

NWFSC Foundation Finance Committee Meeting
April 26, 2022 at 8:00 a.m.
Room 306, 3rd Floor, Student Services Building

Members Present:

Bo Arnold	Vincent Mayfield
Christie Austin	Brian Pennington
Jim Bagby	Steve Rhodes
Don Litke	Alan Wood

Staff Present:

Kelly Copeland
Carla Reinlie
Chris Stowers

Others Present:

Cristie Kedroski	Whitney Rutherford
Ray McGovern	Randy White
Shane O'Dell	

Absent:

Destin Cobb
Jonathan Ochs

Call to Order:

Mr. Wood called the meeting to order at 8:00 a.m.

Approval of Committee Meeting Minutes:

The January 25, 2022 were approved as presented. **Motion to approve minutes, Dr. Arnold; Second, Mr. Bagby. Motion carried unanimously.**

Finance and Investment Reports:

Mr. Stowers presented the Statement of Financial Position, Statement of Activities, and Investment Reports as of February 28, 2022. Total assets are \$67,066,883 and total liabilities are \$155,000, bringing the Total Fund Balance to \$66,911,833. Note: Cash and Cash Equivalents are overstated by \$3,727,129 due to an internal system error that is currently being worked on. The net fund balance with the correction is \$63,184,754. For the previous fiscal year as of February 28, 2021 the Total Fund Balance was \$60,939,884. Total Revenues were \$6,565,023 and Total Expenses were \$1,471,372. A Statement of Activities from the previous fiscal year from July 1, 2021 through February 28, 2021 shows Total Revenues of \$10,863,058 and Total Expenses of \$2,492,331 for a Net Increase in Fund balance of \$8,370,727. The Net decrease to the Merrill Lynch EMA account since July 1, 2021 was (\$809,999), bringing the Total Market Value to \$62,213,119 as of February 28, 2022. The Net Increase to the Vanguard Wellington Account (Science Development Fund) since July 1, 2021 was \$4,934, bringing the Total Market Value to \$328,451 as the last statement date of December 31, 2021. Combined total

holdings of the Merrill Lynch EMA and Vanguard Wellington accounts were \$62, 541,571. The portfolio allocation was 4.38% Cash and Cash Equivalents, 62.04% Equity, 8.82% Alternative Investments and 24.77 Fixed Income.

Checks over \$5,000:

Mr. Stowers presented a listing of checks over \$5,000 from January 1, 2022 through April 18, 2022.

Motion to approve the checks over \$5000 as presented Mr. Bagby; Second, Mr. Pennington. Motion carried unanimously.

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

Mr. McGovern presented a portfolio review as of March 31, 2022 and provided an overview of current market conditions. He presented the custom benchmark report from Blackrock, which reflected a market value of \$53,932,315 as of March 31, 2022, 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 65.27% Equity, 22.26% Fixed Income, 3.62% Cash, and 8.85% Alternative Investments. Mr. McGovern stated with the current market he is positive, but cautious regarding our accounts.

FY23 Operating Budget Update:

Mr. Stowers presented the operating budget for FY23. The operating fund currently has a balance of \$1,884,445 as of March 31, 2022. Mr. Stowers advised of three items for FY23; 1) The Foundation will increase Internal Support Services for salaries from 50% to 75%, which equates to \$288,000. 2) The Foundation will continue to support legislative services for the College at \$70,000. 3) For faculty/staff to improve academic services for student success, the Foundation will increase support to the College by \$25,000. Mr. Stowers advised Foundation staff work hard to ensure expenses do not surpass revenue.

Motion to approve the FY23 Foundation Operating Budget for presentation to the Board, Mr. Bagby; Second, Maj Gen Litke. Motion carried unanimously.

Underwriting of Mattie Kelly Arts Center Series 2022-2023:

Mr. Stowers presented the 2022-2023 Mattie Kelly Arts Center Series. He noted that each year the Foundation is asked to underwrite the season. **Motion to approve underwriting the 2022-2023 Arts Center season at a cost not to exceed \$510,000, Mr. Pennington; Second, Mr. Bagby. Motion carried unanimously.**

FY2023 Foundation/College MOU:

Mr. Stowers presented the Foundation/College MOU. He noted that this agreement is required by state auditors and serves to outline important terms between the College and Foundation. Mr. Stowers highlighted specific areas of the MOU to be stricken regarding Emerald Coast Music Alliance pending dissolution of the ECMA restricted fund agreement. Mr. Stowers also noted the MOU will be updated once the 2022-2023 budget is finalized. Board members advised of two edits to MOU; College Responsibilities – Delete section regarding a new Executive Director starting in FY22, and Personal Services – amend fifty percent to seventy-five percent and \$175,000 to \$288,000. **Motion to approve the Northwest Florida State College and NWFSC Foundation MOU as amended Mr. Bagby; Second, Dr.**

Arnold. Motion carried unanimously.

Proposal for Use of Innovation Fund – Raider Champions Scholarship Endowment:

Mr. Stowers presented the Proposal for the Use of Innovation Fund – Raider Champions Scholarship Endowment. At least 85% of students who earn a degree/credential at NWFSC remain in the local community. The vision of the College is to create the Raider Champions Scholarship Endowment that will allow every qualified recent high school from Okaloosa or Walton County who enrolls at NWFSC can attend cost free (tuition, fees, and book/materials). The Foundation has been renting its broadband spectrum to mobile telecommunication firms since 2006 and placing the revenue in an Innovation Fund, which currently has a balance of more than \$730,000. The Foundation is proposing \$700,000 be transferred to the Raider Champions Scholarship Fund. After discussion, the Committee agreed to transfer \$500,000 from the Innovation Fund to the Raider Champions Scholarship Endowment. **Motion to approve the transfer of \$500,000 from the Innovation Fund to an endowment supporting the Raider Champions Scholarship Fund for presentation to the Board, Mr. Bagby; Second, Dr. Arnold. Motion carried unanimously.**

New Endowments:

Mr. Stowers presented two new endowments to the Committee; Wolfrom Family Endowed Scholarship, and Douglas K. Arpke Memorial Scholarship. Steven and Patti Wolfrom created the Wolfrom Family Endowed Scholarship with a \$25,000 gift and pledge. This scholarship will provide scholarship support to a NWFSC student in financial need with first preference for a student pursuing a career in marketing or communications. In honor of his mother, Eileen Arpke, Douglas K. Arpke left a portion of his estate to NWFSC to create the Douglas K. Arpke Memorial Scholarship in honor of her love and passion for the College. This scholarship will provide financial assistance to a student pursuing an aviation career. **Motion to approve the Wolfrom Family and Douglas Arpke Endowed Scholarships for presentation to the Board, Mr. Bagby; Second, Mr. Rhodes. Motion carried unanimously.**

Emerald Coast Music Alliance Fund Termination:

Mr. Stowers updated the Committee on the ECMA Fund Termination. Due to the increased auditing and financial standards, the increased chance of audit findings, and the cumbersome workload, it is in the best interest of the Foundation and College to terminate the original fund agreement with ECMA.

Executive Director's Report:

Mr. Stowers briefed the Committee on the sale of our Walton County property to the Bradley's. He stated Choctaw Land and Timber was delayed in thinning the property due to weather but is almost done. Closing has been pushed back until May 10, 2022.

Other Business:

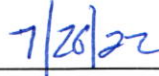
Next meeting is scheduled for July 26, 2022 at 8:00 a.m. in room 308, Raider Central, Building 400, Niceville Campus.

Adjournment:

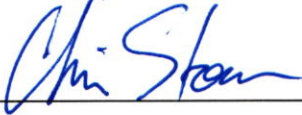
There being no further business, the meeting adjourned at 9:38 a.m.



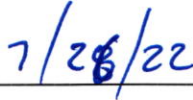
Jonathan Ochs, Chair



Date



Chris Stowers, Secretary



Date