

**OLD DOMINION UNIVERSITY
BOARD OF VISITORS
Executive Committee Meeting
Monday, February 10, 2020**

MINUTES

A meeting of the Executive Committee of the Old Dominion University Board of Visitors was held on Monday, February 10, 2020, at 12:00 Noon in the Board Room of the Kate and John R. Broderick Dining Commons. Present from the Committee were:

Lisa B. Smith, Rector
R. Bruce Bradley
Robert S. Corn
Jerri F. Dickeski
Larry Hill
Kay A. Kemper (*via telephone*)
Pamela C. Kirk
Stephen Greiling (*Student representative*)

Absent from the Committee: Carlton F. Bennett
Toykea S. Jones

Also in attendance from the Board: Yvonne Allmond
Ross Mugler

Also present were: John R. Broderick, President
Austin Agho
Keith Curtis
Jane Dané
Greg DuBois
Morris Foster
Dan Genard
Giovanna Genard
Maggie Libby
Donna Meeks
R. Earl Nance
Wood Selig
Amanda Skaggs
Deb Swiecinski
JaRenae Whitehead

CALL TO ORDER AND APPROVAL OF MINUTES

The Rector called the meeting to order at 12:04 p.m. In accordance with Board Policy 1105, the Rector noted that Kay Kemper is participating in today's meeting from her home in Florida due to personal commitments that prevented her from traveling to Norfolk for the meeting. She then

called for approval of the minutes of the Executive Committee meeting held on November 18, 2019. Upon a motion duly made by Mr. Hill and seconded by Mr. Bradley, the minutes were approved unanimously by all Board members present and voting (*Allmond, Bradley, Corn, Dickseski, Hill, Kemper, Kirk, Mugler*).

RECTOR'S REPORT

The Rector said that she had no report other than to remind Board members to submit their Financial Disclosure Statements if they hadn't already done so.

PRESIDENT'S REPORT

President Broderick noted that the University received the Carnegie classification for community engagement, which a good testament to what we're doing with engaging students and faculty in the community as a learning tool. The first temporary exhibition was held in the Barry Art Museum by New York artist Joan Thorne. The University is hosting eight faculty members from six different disciplines from across the country as part of the Excite the Dream program. The Provost led this effort as a recruitment initiative.

This is an important week in the General Assembly with the cross-over taking place on Sunday. The President said he and Anne Holton, Interim President of George Mason University, met with the Northern Virginia delegation over the past few weeks to make a case for keeping the \$10M included for each institution in the Governor's budget as well as the financial aid funding formula. Tuition moderation is once again a topic of discussion, and his position has been that tuition moderation cannot come from the \$10M earmarked in the Governor's budget, which is based on chronic underfunding. Additionally, if tuition moderation is done, there are other models to use rather than a percentage of what is currently charged in-state students.

RESOLUTION APPOINTING HEAD FOOTBALL COACH

Upon a motion made by Mr. Hill and seconded by Ms. Dickseski, the following resolution was unanimously approved by roll-call vote of all members present and voting (*Allmond, Bradley, Corn, Dickseski, Hill, Kemper, Kirk, Mugler*).

APPOINTMENT OF HEAD FOOTBALL COACH **INTERCOLLEGIATE ATHLETICS**

RESOLVED, that upon the recommendation of President John R. Broderick, the Board of Visitors approves the appointment of Mr. Ricky Rahne as Head Football Coach, effective December 10, 2019.

Mr. Rahne received a bachelor's degree in Industrial and Labor Relations from Cornell University in 2002. Mr. Rahne has served on the Penn State University football coaching staff for the past six seasons, starting as quarterbacks' coach and moving into other roles including passing game coordinator, tight ends coach, and eventually was promoted to offensive coordinator. While Mr.

Rahne was calling the plays, the Penn State offense was particularly productive this past season and was ranked 16th in the nation in red zone touchdowns and averaged 204.9 yards rushing per game, its best mark in 10 years. Penn State earned bowl bids in all six years that Rahne served the Nittany Lions. Prior to his time at Penn State, Rahne was an assistant coach for Vanderbilt University for three seasons. He also coached for five seasons on the Kansas State University staff and spent one season each as an assistant coach at College of the Holy Cross and Cornell.

Salary: \$750,000 for 12 months
Rank: Head Football Coach

FOUNDATIONS FINANCIAL UPDATE

The Rector said that she and other Board members had questions about how funds raised for the University are made available to spend, so she asked Greg DuBois, Vice President for Administration and Finance, to explain the process. She also invited Keith Curtis, President of the Curtis Group, to provide a fundraising initiative update.

Mr. Curtis presented first. He reviewed the progress to date in reaching the \$250M goal by June 2022. He noted that \$173.1M, or 69% of the goal, has already been achieved with 29,955 gifts from 12,513 distinct donors. He broke out the goals and totals to date by categories, Foundations, Colleges, major gift metrics, gift bands and constituent types, and reviewed the campaign timeline. He noted the fundraising challenges with those who graduated after 1985 due to several factors. Many are still paying off student loans and they tend to focus on causes rather than organizations in their philanthropic activities. He suggested that focusing on something from their university experience that made a difference to them or something that they can do to make a difference is the message we want to send them rather than the need for funds to operate.

Vice President DuBois introduced his presentation by recognizing Maggie Libby, Associate Vice President for Advancement-Foundations, and Deb Swiecinski, Associate Vice President for Financial Services, for their assistance in preparing this presentation, as well as Athletic Director Wood Selig and Dan Genard, Associate Vice President for Advancement. He distinguished the role of Development – the solicitation of gifts – from the role of the Foundation in receiving, administering and dispersing the funds once received. Development Office staff are funded by the University and Foundation staff are not.

Of the \$173.1M in funds raised as of January 2020, \$100.8M are total gifts received, \$42.3M are pledges to be paid over the next several years, and \$30.0M are planned gift commitments. Of the \$100.8M, \$88.6M are cash gifts and securities and \$12.2M are gifts in kind. Since planned gifts are revocable, they are not included in the University’s financial statements. Of the \$88.6M, \$22.7M flowed to the University (\$18M from the Bioelectric stock sale and \$4.25M from the Chartway agreement). \$29M will flow through the Educational Foundation, \$22M through the Athletic Foundation, \$7.0M from through the Real Estate Foundation and \$3.6M from the Museum Foundation.

The timing of the \$42M in pledges through the Foundation from FY20-FY23-31 was shared, as well as the timing of the detailed Unrestricted, Capital, Annual and Endowed funds through the

Educational and Educational Foundations. Endowed monies flow into the endowment and then those monies become part of the endowment that generates income, and it's the income that ultimately flows back to the University for annual funding support, whereas annual giving becomes available when it's given. Planned giving pledges from 2002-2020 totals \$65.9M, but the University never counts on that money coming to the University because of the uncertainty of receiving those funds. The yield rate for these funds has averaged around 80%.

Vice President DuBois shared the Foundation's Investment Pool broken down by the purpose of the funds and Foundation that holds them and noted that Maggie Libby reports on this to the Administration and Finance Committee at the quarterly Board meetings. He reviewed the process and timeline for funding support for University strategic priorities. In November of each year, the spend for endowed funds is calculated at 4% on a 12-quarter moving average based on September 30 market values in accordance with the Foundation's investment policy. Annual fund balances are determined on December 31. Spendable endowment and Annual Fund resources are identified in February for the University's use during the upcoming fiscal year and are transferred to the University in July as outlined in the University's approved operating budget. Monitoring efforts are also taken. In April, the Foundation follows up on unrequested endowment and annual spend in the current fiscal year and in May follows up on prize/awards paid to awardees directly from the Foundation and payments are made through June 30th. In June, athletic scholarship funds and staff compensation supplements are transferred to the University. A report is sent to the Deans on a monthly basis in order to ensure that the allocated funds are spent.

A breakdown of annual support to the University from endowments and annual giving for FY2020-2021 by purpose and by colleges and departments was shared with the Committee. Vice President DuBois stated that the use of the gifts, unless unrestricted, are determined by the donor and not the University, and most are restricted. The draft spend letter that will be distributed this month was handed out and lists the many donor-designated accounts supported by endowed and annual giving.

Questions were asked about student scholarships and how they are managed. The Office of Student Financial Aid manages the process of designating recipients of the scholarships based on the criteria established by each donor. Information about available scholarships is published in the University Catalog. Altogether, these funds total \$3.4M to the University each year in addition to the financial aid support from the Commonwealth.

The operating budgets of the Educational and Athletic Foundations were shared, showing 2018 Actuals, 2019 Projections and 2020 Budgeted. For the Educational Foundation, sources of funds include endowment management fees from both the Foundation and the University, non-endowed gift fees, net non-endowed investment income, unrestricted gifts, the Kaufman Professorship, the general endowment, and the operating reserves endowment. Uses of funds include the operating budget, credit card fees, other transfers, the special grants budget. The Foundation's fund balance is in compliance with its Operating Budget X 2 Reserve guideline.

The Educational Foundation's annual operating budget supports 2.75 FTE administrative staff, 6 FTE accounting staff and 3.57 FTE gift processing staff, plus operating and travel expenses that are budgeted at \$1.6M for 2020. The Special Grants budget funds the President's compensation supplement and benefits, university executives deferred compensation, the Real Estate Foundation and Museum Foundations operating grants, discretionary funds for the President and Vice

Presidents, Basketball/Football suites, \$740K Scholarship Program, CIVIC Leadership Institute, legislative relations/interns, supplemental development/fundraising support, and the E-Sports grant, that is budgeted in 2020 at \$1.7M. The unrestricted funds in the Special Grants budget are earmarked for specific purposes in consultation with the University and requires approval by the Foundation's Board of Trustees. Ms. Kirk asked for clarification on the approval of the funds allocated for the E-Sports grant. President Broderick commented that referring to "the University" can be ambiguous and more clarity is needed going forward.

Sources of funds for the Athletic Foundation include unrestricted giving, ODAF initiatives, basketball suites/seats, football suites/loge/SRL/club seats, endowment fee, restricted gift fee, current fund earning, endowment spending, Pepsi scholarship funding, C-USA athletic affiliation fund, L.R. Hill expansion, basketball practice facility payments, coaches salary support fund, football stadium fund, strength/conditioning room naming and football stadium naming rights. Use of funds include scholarship support, athletic staff compensation, credit card fees, AD discretionary fund, operating budget, basketball practice facility, L.R. Hill expansion, football stadium renovation, football stadium club section, and football stadium scoreboard & ribbons. The \$1.1M offset for seat fees and scholarship funds was explained by Maggie Libby and is made due to the Tax Cut and Jobs Reform Act, which removed the 80% deduction for purchasing seats at athletic events. The resulting fund balance is budgeted at \$11.4M in 2020.

Minimal staff support is directly funded by the Athletic Foundation's operating budget, since the accounting staff for the Educational Foundation does that work and then bills the Athletic Foundation appropriately. The Rector asked how the unrestricted funds are allocated. Dr. Selig said that scholarship support comes from the bulk of unrestricted annual giving. Ms. Libby added that the Foundation and Athletics staff discuss how to allocate any other unrestricted funds based on their needs.

In response to a question, Vice President DuBois stated that the Foundations are separate legal entities and are expected to pay the University for the services and facilities it provides for them.

The Rector expressed her appreciation for this presentation and discussion and suggested that periodic updates be given.

OLD/UNFINISHED BUSINESS

President Broderick noted that former Board member Ken Ampy wrote a great op-ed piece in the Virginian-Pilot about financial aid and its importance. It ties in nicely with the Governor's budget and he encouraged board members to read it and send him a note of appreciation.

NEW BUSINESS

There was no new business to come before the Committee

With no further business, the meeting was adjourned at 1:25 p.m.