

# Advancement | UCF Foundation, Inc.

## UCF Foundation Board of Directors

Investment Committee Meeting

Tuesday, March 30, 2021

Virtual Meeting

### MINUTES

**IN ATTENDANCE:** Carrie Callahan, *Chair*, Roslyn Burttram, Debbie Claydon, Jimmy Ferrell, Paul Gregg, Tom McNamara, Jason Reilly, Eva Tukdarian

**ABSENT:** Barry Forbes

**STAFF:** Jennifer Cerasa, Jeff Coates, Karen Cochran, Glen Dawes, Lauren Ferguson, Erick Kepfer, Ashley McConnell, Joseph Mera, Robert Taft (UCF Audit)

**GUESTS:** Rick Ciccione (NEPC), Kristin Reynolds (NEPC), Steve Hanson, Heather Churchill, Colin Rajala

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### WELCOME AND CALL TO ORDER

Director Callahan, Chair of the Investment Committee, called the meeting to order at 10:02 a.m., stating that the meeting was covered under the Florida Sunshine Law and the public and press were invited to attend.

### ROLL CALL AND QUORUM CONFIRMATION

Roll call was performed and a quorum was confirmed.

### CONFLICT OF INTEREST DISCLOSURE

Chair Callahan asked the committee members if there were any conflicts of interest to declare regarding the items of business listed on the agenda. Director McNamara declared the proposed Agreement for Sale of Property as a conflict of interest.

### MINUTES

The minutes from the December 8, 2020 meeting were unanimously approved as written.

### REPORTS

(INFO- 1) Investment Performance for Quarter ended 12/31/2020

Kristin Reynolds and Rick Ciccione presented investment performance for the period ended December

31, 2020. It was noted that the Endowed Funds Investment Pool market value was \$194,053,751, having returned 10.9% in 2020. It was noted that the Foundation portfolio's overweight to Equity led to a full recovery from losses experienced in March 2020.

NEPC is gradually moving the portfolio to the new strategic targets as part of the recently amended Investment Policy Statement. It was noted that the changes are expected to take several months and reflect NEPC views on the permanence of low interest rates, ability to capture the equity risk premium, and reduced attractiveness of multi-asset opportunities.

## **NEW BUSINESS**

### **(IC-2) FY22 Spending Distribution**

Joseph Mera, Associate Director of Finance for UCF Advancement, presented the spending rate and calculation for the endowment spending distribution. Based on December 31 figures and spending rate of 4%, the endowment generated \$6.9 million in spending for FY2022. It was noted that the distribution is an increase of 6% over the prior year and the full value will be available on July 1, 2021 for utilization by colleges and units.

**A motion was made by Jimmy Ferrell and seconded by Paul Gregg to recommend approval of the endowment spending rate of 4% for fiscal year 2021-2022 with distribution of funds totaling \$6.9 million to the Executive Committee, as presented.**

**The motion passed unanimously.**

### **(IC-2) Endowment Fee Reduction**

Mera presented a proposed policy amendment to allow for a gradual reduction of the Foundation's endowment fee over a period of three years. It was noted that the Foundation's endowment fee, currently 2.25%, is one of the highest in the State of Florida. It is expected that a reduced fee of 1.95% would attract more donors to establish and contribute to endowed funds and would allow for greater growth in the portfolio by retaining projected earnings over time.

It was also noted that the Foundation's operating budget depends on the endowment fee as a revenue stream, currently \$3.8 million or 19% of the total budget. The anticipated impact on the budget is negligible, as total expenses are expected to remain flat. Furthermore, Foundation management stated they are confident the operation can withstand a short-term drop in revenue in order to attract more endowment donors.

**A motion was made by Paul Gregg and seconded by Roslyn Burtram to recommend approval of the amended Endowment Policy which reduces the endowment fee by 10 basis points each fiscal year for the next three years, reducing the endowment fee to 1.95% by fiscal year 2024 to the Executive Committee, as presented.**

**The motion passed unanimously.**

### **(IC-3) Agreement for Sale of Property**

In a joint session with the UCF Foundation Real Estate Committee, Jennifer Cerasa, UCF Foundation Legal Counsel, presented the proposed sale of 15.76 acres of Foundation-owned property located on the southwest corner of Old Lockwood and Nak Nak Run. Cerasa provided a history of the property explaining that approximately 60 acres was originally purchased in 2014 using endowment funds to support the development of a university affiliated Continuing Care Retirement Community, Legacy Pointe. 45 acres was previously sold to the CCRC Development Corporation, and the remaining 15+ acres was last appraised for \$5.2 million with the highest and best use of 54 single family dwellings. Surrey Homes, a single-family home developer, entered an unsolicited bid of \$5.527 million for the 15-acre property.

Glen Dawes, UCF Foundation Chief Financial Officer, provided financial details of the proposed transaction which would ultimately return of twice the original investment to the Foundation's endowment. The proceeds from the sale would be allocated according to the Foundation's Investment Policy Statement, further propelling the endowment towards a \$250 million portfolio, necessary for the university to reach preeminence.

The Committees discussed the prudence of marketing the property with concerns of appraisal and current offer still below current market value. It was suggested that further diligence is needed to obtain a more appropriate appraisal and engage a broker to solicit additional offers in order to maximize return on investment. The recommendation of the Committees was to not proceed with the proposed sale of the property.

**PUBLIC COMMENT**

There were no public comments.

**CLOSING REMARKS AND ANNOUNCEMENTS**

No remarks were given.

**ADJOURNMENT**

Director Callahan adjourned the meeting at 12:15 p.m.

Approved by Investment Committee on June 2, 2021.

Respectfully Submitted by:



Carrie Daanen, *Chair*, Investment Committee

4/24/21  
Date

Prepared by Ashley McConnell, Executive Assistant