

UWF FOUNDATION, INC.
EXECUTIVE COMMITTEE MEETING
MINUTES

May 12, 2008

Members present: Marny Gilluly, John Cavanaugh, Dave Cleveland, Tim Haag, Britt Landrum, Casey Rodgers, and Brett Shaw.

Staff present: Dean Van Galen, Susan Stephenson, and Sheri Pope.

Guests present: Wayne Williams, Foundation Board member and Hal White UWF Executive Vice President for Administration.

Order: Marny called the meeting to order at 4:10 p.m. in Conference Room 1 of the Bowden Building in downtown Pensacola.

Business Discussion Items:

Marny turned the meeting over to President Cavanaugh. He briefly discussed the announcement that he will be taking a new position as Chancellor of the Pennsylvania State System.

To begin the business meeting, Casey asked and Sheri confirmed that a quorum was present. Casey requested the committee members review the minutes of the last meeting. Brett made the motion for the minutes to be accepted as written and Dave seconded the motion. All voted in favor of the motion.

President Cavanaugh gave the University update. He discussed the ground breaking for the Science and Engineering building and the two-day symposium partnering the Navy and the Psychology Department. He informed the committee of a new UWF milestone. With the May 2008 graduating class, the number of UWF alumni has risen to over 60,000. The state budget picture continues to look bleak for the foreseeable future. The campus will take another approximately 6% cut in the fall. However, the Governor has agreed to support a 6% tuition increase. UWF will finally finish up this summer its FEMA claim resulting from Hurricane Ivan. A lot of work has gone into this effort over the past three and a half years. Cavanaugh also informed the committee that UWF is exploring new targeted expansions and partnerships with new businesses springing up to support the new plant in Mobile and new developments outside of Eglin Air Force Base.

Dean presented the Development and Campaign Report. He spoke briefly about the Maritime Museum, the ongoing fundraising efforts for its construction and that it remains a priority to the University. Dean informed the members that Sara Groh, Coordinator for Annual Giving, received the Division Employee of the Year Award and the overall University Employee of the Year Award at the recent Employee Excellence Award Ceremony. Unfortunately, Sara will be leaving the University this summer for New York where her husband has taken a job. She will be deeply missed. Dean moved into the Campaign report handout and noted that we are fast approaching the campaign goal of \$35 million. In the near future, he anticipates asking the Board's advice on raising the goal. He spoke about several recent leadership gifts, updated number of donors, and the breakdown of the gifts to the Campaign. Dean talked for a short time about the success of the Scholarship Appreciation Luncheon held in April that brings together donors and scholarship recipients. The Johnson Scholarship Foundation Challenge Grant proposal comes with a challenge to raise over \$1 million to establish a new scholarship endowment for students with high financial need. Martha Lee Blodgett will be leading this effort for the Division. Terry and Susie Connor made a leadership gift to create an endowment to help kickoff this effort. Dean concluded his report by announcing that the Division plans to begin sending a new electronic newsletter to Alumni and friends in the coming months.

Susan reviewed the Executive Director's report handout. Recent spending has included support for the Archaeological Survey in Mexico, remodeling facilities in the Music Department and the Mock Courtroom, and a commitment of non endowed funds was made to support the Next Exit History podcast grant. Mediation efforts in the Dunn lawsuit broke down and may be moving toward trail. We are still working to settle the dispute. Alumni Association agreements for the renewal of the GEICO agreement, the new travel company and graduate health insurance company have been signed. Housing concluded the year at 93% occupancy and is on track to meet or supersede all bond covenants. The mortgage on the Alcaniz property was scheduled for payoff on May 13th. The Investment Committee has taken action for the temporary investment of the \$4.2 million in the Foundation's SPIA account until other investment options can be determined. Nursing will be moving into Building 8 and a \$5,000 offset has been included in the annual budget to help them with the rent during the current budget crisis. The land exchange involving the Baroco Property will probably be negotiated in time for the September Board of Trustee meeting. In the meantime, ECUA and the University are working on an MOU for utility easements and UWF is verifying the wetlands survey. The Foundation has a buyer for the Holmes River Campsite for the selling price of \$6,000. At the end of today's meeting, the committee will be asked to vote on a resolution authorizing the Executive Director to sell the property. Susan next spoke briefly about the planned giving investments which are under review. We have asked the Bank of New York to propose a mixture of investments in compliance with Florida law that utilizes a more long term horizon. It will most likely include a mixture of stocks, fixed income, and perhaps real estate investment vehicles. The target for stocks will be 40% (35% minimum and 45% maximum) staying well below the State's 50% limit. Our consultant at Morgan Keegan has agreed to review the investment mix before its submission to the Investment Committee for approval. Susan also told the Committee that annuity payments for one annuitant have been included and will be paid from the annual budget for the next four years. This will allow the annuity to replenish and ensure funds remain to establish a matched endowment at the conclusion of the gift annuity.

Dave reported on the performance of the investments. It was a very difficult quarter with all sectors down. The strength of our portfolio showed in that we were not down as much as most of our benchmarks. In keeping with good practice and ongoing due diligence efforts, our fund managers are invited to periodically come, discuss their investment philosophy and respond to Committee member questions. Our two fund of fund hedge fund managers made presentations at the meeting today. We are not experiencing any problems with our funds. The Committee discussed the mortgage closing for the IHMC property. A special meeting prior to the next Board meeting in June has been proposed to discuss the investment of the proceeds, possibly in real estate. Funding for the Charitable Gift annuity was discussed and the Committee will be reviewing the proposed investment strategy at the next meeting. A presentation was seen on Endowment Spending and intergenerational equity. The Committee agreed to review the spending policy within the Investment Policy at the August meeting. The Committee will be considering options to ensure the endowment corpus grows to sustain buying power while also funding current needs. Dave asked the Executive Committee to approve the short term investment of the \$4.2 million in the SPIA from the Alcaniz mortgage. Brett made the motion, Casey seconded it and all voted in favor.

Britt Landrum gave an overview of the Nominating Committee meeting. The Foundation Board has three positions to fill. However, two of the three positions are eligible for renewal. The committee reviewed a strong list of candidates, identified committee members to contact the potential nominees, and has completed a list of nominees and slate of officers for presentation at the June meeting of the full Board. President Cavanaugh has four positions to fill. One will be filled by renewal and two of the other three nominees have been identified. He is still working on selecting a candidate for the final position. The Alumni Association has filled its vacant position. Britt provided the committee's suggestions for officers and noted that everyone has been contacted.

Brett provided the Treasurer's Report. Expenses for the year are in line with the FY2008 Budget through the third quarter for the Foundation and Housing. The Division Directors and the Housing Business Manager

presented their FY09 Operating Budget request to the Committee. The funds available for the budget rose by 6.89%. These funds were absorbed by additional requirements for the gift annuity payments previously discussed and the Comb's School Scholarship commitment. Brett told the Executive Committee that the staff had done a very good job of providing detailed information on how the funds would be used. He thanked them for their efforts. During today's meeting, the auditors held their opening conference with the Audit Budget Committee. They previewed the upcoming audit and the expected changes in requirements. When asked for suggestions, the auditors singled out the valuation of the Trader Jon Collection. The Executive Committee discussed the merits of an updated (perhaps biannual) appraisal as suggested by the auditor. The committee was unclear on the cost benefit of the practice and asked Brett and Susan to speak with the auditor for clarification on the issue.

Marny told the members that the new Grants Committee will be forming soon. Pat Denkler has agreed to Chair the Committee beginning in the fall. Susan and Dean have worked with the campus Dean's Council and the Student Government Association to identify needs. The groups agreed that a grant program focused on student study abroad, perhaps with emphasis on language emersion, would be the most helpful. Other ideas that were mentioned included student/professor research and student service learning projects. Since no other funds had been awarded this year and there was only a very short window for response, Marny authorized the use of \$10,000 as match to support the Next Exit History Podcast Grant application.

Marny asked if anyone had any questions related to the property resolution authorizing the Executive Director to sell the Holmes River Campsite that Susan had discussed in her report. Brett made the motion to approve the resolution and Tim seconded it. All voted in favor.

Marny asked Susan to explain the Consent resolution for the Pace Property. Susan stated the resolution was requested by a property owner in Pace. It is very similar to the one voted on in November. Apparently, there was another error in the recording of a title several years ago. The property involved was never intended to be part of the Pace estate that was subsequently gifted to UWF. This resolution is simply a house-keeping matter that will set the title records straight. Margaret Stopp, the Foundation attorney, has reviewed the resolution and has advised it is appropriate for consideration and vote by the committee. Casey made a motion to accept the resolution and Brett seconded the motion. All voted in favor of the motion.

Susan noted that Dr. Podemski will be taking the Faculty Regalia Loan Program to the Faculty Senate for input. The program details are still being worked out, but would allow faculty to purchase regalia at the beginning of the school year and pay it off by payroll deduction over the course of the year. The hope is that more faculty will be able to purchase regalia and attend commencement ceremonies. Once the program details are finalized, the Foundation Board will be asked to approve funding for the program.

Marny asked everyone to notice the meeting schedule for FY09 and mark the dates in their calendars.

There being no further business, the meeting adjourned at 5:10 p.m.

/S/ Susan Stephenson
May 25, 2008