

## MINUTES

### Meeting of the Board of Trustees UL Lafayette Foundation Wednesday, May 16, 2018

The UL Lafayette Foundation Board of Trustees met on Wednesday, May 16, 2018 in the Foundation Boardroom with the following persons present:

Reed Andrus	Marc Judice
Jeanne Billeaud	Cherie Kraft
Thomas Chance - via proxy	Tommy Kreamer
Donna Landry	Lenny Lemoine
Wayne Elmore	Mark Miller – via proxy
Dr. Julie Falgout	Stan Hardee
Mike Finch	John Wright – via proxy
Gene Fortier	Hank Perret
Joe Giglio	Jim Poche
Bryan Hanks	Don Washington – via proxy
Bill Hendrix	Dr. E. Joseph Savoie
Billy Rucks – via proxy	

ULL Liaisons & Staff in Attendance:

Colette Billeaud, staff	Mattie Cook, staff
John Blohm, UL liaison	Kris Foster, staff
Jill Duhon, staff	David Smith, staff
Brittany Johnson, staff	

Trustees absent:

Mike Mosing	Madlyn Hilliard
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- I. Chairman Mr. Wayne Elmore called the meeting to order at 11:30am.
- II. Mr. Kreamer gave the Invocation and led the Pledge of Allegiance.
- III. **A motion for approval of the minutes of the February 28, 2018 meeting was made by Mr. Bryan Hanks; seconded by Mr. Mike Finch. All were in favor; motion carried.**
- IV. Mr. Elmore asked UL Lafayette President, Dr. E. Joseph Savoie, if he would like to make any comments. Dr. Savoie thanked the members of the Board and stressed the importance of their role within the University. He noted that Commencement exercises were held the prior Friday with 1,732 students graduating giving the University the 2<sup>nd</sup> largest graduating class in the school's history. He noted that over the past 10 years Undergraduate graduation rates have increased by almost 30%, Master's level graduates increased 45% and Doctorial graduates have increased by 60%. He feels that this is due to the dynamics of the campus

evolving and becoming more research oriented. Dr. Savoie advised that School of Nursing has a new Dean. Melinda Oberleitner is stepping up to fill the shoes of prior Dean Gail Poirrier who is retiring after 50 years with the University. Legislatively, he is hoping things will work themselves out in the next few weeks. Threats of cuts to University budgets and the TOPS program are of concern. Last year we lost approximately 100 freshmen from the New Orleans area because of the uncertainty of the TOPS program. Finally, bonds went up for sale this morning for the construction of the new 600 apartment and retail complex going up on the corner of Johnston and East Lewis streets. Retail units will include a restaurant, sports bar and coffee shop.

V. Mr. Elmore asked Dr. Julie Falgout to begin her President/CEO report.

- **President/CEO Report** – The Foundation has been working with a local consulting firm to develop Position Success Maps for each of the Foundation Personnel/Positions. All PSMs have been completed and will help the organization going forward in filling future staff positions and completing all employee Performance Evaluations. The completed PSMs have been turned over to Mattie Cook who will be the point person going forward.

There will be a survey distributed to the Board next quarter which will be further discussed in the Governance Committee Report. The Committee will be looking for the Board's perspective on continuing with the Honor Roll Fund/Campaign. What is an acceptable annual contribution, and could donations from a Trustee's business count as a "soft" contribution from them. Once received, the Governance Committee will review the findings and will recommend a new policy for the Board to follow.

Fiscal year-to-date Gift Processing numbers indicate that over 13,000 gifts have been processed with gifts and pledges totaling over \$14.1 million. Honor Roll contributions for the same period totaled \$68,130. The Spring Honor Roll solicitation will be going out shortly.

VI. Mr. Elmore asked Cherie Kraft in Mr. Washington's absence, to begin the Committee reports:

- **Governance Committee** – The Governance Committee met on Tuesday, April 10, 2018 at 9:00am. The Committee discussed the Emeritus nomination of Dr. Walter Comeaux.

**BOARD ACTION: Cherie Kraft made a motion to recommend that Dr. Walter Comeaux be given Emeritus status as a Foundation Board of Trustee. Seconded by Gene Fortier. All were in favor; motion carried.**

It was noted that Ricky Minex declined consideration of nomination to the Foundation Board of Trustees. The Committee reviewed the biographies of three (3) prospects approved at February's Board Meeting.

**BOARD ACTION: Jeanne Billeaud made a motion to recommend Dr. Herman Hughes and Camille Poche as new Board members to serve an initial first term; seconded by Bryan Hanks. All were in favor; motion carried.**

Wayne Elmore will also reach out to see if Mary Romagosa would be interested in serving as a Board Trustee.

A survey will be sent to the Board Trustees to ascertain what/how they think the contributions to the Honor Roll fund should be handled. The Governance Committee would like to hear what amount the Trustees think should be required as an annual contribution, and, should contributions from Trustee businesses count as a contribution from the Trustee themselves. Once the surveys

are complete, the results will be analyzed and a policy will be developed using the results from said survey.

- **Audit and Finance Committee** – Mr. Hendrix presented the report from the Audit and Finance Committee, which met Wednesday, May 2, 2018 at 4:00pm. The committee reviewed the unaudited Statement of Financial Position, Statement of Activities, Activities by Program, and Operational Measures for the period ended March 31, 2018. Total assets of the Foundation stand at \$195.9 million. This represents a \$3.9 million dollar increase over the prior year due to growth in investments netted against reductions in cash. Net Assets increased \$3.9 million dollars, which corresponds with year-to-date net surplus.

Contributions revenue decreased \$1.2 million dollars from the prior year, because the prior year included two outlier gifts. At the same time, investment returns were less favorable when compared to the prior fiscal year, with lower unrealized gains yielding a \$2.7 million dollar decrease in portfolio revenue during the same timeframe. Once the lagging contributions were combined with the less robust portfolio income, total revenue decreased by \$4.5 million dollars. At the same time, expenses increased by \$3.5 million dollars over the prior year. The increase in expenses were due to catch up requisitioning from Athletics to subsidize their operations along with increased Advancement support. Despite the reductions in revenue and increases in expenses, the Foundation recorded an operating surplus of \$3.4 million dollars. After factoring in the transfers from Athletics for debt escrow reimbursement and Oakbourne special membership financing, the Foundation's change in net assets was \$3.9 million.

From an operations perspective, the Foundation received 4,737 academic donations during the year, averaging \$1,224 each, while the total number of athletic donations numbered 7,243 for an average of \$676. Athletic gifts accounted for 60% of all revenue transactions for the year.

The Foundation has provided \$13.8 million in support to the University so far this year, supplementing an estimated 7.9% of its budgeted operational expenditures. The year to date academic spending rate stands at 5.2%, while the athletic spending rate stands at 160.7%.

The committee reviewed the Foundation's General Fund Statement of Activities for the year, comparing actual to budgeted performance. Revenue was below budget by \$256,000, while at the same time expenses were \$11,000 above budget. Revenue decreases stemmed from lower gift fees than planned (due to waived fees on grandfathered pledges) and lower unrealized gains. Most expenses closely tracked budget. On a year-to-date basis, the Foundation General Fund recorded an operating loss of \$105,000. After netting the operating loss against certain Athletic reimbursement transfers for debt reserve reversals and Oakbourne special membership financing, the General Fund realized a net increase of \$718,000.

The audit committee reviewed an initial draft of the 2018-2019 General Fund operational budget. As of the committee meeting date, on a combined basis, the Foundation Administration and the Advancement Unit have submitted requests for operational needs that exceed the expected revenue for the fiscal year. The committee directed both parties to review their operational requests and to identify ways to reduce costs or subsidize revenues. The committee will meet again in a few weeks to review cost cutting suggestions and prioritize needs

- **Real Estate Enterprise Committee** – The Real Estate Enterprise Committee met Tuesday, May 1, 2018 at 11:30am. Mr. Giglio reported on the following items:
  - 1) **200 Block of North College**: Joe Giglio advised the Committee that our original offer to purchase the property has been withdrawn and the deposit to Place de Lafayette has been returned. A new purchase agreement was discussed by the Executive Committee.

**BOARD ACTION:** Joe Giglio made a motion to recommend that the CEO be authorized to sign new 200 Block of North College Rd. purchase agreement contingent upon bank approved appraisal and due diligence period changed from ninety (90) days to one hundred eighty (180) days. If seller won't agree to extension of due diligence period then OK to proceed with ninety (90) day due diligence period. Seconded by Gene Fortier. All were in favor; motion carried.

- 2) 804 E. St. Mary Blvd.: Joe Giglio presented a new purchase agreement for the property in the amount of \$690,000.

**BOARD ACTION:** Joe Giglio made a motion to recommend that the CEO be authorized to sign new 804 E. St. Mary Blvd. purchase agreement contingent upon bank approved financing and appraisal. The Foundation will put 20% of purchase price as down payment and bank will finance remaining 80%. Due diligence period should be changed from ninety (90) days to one hundred eighty (180) days. If seller won't agree to extension of due diligence period then OK to proceed with ninety (90) day due diligence period. Seconded by Cherie Kraft. All were in favor; motion carried.

**BOARD ACTION:** Joe Giglio made a motion that bank financing be based on a twenty (20) year amortization at prevailing acceptable interest rates subject to negotiations with The REEC Committee through its Committee Chair which would also include negotiating an extended closing date and suitable lease back rates agreed upon with financing bank. Seconded by Mike Finch. All were in favor; motion carried.

- 3) 107 Brashear: Joe Giglio advised because of the difference in BPO on 107 Brashear St. Compared to the BPO prepared on 1302 Johnston Street, the Committee asked for Southwest Real Estate to go back to CB Talley and have them review and explain differences. The Committee believes that there was an error made in valuing the property and agree with the seller's valuation documented in April 12 2018 email correspondence.

**BOARD ACTION:** Joe Giglio made the following four-part motion: a) recommend that the Foundation accept the seller's counter-offer of \$83,494; b) the Foundation will pay the 3% commission to Southwest Real Estate for the purchase of 107 Brashear; c) Tenant must vacate premises prior to closing. Motion was seconded by Gene Fortier. All were in favor with Jim Poche recusing himself; motion carried.

With the action taken above the Committee concluded the following costs to purchase the property:

\$ 83,494	purchase of 107 Brashear
\$ 17,000	to demolish both structures on 107 Brashear & 1302 Johnston
\$ 2,505	commission to Southwest Real Estate
<u>\$ 7,000</u>	approximate legal fees to close
\$110,000	

- 4) 717 East St. Mary Blvd. – Parking Lot Update: The Committee reviewed timeline provided by Ryan Humphreys who advised that the project is proceeding as planned. Work has begun and should be completed within the next three (3) weeks.
- 5) 710 Wilson St. Annual Lease Renewal: Current tenant has asked to renew the lease rental agreement for another year.

**BOARD ACTION:** Joe Giglio made a motion to recommend that the Foundation renew the lease rental agreement for 710 Wilson St. with current tenant for one (1) year at current rental rate of \$1,500 per month. Seconded by Cherie Kraft. All were in favor; motion carried.

6) Other Business:

Real Estate Financing Proposal: Bill Hendrix presented a Summary of Proposed Terms and Conditions financing being proposed by Hancock-Whitney Bank. After review and discussion the following Executive Committee action was taken:

**BOARD ACTION:** Joe Giglio made the motion that final loan agreements and purchase agreements on 200 North College Rd. and 804 East St. Mary Blvd be reviewed by a real estate attorney to be selected by the Real Estate Committee. Seconded by Mike Finch. All were in favor; motion carried.

**BOARD ACTION:** Joe Giglio made a motion that the Real Estate Committee pursue the line of credit with Hancock-Whitney Bank as broadly described in the discussion draft presented providing that a detailed term sheet and financing agreement be approved by Board before signing. Also, during the discussion and due diligence on high dollar real estate acquisitions, the REEC and Audit & Finance Committees will jointly review & discuss the transactions in order to protect Foundation assets. Seconded by Mike Finch. All were in favor; motion carried.

Real Estate Purchasing/Decision Trees: The Committee reviewed decision tree flowcharts prepared by Ryan Humphreys and Southwest Real Estate to aid in the steps to follow for all Foundation real estate purchases.

- **Investment Committee** – The Investment Committee met on Tuesday, May 1, 2018:30am. Chairman Tommy Kreamer reviewed the particulars:

As of June 30, the total market value of the two endowed portfolios was \$173,279,000. Of this total, the market value of the Regents portfolio was \$108,220,000, with performance results of -0.4% for the quarter and 6.2% year-to-date; whereas the Foundation portfolio totaled \$65,059,000 with performance results of -0.9% for the quarter and 4.6% year to date. Total fund performance results were -0.6% for the third quarter and 5.6% for the first nine months of the fiscal year. Seventy-three percent (73%) of the total fund liquid; 18% of total fund semi-liquid; 9% of total fund illiquid. Outstanding commitments are 5% of the total fund (\$9,391,000).

The committee met on April 16, 2018 to consider the student managed portfolio stock analysis and purchase recommendations for Spring 2018. A total of 14 stocks were analyzed and reviewed.

COMMITTEE ACTION: Upon motion duly made, seconded and carried by the Investment Committee, the members approved the student's recommendations for buying and selling within the student managed portfolio to transact the following during the last week of June 2018.

Buy Skyworks	Buy Procter & Gamble
Sell Nike	Buy Amazon
Buy Lockheed Martin	Buy Stanley Black & Decker
Sell Biogen	Buy Hologic Inc
Buy Oracle	Buy Halliburton

The market value of the student-managed portfolio was \$267,000 as of March 31, 2018. The portfolio has posted a net gain of \$67,000 since its inception in December 2015. The year-to-date performance was 10.4% compared to 10.6% for the S&P 500 index, and the inception to date yield was 30.8% on a weighted average cost basis, compared to 34.2% for the S&P 500 index during the same timeframe. As of March 31, 2018, the market value of the non-endowed portfolio was \$4,506,000. The portfolio posted a gain of \$67,000 (net of fees) year-to-date. The net yield was 1.49% year-to-date. The asset allocation consisted of 78% fixed income holdings, 17% equities and 5% cash at the end of the reporting period, all within policy parameters.

Representatives from Cambridge Associates discussed the outsourced chief investment officer services transition timeline, enterprise review key findings, asset allocation & portfolio strategy. They also made recommendations for updating the investment policy statement to reflect more accurate roles and responsibilities of both the committee and Cambridge Associates.

**BOARD ACTION: Tommy Kreamer made a motion to recommend that the Board of Trustees approve the proposed Investment Policy Statement revisions. Seconded by Mike Finch. All were in favor; motion carried.**

The OCIO updated the committee on the actions it has taking to begin the transitioning of assets and advised that liquidation notices have been initiated to AEW/Seaport Global Properties, MKP Opportunity Offshore, Harvest MLP and Brenner West Capital Offshore.

Cambridge Associates also provided an update on the progress of transitioning from Bank of New York Mellon to U.S. Bank for custodian services (including enhanced audit and accounting support). It also apprised the committee of the fact that it is soliciting a proposal for providing unitized accounting costs from U.S. Bank as well

- **Philanthropy and Donor Relations Committee** – Mr. Hanks reported on the Committee meeting, which was held Wednesday, May 2, 2018 at 12:00pm. The Fundraising Production Report through the third quarter of fiscal year 2018 was summarized, noting gifts and commitments totaling \$16,040,209. The Gifts Receipts Report, reflecting gifts and pledge payments, totaled \$10,608,607 for the third quarter of the fiscal year. The Metrics report detailed fundraising production, major gift proposals, annual gift proposals, face-to-face meetings, and the total number of Alumni donors from the first quarter. Mrs. Capone mentioned the goal for each category and the current progress towards each goal. In addition, she discussed the Fall and Spring Phonathons, in which 11,346 contact calls were made netting 2,643 donors and \$234,595 raised. Between the fall and spring direct mail and email solicitations, 106,300 pieces were generated. They are currently working to determine total funds raised as a result of those mailings. Development initiatives currently being worked on are: Campaign Vision Setting & Fundraising Priorities (Spring 2018); Kathleen Blanco Public Policy Center Fundraising & Event; Regional Development Events (Washington, D.C. & Houston) where \$655,000 has been raised towards a \$2M endowment goal; Maraist Financial Services Lab construction is nearing completion with a grand opening date of August 2018 in the works; BoRSF State Matching Update: 3 out of 12 Superior Graduate Scholarship applications submitted were matched; Chairs, 1 application was not submitted for a match due to ineligibility from Board of Regents vacancy rate criteria.

Regarding Gift Compliance, fiscal year-to-date donor funds for Professorships and Scholarships was at \$1,447,585.

Prior to the annual spendable report being distributed to each college/unit (as of March 2018) with the approved scholarship spendable amounts, Mr. Smith, along with Kris Foster, Foundation Accountant and the UL Office of Scholarships met with 90% of the Deans, Scholarship Coordinators and faculty. The scheduling allowed faculty and administration to be educated on

the scholarship awarding process and the key roles of Foundation & Scholarship personnel. Input on more efficient awarding processes was solicited. These scheduled meetings were well-received and provided greater impact meeting University faculty “one-on-one” at each college. Still pending schedules for meeting are the Ray P. Authement College of Sciences and the College of Liberal Arts (awaiting appointment of new Director of Development). Due to the sign of the times, more of the colleges unanimously reported that students are just not taking the time to apply for academic scholarships available, which has contributed to our reduced award rate.

The department continues to work closely with the Foundation CFO and the Charitable Registry, LLC to provide the Foundation’s financial statements and current contact information for reporting and to remain in compliance with the respective states’ annual renewal requirements. Effective FYE 6-30-17, thirty-nine states and the District of Columbia require charities that are soliciting funds from their residents register with the state before doing so, and thereafter to report annually for as long as they are soliciting in the state. Since last year at this time, the CEO requested filing in all required states and file exemptions in others by completing the necessary state applicants. This year’s renewals going forward should be a smoother transition, since we are already registered and only need to report annually our financial statement requirements.

- 16 states allow an exemption from filing registration and reporting
- 23 states currently require registration for solicitation
- 12 states do not require any charities to register or report merely because they solicit in state.

FY 2018-2019 Scholarship Endowed Budget Allowances & Non-Endowed Current Balances was distributed to the University colleges, Office of Development and Office of Scholarships as of March 5, 2018. Scholarship Coordinators have been requesting a number of scholarship guidelines be revised for the eligibility requirements. Also, a total of 5 new endowed “First Generation Scholarships” and 3 “Superior Graduate Student Scholarships” previously matched by the BoRSF as \$100,000 endowments are now eligible for awarding with an average spendable amount of \$4,500.00 for the next academic year. These new scholarship guidelines are currently being finalized for donor engagement to begin awarding fall 2018.

The Foundation hosted its 2018 Eminent Faculty Awards on Thursday, April 12, 2018 at Le Pavillon in Parc Lafayette. The following recipients were honored:

- Dr. Ray P. Authement Excellence in Teaching Award
  - Dr. Jennifer Lemoine, Assistant Professor of Nursing, College of Nursing & Allied Health Professions
  - Dr. Febee Louka, Associate Professor of Chemistry, Ray P. Authement College of Sciences
- Distinguished Professor Award
  - Dr. James Albert, Professor of Biology, Ray P. Authement College of Sciences
  - Dr. Xiaoduan Sun, Professor of Civil Engineering, College of Engineering
- Leadership in Service Award
  - Dr. Terrence Chambers, Professor of Mechanical Engineering, College of Engineering

Sponsorships for the event brought in \$8,400 and registrations brought in \$3,445. The event was attended by 192 people.

The College of Engineering Alumni Wall of Honor V event was held February 23, 2018 and honored Georges Antoun, ITEC '88; Bryant Chapman, CHEE '82; David S. Huval, CIVE '61; and John Pere', PETE '79. The event was attended by over 70 guests. The College of Engineering Alumni Wall of Honor VI event was held April 27, 2018 and honored Ibrahim Al-Alawi, PETE

'88; Mohammad "Ema" Haq, MCHE '93; Alexandre "Alex" Theriot, Jr., CIVE '59 and Charels "Chuck" Treadway, EECE '88. The event was attended by over 80 guests.

Cocktails and Conversation event with ULL President, Dr. Joseph Savoie was held in Houston, TX, Thursday, March 1, 2018 with over 50 guests and faculty attending.

Donor Relations & Stewardship are working to set dates for the following events:

- Maraist Finance Lab Ribbon Cutting (fall 2018)
- 2018 Distinguished Donors (fall 2018)
- 2019 Eminent Faculty Awards (spring 2019)
- Upcoming Engineering Alumni Wall of Honor events (fall 2018 and spring 2019)
- Upcoming Engineering Lab Unveilings (TBD)

Mr. Hanks gave the Athletics Report in Mr. Harris' absence. Athletics received a \$3.8 million gift this quarter. They are hoping to receive a statement of proof of value from the donor's family's financial advisor in the coming week. All naming rights donation/sponsorship have been documented for baseball SAPC, and all signs should be up/installed by May 10th. RCAF is exploring a new Giving Model which will put more emphasis on total giving rather than specific/individual fund gifts. The model is being vetted now and will be presented to the RCAF Board at its June meeting. Two new positions to begin May 21st have been filled. Director of Annual Giving (coming from Rice University) and Director of Major Gifts (coming from Texas A&M Commerce).

Upcoming RCAF Events are:

- Hot & Spicy Golf Tournament to be held May 8th at Oakbourne Country Club
- Exploring another benefit concert to be held on Friday prior to one of two home games in October. Tracy Lawrence would open for Luke Combs at the Cajundome. Estimates are that it will generate \$150,000 for Athletics and \$300,000 for the Boys & Girls Club of Acadiana.

**Hilliard Society and Museum Programs** – Cherie Kraft advised that The Museum's Grant Writing Team is currently preparing applications to Collins-Diboll Foundation and Decentralized Art Fund. Fundraising for the Hays Exhibition has raised \$37,300 of \$60,000 goal with participation from many first-time donors from the Lafayette, Baton Rouge and New Orleans areas. Membership recruitment is underway and the Museum is planning to increase event rental rates from \$2,500 to \$3,500 to compensate for impact on staff and facilities. Summer exhibitions open June 15th with sponsors preview for Hays Town architecture exhibition on June 13th. Other exhibitions include the premier presentation of Salvador Dali Print Exhibition (made possible for the ParkWest Foundation) and Marina Zirkow Video Exhibition. The Roger Ogden talk on art collecting was attended by over 100 guests.

The Museum is currently experiencing a bee invasion in Gallery A which has prompted UL Facilities to address the long-standing concerns regarding the flashing on the roof of the Museum

4th quarter priorities and upcoming events are as follows:

- Finalize A. Hays Town exhibition (including community component) and fundraising
- Begin work with architect on planning an expansion of ops and programs into Town
- Building Accreditation
- June 1 - Soft opening of community exhibition in Town Building
- June 13 - Sponsor preview of Hays Town exhibition
- June 15 - Opening reception for all summer exhibitions including Salvador Dali
- July 11 - Alumni night at the museum
- July 14 - Architecture tours of Hays Town-designed homes in Lafayette



- July 21 - Play Day

**Board of Trustees went into Executive Session at 1:15pm**

**Board of Trustees went back into regular session 1:45pm:** The following Executive Committee Actions were taken:

**BOARD ACTION:** Hank Perret made a motion that the Foundation Board of Trustees adopt the Funds Management Agreement as shared with the Trustees while in Executive Session, subject to any changes that might be made by the University's or Foundation's legal counsel. Seconded by Cherie Kraft. All were in favor. Motion carried.

**BOARD ACTION:** Hank Perret made a motion that the Foundation Board of Trustees adopt the Affiliation Agreement distributed to the Trustees while in Executive Session. Seconded by Mark Judice. All were in favor. Motion carried.

**BOARD ACTION:** Hank Perret made a motion that the Foundation Board of Trustees adopt the Conflict of Interest Policy distributed to the Trustees while in Executive Session. Seconded by Joe Giglio. All were in favor. Motion carried.

**BOARD ACTION:** Hank Perret made a motion that the Foundation Board of Trustees adopt the amended By-Laws as shared and distributed to the Trustees while in Executive Session; and that the Board move forward in implementing plan set forth in the amended By-Laws where the CEO of the Foundation can also be VP of Advancement for the University, specifically Mr. John Blohm. Seconded by Mark Judice. All were in favor. Motion carried.

There was no Old Business to discuss.

There was no New Business to discuss.

With no further business, the meeting adjourned at 2:30pm.

Respectfully submitted,

  
Donald W. Washington  
Secretary/ Treasurer