

NWFSC Foundation Finance Committee Meeting
October 31, 2023 at 8:00 a.m.
Room 308, 3rd Floor, Student Services Building

Members Present:

Christie Austin
James Bagby
Cindy Frakes
Fran Hendricks
Bernard Johnson
Heather Kilbey – via teleconference
Don Litke
Vince Mayfield

Wendy McAdams Dorr
Jonathan Ochs
Brian Pennington
Steven Rhodes
Chris Stowers
Alan Wood

Others Present:

Brian Carter
Olivia Danner
Cristie Kedroski
Ray McGovern

Tanner McKnight
Shane O'Dell
Whitney Rutherford

Staff Present:

Pinar Archangel
Jennifer Bernich
Conner Rogers
Tara Thomson

Absent:

Destin Cobb
Todd Grisoff
Hu Ross

Call to Order:

Ms. Frakes called the meeting to order at 8:01 a.m.

Approval of Committee Meeting Minutes:

The minutes from the July 25, 2023 Finance Committee meeting and the September 27, 2023 Special Committee meeting were approved as presented. **Motion to approve minutes as presented by Mr. Johnson; Second, Mr. Bagby. Motion carried unanimously.**

Finance and Investment Reports:

Ms. Thomson presented the Statement of Financial Position, Statement of Activities, Investment Report, and Operating Budget Review as of September 30, 2023. Statement of Financial Position Total Assets are \$59,972,921 and Total Liabilities are \$1,284, bringing the Total Fund Balance to \$59,971,636. For the previous fiscal year as of September 30, 2022, the Total Fund Balance was \$53,472,277. Statement of Activities Total Revenues were (\$1,172,013) and Total Expenses were \$170,145 for a Net Decrease in Fund balance of (\$1,342,158). A Statement of Activities from the previous fiscal year from July 1, 2022 through September 30, 2022 shows Total Revenues of (\$2,012,112) and Total Expenses of \$1,871,826 for a Net Decrease in Fund balance of (\$3,883,938). Investment Report The Net decrease to the Merrill

Lynch EMA account since July 1, 2023 was (\$1,376,526) bringing the Total Market Value to \$58,854,881 at September 30, 2023. The Net decrease to the Vanguard Wellington Account (Science Development Fund and First Responders Fund) since July 1, 2023 was (\$14,010), bringing the Total Market Value to \$443,088 as of the last statement date of September 30, 2023. Combined total holdings of the Merrill Lynch EMA and Vanguard Wellington accounts were \$59,297,968. The portfolio allocation was 3.04% Cash & Cash Equivalents, 62.56% Equity, 9.64% Alternative Investments and 24.76% Fixed Income. Operating Budget Review As of September 30, 2023. Total Operating Expenditures were \$55,641, leaving 89% of the budget available for the fiscal year.

Motion to approve the Finance and Investment Reports as presented for presentation to the board presented by Mr. Bagby; Second, Gen. Litke. Motion carried unanimously.

FY 2023 Audited Financial Statements/IRS Form 990:

Mr. Carter presented the Fiscal Year 2023 Northwest Florida State College Foundation Audited Financial Statements and IRS Form 990 informational return. Both documents have been prepared by the independent auditing firm of Mauldin & Jenkins, Certified Public Accountants of Bradenton, Florida. The audit reflects a clean opinion. Highlights of the Audit Net position was \$61,313,795 at the close of the fiscal year. This reflects an increase of 6.90% over the previous fiscal year. Of the \$61.36 million in total assets, \$13 thousand rested in capital assets. Total liabilities were \$46 thousand, with \$44 thousand due to the college and \$2 thousand due to other outside vendors. The Foundation's investments increased 7.14% from July 1, 2022 to June 30, 2023 after a reported decrease of 7.25% from July 1, 2021 to June 30, 2022. The decrease and subsequent increase were principally due to financial market conditions. At June 30, 2023 the number of funds in underwater status was 10. All 10 were endowments established within the past three fiscal years and were impacted by current improved fiscal year market conditions. Endowments with a fair market value below corpus will receive no spending allocation. The deficits can only be overcome through positive investment earnings. Total gifts, contributions, grants and other income, decreased \$2,654 thousand from 2022 to 2023, totaling \$889 thousand at June 30, 2023. Additions to permanent endowments totaled \$196 thousand at year-end. Total college support was \$2.9 million. These payments reflected \$725 thousand in scholarship expenses, and \$2.2 million in program and other support to the college.

Motion for NWFSC Foundation Finance Committee to accept the FY 2023 Draft Audited Financial Statements and IRS Form 990 for presentation to the Board, Mr. Wood; Second, Mr. Ochs. Motion carried unanimously.

Sale of EBS License: Ms. Rutherford presented the offer that has been made by T-Mobile to purchase the College's and the Foundation's Education Broadband Service (EBS) licenses for \$1,750,000. To ensure that committee members had an opportunity to discuss before the October 31 Finance meeting, the Finance Committee held a special informational meeting on September 27, 2023, to present and discuss the offer. The College's Board of Trustees first discussed this offer at their September meeting, and, at their October 17 meeting, the Board of Trustees approved the sale of the College's license.

A motion to recommend to the Board: (1) approve the sale of the Foundation's EBS license to T-Mobile for the purchase price reflected in the asset purchase agreement; (2) approve the proceeds of the sale of both the College's and Foundation's licenses being directed to the Northwest Florida State College Foundation; and (3) authorize and direct the Board of Directors Chair and Foundation Executive Director to take all required action and sign documents necessary to close the sale. Motion made by Gen. Litke; second by Mr. Bagby. Motion approved unanimously.

New Endowment:

The friends, family and employees of Step One Automotive Group, along with the Correa family, have pledged gifts totaling \$15,500 to establish the Stergios Katsaros Memorial Scholarship Endowment at Northwest Florida State College. This endowment will provide scholarship support to students pursuing a degree in the medical field with financial need.

Motion to approve the Stergios Katsaros Memorial Scholarship Endowment as presented for presentation to the Board, Mr. Rhodes, second Mr. Ochs. Motion approved unanimously.

Checks Over \$5,000:

Ms. Thomson presented a listing of checks over \$5,000 from July 1, 2023 through September 30, 2023.

Motion to approve the checks over \$5,000 as presented, Mr. Ochs; Second, Mr. Johnson. Motion carried unanimously.

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

Following are the investment reports and portfolio reviews as of September 30, 2023 provided by McGovern, O’Dell & Associates. Merrill Lynch Portfolio Review BlackRock Portfolio Analysis

Mr. McGovern presented a portfolio review as of September 30, 2023 and provided an overview of current market conditions. He presented the custom benchmark report from Blackrock, which reflected a market value of \$51,161,601 as of September 30, 2023, reminding the committee that the Blackrock report is not a representation of the Foundation’s entire investment portfolio with Merrill Lynch. The total portfolio had a balance of \$58,849,130. The Merrill Lynch report shows investment allocations stand at 64.32% equity, 22.96% fixed income, 3.00% cash and 9.72% alternative investments at June 30, 2023.

Raider Landing Loan Update: Mr. Stowers provided an update on the loan to the developer for the Raider Village student housing. The Foundation received \$13,396 in August for our portion of the loan origination fee. It is reflected in the financial statements as Other Non-Operating Revenue. Community Bank has informed the Foundation that the Jay Odom Group has requested the first draw of \$304,266. These funds will come from the developer’s 20% that they are providing (\$2,679,241) before any of the loaned funds from the Foundation and Community Bank.

Executive Director Report: Mr. Stowers introduced Pinar Archangel, the Foundation’s new Office Specialist.

Next Meeting:

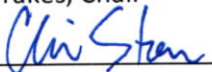
The next Finance Committee Meeting will be on January 30, 2024 at 8:00 a.m.

Adjournment:

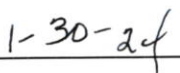
There being no further business, the meeting adjourned at 8:54 a.m.



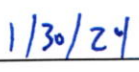
Cindy Frakes, Chair



Chris Stowers, Secretary



Date



Date