

Florida A&M University Foundation, Inc.

Spring 2020 Board of Directors Meeting

Thursday, May 21, 2020

AUDIT COMMITTEE REPORT

Mr. John Green, Chair

Mr. Chair, the Audit Committee have one informational item and one action item to present to the Board.

Informational Item

Operational Audit Recommendations

In accordance with the FAMU Foundation Bylaws, the Foundation is required every three years to have an Operational Audit. The Operational Audit report was completed April 2019 and was presented by a principal auditor with Clifton Larson and Allen LLP during the Fall 2019 Audit Committee Meeting.

Staff was requested to come back to the Committee at the 2020 Spring FAMU Foundation Board Meeting with updates regarding the Operational Audit recommendations. Staff advised that no significant control problems or weaknesses were revealed, but suggestions for improvements were received in the areas of information technology support and cybersecurity. Those suggestions have been addressed by staff and were elaborated upon during the May 13th Audit Committee Meeting. **Staff was requested to forward to the Board the referenced policies and procedures that have been completed.**

Action Item

Presentation by BCA Watson Rice – Planning Communication

Staff of BCA Watson Rice provided a planning communications presentation for fiscal year June 30, 2020. The presentation included the items listed below.

- Their Engagement Team and Approach
- Principal Areas of Audit Emphasis
- Planned Deliverables
- IRS Form 990 (due November 15, 2020)
- Timeline (subject to change based on changes in working environment related to COVID-19)
 - **BCA Watson Rice staff will work to push the timeframe up to meet the University's deadlines.**

Following BCA Watson Rice's presentation and a discussion by Committee members, a motion was made and is being brought to the Board of Directors for consideration of approval.

Mr. Chair, the Audit Committee recommends that the Board makes a request of BCA Watson Rice to provide the Board with two or three approaches that they can take at different price levels to investigate the categories that are not customarily a part of their engagement as separate audits.

Mr. Chair, this concludes the Audit Committee's Report.

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BYLAWS COMMITTEE REPORT
Ms. Chan Bryant Abney, Chair

Mr. Chair, the Bylaws Committee have two informational items and one action item to present to the Board.

Action Item

Status of Action Items -Fall 2019 Bylaws Committee Meeting

a. Review of Revised Language for Advisory Board (Options 1 and 2)

The Committee met several times this year for resolution of the revised language changes for the Advisory Board. The original request for a language change came during the Fall 2019 Board Meeting.

Following the April 7, 2020, Bylaws Committee Meeting, Director Shawnta Friday-Stroud vetted the revised language with Board Chair Jemal Gibson. It was determined that only minor changes were needed to the language for the Advisory Board. Chair Gibson edited the original language and a revised document with track changes was presented to the Bylaws Committee for review. A motion to approve the Bylaws followed the review.

Mr. Chair, the Bylaws Committee moves to approve the Bylaws as amended.

Informational Items

b. Provide Additional Clarity to the Voting Process for Re-Nominated or New Directors
No action was taken by this Committee.

c. Re-implement the former process where the Vice Chair moves into the Chair's role at the end of the existing Chair's term. The Board would then vote on a new Vice Chair

The Committee discussed this recommendation from the Board Governance and Stewardship Committee and concluded that no action should be taken.

Mr. Chair, this concludes the Bylaws Committee's Report.

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INVESTMENT COMMITTEE REPORT
Mr. Clifton Goins, Chair

Mr. Chair, the Investment Committee have two informational items to present to the Board.

Informational Items

Presentation by Commonfund

Commonfund staff provided an overview of the Investment Performance Review as of March 31, 2020. They also provided key considerations for future Investment Committee meetings, Marco and Market updates, a Portfolio versus Peer Analysis, and the Annual Diverse Manager Review.

- As of March 31, the portfolio closed a quarter, down approximately 16.8 percent, ending the market value at \$108.8M. A net drop of \$21.9M during the quarter. The portfolio rebounded substantially over the course of the month of April, gaining approximately \$8.4M for 8 percent in aggregate.
- A few key performance drivers for the portfolio for the quarter were highlighted including main detractors.
 - Following the discussion regarding “real assets,” one of the main detractors, a suggestion was made that the area of benchmarks need to be changed to not have this discussion when there is a disconnect. Commonfund staff responded that their asset allocation committee will provide a review.
 - ❖ Commonfund staff to share its findings.
- The Peer Review as of June 30, 2019 (NACUBO Study), was presented.
- The annual Diversity Review for Commonfund was shared with Committee members.

Status of Action Items

The action items from the November 22, 2019, and February 19, 2020, Investment Committee Meetings have been completed.

Mr. Chair, this concludes the Investment Committee's Report.