Recommendation:**

Approve the FY2014-15 NAA Budget.







# DSO Budgets

## Approval of Rattler Boosters Budget

### Rationale:

The DSO 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.

### Recommendation:

Approve the FY2014-15 Rattler Boosters Budget.





# Naming Policy

## Approval of Recommended Changes to Naming Policy

During the March 2014 Board of Trustee DSO meeting, Vice President Thomas Haynes presented recommendations for changes to the Board of Trustees Policy Number 2008-05, Naming Opportunities. The rationale for the recommendation was to update the policy to do the following:

- provide more flexibility in negotiating the naming of facilities, programs and spaces;
- to take advantage of new and potential opportunities for which the old policy did not provide; and
- provide additional clarity around naming conditions and the removal of names.

Upon the recommendation of the DSO Committee, the Board of Trustees approved the policy up to Item VI. Duration and Modification of Namings. The Board requested that the Vice President present Section VI to the FAMU Foundation Board for advisement and an opportunity to respond.







# Information Items

## Update on Divisional Activities

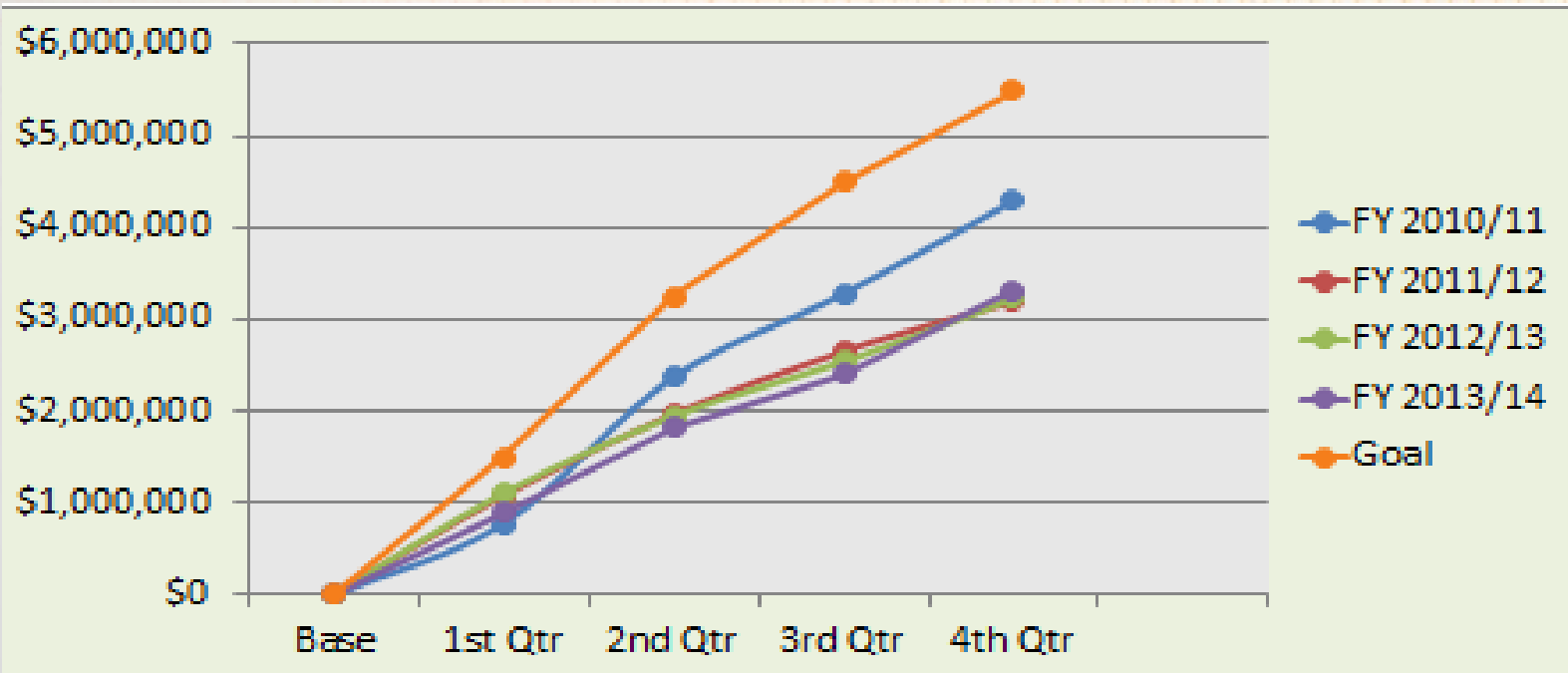
- University Advancement & BOT Goals
- FAMU Foundation, Inc.
  - DRAFT MOU
  - Foundation Operations
  - FAMU Collegiate License Plate Revenue
  - Investments
- Alumni Affairs
- Rattler Boosters, Inc.





# University Advancement & BOT Goals

## Four-Year Fundraising Comparison



		First Quarter	Second Quarter	Third Quarter	Fourth Quarter
FY 2010/11	0	\$777,745	\$2,371,537	\$3,282,540	\$4,290,971
FY 2011/12	0	\$1,082,635	\$1,965,763	\$2,652,702	\$3,197,820
FY 2012/13	0	\$1,106,635	\$1,947,765	\$2,541,044	\$3,226,011
FY 2013/14	0	\$885,810	\$1,822,062	\$2,403,437	\$3,315,699
Goal	0	\$1,250,000	\$3,250,000	\$4,500,000	\$5,500,000







# University Advancement & BOT Goals

## Comparison of Gifts by Constituencies - Fiscal 2013-14 and 2014-15

	1st Quarter Financial Objectives	Giving as of Sept 8, 2013	Donors as of Sept 8, 2013	Giving as of Sept 8, 2014	Donors as of Sept 8, 2014
Alumni	\$250,000.00	\$76,459.58	513	\$377,573.96	2,516
Non Alumni	\$100,000.00	\$54,024.79	307	\$87,507.56	319
Corporate/Foundati on & Organizations (Includes Alumni Chapters)	\$600,000.00	\$185,485.43	70	\$344,616.96	59
License Tag Revenue	\$150,000.00	\$105,095.59	N/A	\$83,515.13	N/A
<b>Constituency Total:</b>	<b>\$1,100,000.00</b>	<b>\$421,065.39</b>	<b>888</b>	<b>\$893,213.61</b>	<b>2,894</b>
<b>1st Quarter Financial Objective Attainment</b>		<b>38.28%</b>		<b>81.20%</b>	





# University Advancement & BOT Goals

## Comparison of Gifts by Purpose - Fiscal 2013-14 and 2014-15

	1st Quarter Financial Objectives	Giving as of Sept 8, 2013	Donors as of Sept 8, 2013	Giving as of Sept 8, 2014	Donors as of Sept 8, 2014
Endowed Scholarships	\$250,000.00	\$80,079.44	498	\$205,620.29	582
Expendable Scholarships	\$250,000.00	\$141,265.38	47	\$268,008.81	376
Temp. Restricted Funds	\$250,000.00	\$170,139.20	123	\$325,983.45	433
SCI Discretionary	\$250,000.00	\$13,577.40	85	\$37,407.82	425
Unrestricted	\$250,000.00	\$16,003.97	166	\$56,193.24	1,175
<b>Purpose Total:</b>	<b>\$1,250,000.00</b>	<b>\$421,065.39</b>	<b>919</b>	<b>\$893,213.61</b>	<b>2,991*</b>
<b>1st Quarter Financial Objective Attainment</b>		<b>33.69%</b>		<b>71.46%</b>	

\*incls duplicate gifts by donors





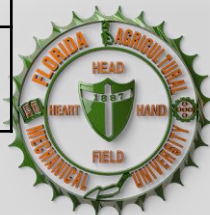


# University Advancement & BOT Goals

## First Quarter Fundraising Pipeline

Source	Purpose	Status			Total Commitments to Date (Solicitations and Pending)	Notes
		Cultivation	Solicitations	Pending		
Faculty /Staff Payroll Pledges	Endowment and SCI Funding	n/a	n/a	n/a	\$169,000	Campaign continues through October 31, 2014
Foundation Grants	SCI and Special Projects Funding	\$350,000	\$125,000	\$578,000*	\$988,000	
Sponsorships	President's Inauguration Activities	\$200,000	\$870,000	\$102,500	\$972,500	
Donor Proposals	Scholarships			\$125,000 \$100,000 \$ 30,000	\$255,000	Inauguration Scholarships
<b>TOTAL</b>		\$550,000	\$995,000	\$935,500	\$2,384,500	

\*\$20MM pending from FY2013-14





# University Advancement & BOT Goals

## Enhancing Institutional Fundraising

### STRATEGIES:

- Hire Director of Annual Giving
- Deploy Comprehensive Annual Fund Campaign
- Establish fundraising plans for each school, college and athletics with targeted goals.
- Provide schools, colleges and athletics with fundraising appropriations
- Identify and Acknowledge Specialty License Plate Owners
- Re-engineer Phon-a-thon
- Continue to encourage and support web-based micro campaigns







# FAMU Foundation, Inc.

## **DRAFT MOU (Memorandum of Understanding)**

Since dissolution, the University has used the IMM (Internal Management Memorandum) as the sole document governing the relationship between the FAMU Foundation and the University. Last year, Trustee Marjorie Turnbull requested that the Vice President of University Advancement with the assistance of the FAMU Foundation Board of Directors, put together a more detailed MOU.

A draft MOU has been developed, reviewed by the FAMU Foundation General Counsel, University President's Special Assistant, and University General Counsel.

### **Goal:**

Add more structure to clearly define the role and relationship of the Foundation and the University.





# FAMU Foundation, Inc.

## DRAFT MOU (continued)

### Next Steps:

- Forward MOU to the By-Laws and Executive Committees of the Foundation, and the FAMU Board of Trustees for review.
- The division of University Advancement along with the President's Special Assistant will collect all comments and recommendations, and make appropriate changes to update MOU document.
- Once the MOU has been fully vetted, it will be sent back to the full Board of the Foundation for a vote either through a called meeting, or during the regular Fall 2014 Board Meeting, November 2014.
- The MOU will then come to the FAMU Board of Trustees for final approval.







# FAMU Foundation, Inc.

## Foundation Operations

- The Fall 2014 FAMU Foundation Board of Directors Meeting: Nov. 20<sup>th</sup> - 22<sup>nd</sup>, Orlando, FL.
- The annual financial audit with BCA Watson Rice is complete; financial statements have been submitted to the University.
- The S. Davis & Associates accounting firm of Hollywood, Florida, completed the onsite portion of the Foundation's operational audit in early August. The firm's report is due in September.





# FAMU Foundation, Inc.

## Foundation Operations

- The Foundation hired Ms. Gena Palmberg as the Assistant Director of Accounting. Ms. Palmberg began work in May, and contributed to the timely completion of this year's financial audit.
- Foundation staff continue to work with CBRE, Inc. to build out and market commercial space in the Foundation building. Currently there are eleven prospective tenants in various stages of evaluating the Foundation's facilities.







# FAMU Foundation, Inc.

## FAMU Collegiate License Plate Revenue

### Summary:

The following information provides a history and status report of the specialty license plate program.

### Approval Timeline:

- FAMU Foundation Board of Directors: January 25, 2011
- FAMU Board of Trustees (DSO Committee): February 9, 2011
- FAMU Board of Trustees (Full Board): February 10, 2011
- Florida Board of Governors (Full Board): June 23, 2011

### How are funds used?

- Funds are used to support First Generation Scholarships & Presidential Scholars Scholarships.





# FAMU Foundation, Inc.

## FAMU Collegiate License Plate Revenue (continued)

### Tag Revenues:

Year	Fundraising 75% (A)	Scholarships 25% (B)	Tax Revenue Total (C)	Scholarships Raised (D)	Total Scholarship Pool (B+D)
2011-12	\$343,943	\$114,647	\$458,590	\$1,282,822	\$1,397,469
2012-13	\$335,316.99	\$111,772.33	\$447,089.32	\$1,075,949	\$1,187,721.33
2013-14	\$328,627.94	\$109,542.65	\$438,170.59	\$1,394,261	\$1,503,803.65
<b>Total</b>	\$1,007,887.93	\$335,961.98	\$1,343,849.91	\$3,753,032	\$4,088,993.98

### Note:

Total scholarship pool represents the 25% tag revenue plus scholarship dollars raised from the 75% investment (tag revenue) to support fundraising.







# FAMU Foundation, Inc.

## Investments

### Investment Returns for the Period Ended June 30, 2014:

	FYTD – 7/1/13 – 6/30/14	12 Months – 7/1/13 - 6/30/14
Investment Returns	16.14%	16.14%
Composite Benchmark	15.35%	15.35%
Investment Goal	8.50%	8.50%

Fiscal Year to Date (FYTD) total investment portfolio returns of 16.14% for the 12 months ended June 30, 2014 outperformed both the portfolio's composite benchmark returns of 15.35%, and the portfolio's investment goal of 8.50%. The outperformance of total portfolio returns against the composite benchmark is primarily the result of U.S. equity investments with returns of 26.86% that outpaced benchmark returns of 25.22%. Hedge fund returns of 9.82% outperformed benchmark returns of 7.52%, and fixed income returns of 7.19% exceeded benchmark returns of 6.03%. Also, real asset returns of 14.69% underperformed against their benchmark returns of 16.71%.





# FAMU Foundation, Inc.

## Investments (continued)

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

<b>For the Trailing Twelve Months Ending:</b>	<b>6/30/14</b>	<b>6/30/13</b>	<b>6/30/12</b>
Investment Returns	16.14%	9.72%	-0.50
Composite Benchmark	15.35%	11.41%	-1.60
Investment Goal	8.50%	8.50%	8.50

The returns for the trailing twelve months ended 6/30/12 were much lower than the other two years in the table due to high negative returns during the last two calendar quarters of 2011 that were the result of extreme market volatility following the credit downgrade of U.S. Government Debt in August 2011.







# Alumni Affairs

- Participated in the National Alumni Association (NAA) Annual Conference, May 2014, Louisville, Kentucky.
  - \$100,000 generated in cash and pledges
- Participated in the NAA Northeast Region's 50<sup>th</sup> Anniversary Regional Conference, August 2014, Elizabeth, New Jersey.
- Conducted a series of welcome receptions to introduce President Elmira Mangum.





# Rattler Boosters

- The Rattler Boosters organization is currently undergoing review by the FAMU President to determine the appropriate organizational structure. The plan is to leave the current structure and budget in place for this fiscal year while the review is being completed.







“At FAMU, Great Things Are Happening Every Day.”

established 1887

