

MSUF Foundation, Inc.
Board of Trustees Meeting Minutes
12:30 Heritage Room
Wednesday, June 24, 2015

Present: Wayne Andrews, Bob Albert, Perry Allen, Nathan Bishop, Gerald DeMoss, Ron Griffith, Bill Hesch (via conference call), Steve Hicks, Buckner Hinkle, Susan Martin, Bob Neff, Stephen Pack (via conference call), Beth Patrick, Cherie Rebar (via conference call), Dava Rice, James Shaw, Ed Strosnider, Paul Stokes & Willi Walker

Absent: Dennis Dorton, Steve Thieme, and Brett Traver

Call to Order

Steve Hicks called the Foundation Board meeting to order at 12:30 PM and asked Sandi Ruth to call roll. Steve declared a quorum and the minutes from March 26, 2015, meeting were presented. Steve Hicks made a motioned to accept the minutes as presented and Perry Allen seconded – motion passed. Steve also announced this was his last meeting as the Chair of the Board but he would remain on the board until his term ends in February 2016.

Comments from the President – Dr. Wayne Andrews

Dr. Andrews briefly reviewed the following with the board:

- Two buildings with 50 new beds being built at the MSU Farm are under construction. The two units will be named after two employees who were dedicated employees at the University Farm; Eddie Lundergan, and Mike Padula.
- MSU to see better housing, parking and technology.
- Construction will begin in August for the new parking garage and food services building.
- ADUC will be off line this fall for upgrades.
- Dr. Andrews thanked the board members for their support of Morehead State University.

Investment Report/Portfolio Summary – Dr. Bob Albert

Dr. Albert briefed the Board on the Finance committee as follows:

- Oxford reviewed the market returns year-to-date as of quarter ending March 31, 2015, stating international stocks are up significantly and outperformed the S&P 500.
- U.S. economic growth has moderated and corporate earnings are weaker due to the strong U.S. dollar.
- As of June 24, 2015, the Foundation's asset allocation is 40% stocks, 25% bonds and 35% alternative investments.
- Oxford's current recommendation is to take some profits in equities and reduce the stock market exposure by \$2.2 million. The Finance committee will have a conference call regarding this matter in the following two weeks of the board meeting to further discuss their recommendation.

Finance Report - Jenna Sprangel

Jenna Sprangel shared financial highlights as of March 31, 2015 with the board.

- Total assets at March 31, 2015, were \$52,220,463
- Oxford investment portfolio at March 31, 2015, was \$43,596,561 which includes endowed and non-endowed funds. The Oxford portfolio makes up 84% of the Foundation's total assets
- Nine month annual investment return at March 31, 2015, was .64% \$268K cumulative market gain ~ \$3.6 million gain last year at March 31, 2014
- The Foundation's nine month Support to MSU Programs and Strategic Initiatives as of March 31, 2015, was \$2,623,913
- The Foundation Operating budget variances at March 31, 2015, are due to timing of invoice payments which overlapped fiscal years
- \$4.4M Received in first nine months ending 3.31.15 ~ \$4.6M at 3.31.14
- \$2.9M Expended thru 3.31.15 ~ \$3.0 M at 3.31.14
 - General Funds Expended \$1.9M
 - Athletic Funds Expended \$236K – all Athletic Equipment & Travel
 - Annual Scholarship Funds Expended \$48K - normally \$250K– Fall & Spring Scholarships not paid within normal timing parameter – timing has created discrepancy
 - Endowment Funds Expended \$810K ~ Transfers to MSU Programs and Research Support efforts

- Summary of Foundation operating budget results as of June 20, 2015.
 - \$552,474 expended of the \$676,700 operating budget ~ \$124,226 under budget
 - Software & Maintenance over budget by \$21,184 due to overlapping payment of invoices within the current fiscal year
 - President's Discretionary over budget by \$8,540 due to deposit paid for the FY2016 President's Lecture series in FY2015 ~ timing
 - Special Events/Cultivation over budget by \$12,948 due to increased event activity from the increased efforts to engage Alumni

FY2015-2016 Operating Budget – Jim Shaw & Jenna Sprangel

- Jim Shaw presented and reviewed the proposed Fiscal Year 2016 Foundation Funding Model. (see the Board Agenda packet for details)
 - 3 year rolling average = \$35,568,899 (calculated as of December 31st each year)
 - 3 year rolling average return = 9.82% (calculated as of December 31st each year) = \$3,787,466 plus \$27K actual general investment revenue
 - Approved 2.18.15 endowment payout via earnings release = 3.25% = \$1,253,489
 - Proposed FY16 Foundation Operating Budget = 2.00% = \$771,377 + \$27,100 (other revenue from General Unrestricted investment income)
 - Oxford Consultant Fees = 0.25% = \$96,500
 - Proposed FY16 Foundation Operating Reserve = 0.75% = \$289,000
 - Proposed FY16 Foundation Opportunity Fund = 0.75% = \$289,000
 - Proposed FY16 Preservation of Principal (inflation) = 0.80% = \$308,800
 - Proposed FY16 Principal Growth = 2.02% = \$779,300
- Jenna Sprangel highlighted the proposed operating budget of \$798,477 for FY16. The two changes are an increase in the Opportunity Reserve account of \$58,777 from \$43,200 to \$101,977 and a \$63K increase in Personnel Support to MSU from \$208K to \$271K to take on more of the Fundraising expenses.
- Willi Walker motioned to accept the FY2016 proposed Foundation funding model and operating budget. Ron Griffith 2nd the motion - **motion carried**.

Foundation Accounting Process – Jim Shaw

Jim Shaw gave an overview of the Foundation's internal accounting processes via PowerPoint presentation. The flowcharts outlined the posting process of donor gifts and the disbursement of funds upon request. Jim pointed out that the Foundation has 560 active accounts to monitor and manage.

Nominating committee Report – Perry Allen

Perry Allen thanked Steve Hicks for serving as Chair of the MSU Foundation Board of Trustees. Perry made a motion to accept two proposed board members; Kenneth Alexander and Jack Matthews. **The motion carried.** Perry also made a motion for Buckner Hinkle to serve as Chair of the Foundation Board. Buckner accepted and **the motion carried.**

Corporate Documents Review – Jim Shaw

Jim reminded members of the discussion to update the MSU Foundation By-Laws at the March 26th board meeting. Subsequent to the March meeting, Jim sent an e-mail to all board members attaching the proposed By-Laws with the March meeting updates applied. Jim will send the By-Laws out once again to give individual board members one last opportunity to review the document and submit any additional changes or questions to be discussed. If no changes are presented, Jim will ask for an electronic vote to accept the By-Laws as presented.

CEO Update– Jim Shaw

Jim reminded members Jenna would be leaving in September and that Sharon Fraley has accepted the position as Director of Finance.

New Business

Next board meeting will take place on October 23, 2015. February 26, 2016, is the tentative winter board meeting date.

The meeting adjourned at 2:50.

Created by Sandi Ruth

Reviewed by Jenna Sprangel

Approved by Jim Shaw