

NOTICE OF PUBLIC MEETING

GREAT BASIN COLLEGE FOUNDATION
Finance Committee Meeting
1500 College Parkway
Elko, Nevada 89801
Berg Hall Conference Room
Thursday, October 29, 2015, at 3:00 p.m.

Video Conference from the Meeting Site to:
Great Basin College – Ely Center
2115 Bobcat Dr., GBC 111
Ely, Nevada
System Administration – North – Room 134
2601 Enterprise Rd.
Reno, NV 89512

MINUTES

Call to Order of the Great Basin College Foundation Finance Committee

Voting Members in Attendance: James Glennon, Tana Gallagher, Mark Laffoon, Jim Kelley, John Pryor

Voting Members Absent: Holly Wilson

Others in Attendance: Mark Curtis, Gregory Brorby, Sonja Sibert, Jaime Hullman, Mardell Wilkins

1. **Public Comment** (*see foregoing notation regarding public comment*) **Information only**
None.

2. **Approval of Minutes – James Glennon** **Information/Action**

Chair James Glennon presented the minutes of the GBCF Finance Committee meeting on October 1, 2015. **MOTION:** by Jim Kelley to approve the minutes; seconded by Tana Gallagher; motion was **APPROVED**.

3. **NSHE Endowment Pool Proposal – James Glennon** **Information/Action**
Jamie Hullman, Director of Finance for NSHE, was again present to recap the benefits and risks of the GBC Foundation transferring their accounts into the NSHE investment pool and to answer any lingering questions. This is the third Finance Committee meeting in which the topic has been discussed. The returns will be similar over the long run with less volatility. NSHE doesn't gain anything with having more accounts in the pool. It just allows the GBCF a way of saving administrative services and fees. For the Trustee meeting they can give a brief recap of the NSHE Endowment Pool proposal highlighting the comparative portfolio analysis between GBCF and NSHE. The GBCF Finance Committee discussed the proposal in detail

Greg Brorby and Sonja Sibert have found an additional \$4,000 annual fee to FunDriver that we would save as we would use the NSHE subscription. Jamie Hullman said the hard and soft costs would be eliminated. Greg said the management fee would be 1.5% if we move it to NSHE endowment pool. We currently receive approximately \$115,000 per year presently; at 2% it would be \$160,000. Audit costs are between \$20,000 and \$25,000 so we would save approximately \$22,000 every other year. We would still need the audit review and that usually costs \$7,000. Jamie reported the policy weights and fund allocations are rebalanced quarterly as stated per NSHE policy. James Glennon doesn't see a downfall for moving to the NSHE endowment pool. Greg will see if there is a cancellation fee if we cancel FunDriver now. Greg summarized discussion: depending on if there is a cancellation fee for FunDriver we will save about \$4,000 and \$22,000 every other year for audit fees; **MOTION:** by Tana Gallagher to recommend to the full Board of Trustees that the GBC Foundation transfer funds to the NSHE Endowment pool; seconded by John Pryor; motion was **APPROVED**.

4. Finance and Accounting Information /Action Item – James Glennon Information/Action

- A. The GBCF Finance Committee reviewed the record of expenditures/check register for the month of September 2015. The majority of the distributions was for scholarships and STEM payments for tuition and books for Ely students by Pattern Energy. It was recommended that instead of distribution it should be more descriptive and say scholarships. Sonja Sibert will work with Tami Potter to see if that can be changed. **MOTION:** by Jim Kelley to approve the record of expenditures for the month of September 2015; seconded by Mark Laffoon; motion was **APPROVED**.
- B. The GBCF Finance Committee reviewed the deposits for the month of September 2015. **MOTION:** by Jim Kelley to approve the deposits for September 2015; seconded by Mark Laffoon; motion was **APPROVED**.

5. Insurance Liability Coverage for Directors and Officers – James Glennon Information/Action

An update was given by Greg Brorby on whether insurance liability coverage is needed for the GBCF directors and officers. Greg reported that the insurance liability coverage policy was reviewed by the GBC legal counsel and it was determined that there is no need for this additional policy as the directors are covered under the Nevada System of Higher Education. The current policy through McMullen Insurance expires in November. It would save the Foundation \$2,000 if we do not renew the policy. **MOTION:** by Tana Gallagher to cancel the insurance liability coverage policy with McMullen Insurance; seconded by John Pryor; motion was **APPROVED**.

6. Investment Performance for the past 10 years – Greg Brorby Information/Action

Greg Brorby presented an overview of the investment performance for the GBCF endowments for the past 10 years. Greg reported the weighted return dropped from 16% to 7% from last year to this year. Also the cash equivalents that are earning the bare minimum went from \$1.2 million to \$1.6 million dollars. Greg doesn't know if there is anything we can do with that to get a better return. Maybe the Board can consider breaking it into long term, short term and mid

term investments. The majority is in CDs. The Foundation disperses about \$100,000 each semester to scholarships and the GBCF budget is on the high side at \$200,000 and can be reduced a little. Last fiscal year \$344,000 was distributed to the college. We also need a little cushion. Greg will bring back a possible recommendation on what we should keep on hand in short term and what we can keep in long term investments.

7 Proposal to Hire Outside Consultant – James Glennon Information/Action

The GBCF Finance Committee discussed a proposal to hire an outside consultant to review policies, procedures and systems/processes; create documentation if necessary, provide recommendations and provide potential implementation services. James Glennon, Greg Brorby and Sonja Sibert have discussed and agreed to the necessity of hiring a consultant to review the processes in the Foundation. The processes in place currently are manual processes that are time consuming. There are three computer systems in use. Account information does not match between the three systems because of the manual nature of entering everything into the systems. Checks are entered into Talisma and posted to the general ledger. Account information is put into AccountMate. FunDriver tracks the funds and information is entered manually. It is not very efficient. Many of the procedures are not clear especially with the donor database. There is a need for a consultant to come in to review the processes and give us recommendations going forward. Sonja Sibert said if the GBC Foundation goes to the NSHE endowment pool that will reduce the volume of data and time to consolidate the data. But even so, we need to go with a consultant to identify better processes. James Glennon said it's important to go with someone with a CPA. Sonja Sibert said the college will be implementing WorkDay, an accounting and HR system, that eventually the Foundation will transfer to, but that is at least 18 months out. All of NSHE will be moving to WorkDay. It is better to get the processes in place and fix things before the transition. James Glennon and Greg Brorby recommended hiring Lisa Reed as the consultant to do the business process review. She has the background to do the job and has a CPA. For full disclosure, Greg stated that Lisa was the CPA for his small business and James Glennon disclosed he has a business relationship with her as well. Mark Laffoon said that if this will improve our efficiencies than we need to look into it. John Pryor said the Finance Committee has the authority to go forward on these types of things. Greg has identified funds to pay for the consultant and recommends that the scope of work not be more than \$5,000. There is the \$2,100 that will be saved on the insurance premium and we can take \$3,000 out of the travel budget. **MOTION:** by Jim Kelley for the GBC Foundation to prepare a memo of understanding for Lisa Reed, consultant, to conduct a business process review to be done at not more than \$5,000; seconded by Mark Laffoon; motion was **APPROVED.**

8. GBCF Fee Policy – Greg Brorby Information/Action

Discuss and/ or approve revising the GBC Fee Policy to include a 2 ½ - 3% management fee on all endowed funds. – Greg presented the current fee policy for review. He would like the committee to eliminate the 10% administrative fee. Another recommended change under Permanently Restricted Endowed Funds is to change the practice of varying the management fee according to the amount invested to a fixed fee. Greg presented some scenarios of the

different assessed fees. The practice has been to take the fees out of the corpus and not the investment income and that is another recommended change. We will have to go back the DWRF to see if we can take the management fee. The DWRF is dissolving in 2020. At 1% it would be \$12,000 coming out of DWR and 1.5% is \$18,600. It will be easier to manage everything at a fixed percentage rate. There are no changes recommended for the Temporary Funds. By eliminating the 10% administrative fee and having a straight 1.5% management fee on endowments on the market value will allow us to keep interest on for the scholarships. Moving to the NSHE endowment pool, the fees will be distributed to us quarterly and we would get detailed reports per every account. **MOTION:** by Jim Kelly to recommend to the full Board of Trustees the proposed changes to the GBC Fee Policy; Tana Gallagher seconded the motion; motion was **APPROVED**.

9. **GBC Foundation Director's Report – Greg Brorby** **Information only**
- A. Greg reported that he has been researching a "Donate Now" button for the website. If you have any experience in this type of thing then please let him know. Sonja Sibert said that GBC uses something called Touch Net for online student payments and GBC Continuing Ed also uses it. The fees are absorbed by the System Office and distributed out by transactions. You would probably have to purchase a license. It's a third party software and they would be responsible for the privacy.
 - B. Greg provided an update on the Talisma training. There have been three training sessions and the training was well worth it. There will be a lot of data clean up.
 - C. Greg gave an update on his presentation to Rotary on donor characteristics. Greg intends to give the information to a full Board of Trustees' meeting if there is time. James Glennon said it was a good an analysis and showed a declining trend in donations and shows we needed to do something different. All the things we are doing now will allow us to do better in the future.
 - D. Greg will give an update on the annual report to the Board of Directors of the Corporations (NSHE Board of Regents). He reported every foundation in NSHE has to do a brief presentation on their foundations, present their annual reports, get approval of new trustees; and give an overview of the focus going forward.
10. **Redirection of CommonFund Investment Income – Greg Brorby** **Information/Action**
- Greg needed clarification of the redirection of CommonFund dividend reinvestments. The Board of Trustees meet in March 2009 and did vote to formally suspend taking the dividend reinvestments; so now we do have some contradictions in board actions. **MOTION** by Mark Laffoon to back to the Board action of March 2009 to not invest dividends and to bring item back in July or August 2016 for further review; John Pryor seconded the motion; motion **APPROVED**.
11. **GBC Foundation Fixed Assets – Sonja Sibert** **Information/Action**
- Discuss and/or approve the disposal of fixed assets that are no longer under the control of the GBC Foundation. –Sonja Sibert presented a list of fixed assets that the GBC Foundation had at the time of the reorganization. There is not much book value to any of the items. There is

approximately \$1,200 total value with everything. There would be an in-kind donation to the college from the Foundation. Jim Kelly made a **MOTION** to dispose of the fixed assets that remained at the time of the reorganization to GBC for an in-kind donation; Mark Laffoon seconded the motion; motion was **APPROVED**. Sonja stated she can do the disposals in November.

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| 12. Items from committee members | Information only |
| None. | |
| 13. Public Comment (<i>see foregoing notation regarding public comment</i>) | Information only |
| No public comment. | |
| 14. Adjourn | Information/Action |
| Meeting was adjourned at 4:30 p.m. | |