

NWFSC Foundation Finance Committee Meeting
January 23, 2020 8:00 a.m.
Room 133, SSC, Niceville Campus

Members Present:

Eric Aden	Don Litke
Bo Arnold	Ken Wampler
Wayne Campbell	

Staff Present:

Shiri Brandenburg	Melissa Wolf-Bates
Cristie Kedroski	Annie Young

Others Present:

Ray McGovern	Randy White
Shane O'Dell	

Absent:

Walter Hooks, Jonathan Ochs, Dennis Peters, Steve Wills, Dewayne Youngblood

Call to Order:

Mr. Wampler called the meeting to order at 8:03 a.m.

Approval of Committee Meeting Minutes:

The minutes of the October 22, 2019 committee meeting were approved as presented. **Motion to approve minutes, Mr. Campbell; Second, Mr. Aden. Motion carried unanimously.**

Investment Report by McGovern, O'Dell & Associates/Merrill Lynch:

Mr. McGovern presented a portfolio review as of December 31, 2019. He provided a brief overview of current market conditions. He presented the custom benchmark report from Blackrock, which reflected a market value of \$41,903,446 as of December 31, 2019, reminding the committee that the Blackrock report is not a representation of the Foundation's entire investment portfolio with Merrill Lynch. The Merrill Lynch report shows investment allocations stand at 61.91% equity, 21.92% fixed income, 5.26% cash and 10.91% alternative investments at December 31, 2019. Mr. McGovern noted the ROR for FY19 was 19.11% net of all expenses and up 6.52% currently for FY20.

Review and Approval of December 31, 2019 Financial Reports:

Ms. Kedroski introduced Ms. Shiri Brandenburg, the new Foundation Accountant and Operations Manager. Ms. Brandenburg presented the Statement of Financial Position, Statement of Activities and Investment Report as of December 31, 2019. Total assets are \$55,918,012 and Total Liabilities are \$1,035,204, bringing the Total Fund Balance to \$54,882,808. The Statement of Activities reflected \$3,083,816 in Revenues and \$1,727,580 in Expenditures for a total Net Increase in Fund balance of \$1,356,236. Combined investment holdings with Merrill Lynch and Vanguard Wellington total \$51,019,740, allocated as 5.00% Cash & Cash Equivalents, 59.28% Equity, 10.84% Alternative Investments and 24.88% Fixed Income. With \$147,437 in Expenditures, the Operating Budget has 40% of the budget available for the remainder of the year. Ms. Kedroski added that some expenses are paid up front which is why only 40% of the Budget remains with 50% of the fiscal year left. She also pointed out that December was the first time the Foundation has not received a draw from ERA for the rental apartments due to expenses primarily involving HVAC units. Additionally, she

noted that the Foundation must now begin recording Pledges Receivable. In the past they had not been considered material, however, they have recently become material and we are working to develop a process for recording them. **Motion to approve financials, Dr. Arnold; Second, Mr. Campbell. Motion carried unanimously.**

Approval of Checks over \$5,000:

Ms. Kedroski presented a listing of checks over \$5,000 from October 1 – January 10, 2020 for the committee to review. **Motion to approve checks over \$5,000, Dr. Arnold; Second, Mr. Campbell. Motion carried unanimously.**

Approve FY19 Audited Financial Statements/IRS Form 990:

Ms. Kedroski presented the Audited Financial Statement and 990 for Fiscal Year 2019. She noted that at the close of the fiscal year the net position was \$53,526,569 (an increase of 4% over 2018); there were zero underwater funds; and total gifts, contributions, grants and other income increased \$320,000. The committee was given an opportunity to review both documents. **Motion to approve FY19 audited financial statements and IRS Form 990, Mr. Campbell; Second, Dr. Arnold. Motion carried unanimously.**

Professional Services Contract Schedule:

Ms. Kedroski reaffirmed that contracts are reviewed every three years and bids are sought every six years. She reviewed the responses from the insurance RFQ sent out after the last meeting. She noted the RFQ was sent to ten vendors and posted on the College's website with only one response. She presented the quote received from Fisher Brown (current provider) and pointed out the property and general liability were only estimates as it is more than 45 days before the current policy expiration (March 1). After discussion regarding the rate increase, the committee asked if Fisher Brown Bottrell would provide the other carrier quotes obtained during the insurance analysis. Mr. White confirmed that the College will be sending out an RFP for banking services in February. Ms. Kedroski added that the Foundation's banking relationship piggybacks off of the College's contract. Dr. Arnold agreed to serve on the Banking RFP Committee. Ms. Kedroski also asked the committee to review the audit services from Mauldin & Jenkins to continue with their services for the next three years as it is due in May 2020. **Motion to elect Fisher Brown Bottrell for professional services related to insurance needs of the Foundation, effective March 2020, and to continue audit services with Mauldin & Jenkins through 2023, Mr. Campbell; Second, Maj Gen Litke. Motion carried unanimously.**

College Apartment Appraisal & Reserve Study:

Ms. Kedroski presented the college apartments appraisal. As of December 13, 2019 the current "As is" market value is \$5,000,000. Ms. Kedroski noted that this is the first time the appraised value of the apartments has exceeded the internal loan value and that the updated appraisal value will be provided to Fisher Brown for the new insurance policy. She reminded the committee of the \$10,000 budget that they set for both the appraisal and reserve study. Three firms were sent the reserve study RFQ and only one responded with a quote of \$5,875 plus \$1,850 for the basic interior components. Since the combined cost of the \$3,850 for the appraisal with the reserve study was over the approved budget, the reserve study is on hold pending a committee decision. After discussion of selling the apartments, Mr. White led a discussion of the proposed on-campus student housing. He noted that the project will take approximately two years to complete and there is nowhere for the student athletes to go. Given transportation and meal plan concerns, the student athletes cannot be housed far from campus. Ms. Kedroski indicated a separate direct service organization (DSO) would need to be established. After a brief discussion about possible sale and lease back options, Ms. Kedroski and Mr. White were asked to create a project plan to address the College Apartments and possible sale of the apartments. It was decided to hold off on a reserve study until a decision is made regarding selling the apartments.

New Endowments:

Ms. Kedroski presented the new endowments: \$15,000 (\$7,500 gift/\$7,500 pledged) for the Lucinda J. Frakes Scholarship (student pursuing AS degree in a career or technical field); \$25,000 pledged for the Jeff and Leonora Claudio (student pursuing a degree in nursing or EMS certificate); \$20,000 pledged for the Scott Jackson Family Scholarship (NWFSC student).

Campbell Property Inquiries:

Ms. Kedroski presented two inquiries received regarding the Gertrude Gillis Campbell property. The first inquiry is about the Foundation's desire to purchase additional property adjacent to one of the parcels. The second is a gentleman seeking a hunting license to exclusively hunt on the property. After some discussion it was decided that the committee is not interested in either proposition at this time. Ms. Kedroski added that the Foundation owns a five acre, land-locked parcel in Alabama and a realtor is looking into options to divest that property.

Adjournment: There being no further business, the meeting adjourned at 9:22 a.m.



Ken Wampler, Chair

11-4-20
Date



Cristie Kedroski, Secretary

11-4-20
Date