

0:00

Um, and April, if you can go ahead and let us know about quorum, and then we'll go right into our agenda items.

0:10

Rector Wilmer –

0:13

Present. Mr. Henry.

0:18

Mr. Blake – Here. Ms. Blunt – Yep.

0:24

Bishop Brown –

0:26

Dr. Watkins –

0:27

Here. We have a quorum. Devon is here. Okay. Hi Devon. Welcome, welcome.

0:36

Hey, I was in the closed meeting one. Sorry.

0:40

No, its okay. No worries, you're fine. We're just getting started.

0:44

Um, so welcome to everyone. So glad we have this time together.

0:49

More so, as we think about our continued blossoming future. Um, this is an opportunity for us to, um, just take a step back.

1:00

The entities being the NSU Foundation, the BOV, and

1:05

NSU to think about our partnership, and how we go forward,

1:10

especially, in light of the, the, um, new backyard that we're playing in, which is the increased value of gifts that we are receiving. Um, which is exciting and we thank, thank, thank, thank, thank

1:27

a million times over to our President, President Adams-Gaston, and her team, who has led the way on securing those gifts.

1:34

And so, you know, we were lucky to get the one here recently through MacKenzie Scott and her organization and the President has shared with me

1:45

there's others in the pipeline that they're working on.

1:47

And, she will talk to us when she's ready about those, um, but they, um, are, they sound fantastic, and they are brewing big opportunities for us.

1:57

So what does that mean?

2:00

Um, this meeting is focused on the systems. How did the systems work together? How does the organization's work together?

2:08

How do we continue to prepare, our, um, entire enterprise, to be able to handle these funds going forward? Think about forward, um, thinking strategies going forward.

2:21

Um, really, what are those things that we need to revisit that, um, allow us to, um, receive them and manage them going forward?

2:32

And so, in the past, all of us know that, um, we have definitely received large gifts, but to this magnitude, um, that is greater in size of our endowment, etcetera. It does open up broader conversations. I'm sorry, we hear someone (humming echo). Is that the President?

2:51

No, that's, um, (audio humming) Pam's on her laptop. Oh, okay. We should be okay now. Okay, thank you.

3:01

Um, but it's looking at how do we carve the right system, the right processes, and the right relationship engagement points to ensure that we're doing things according to the Commonwealth, because we are all extensions of the General Assembly.

3:19

According to, um, you know, the IRS and all the different laws that manage every dollar that comes into since we're a state-run institution, and to the good and the investment of Norfolk State University because, as we know, the NSU Foundation is created to be a support to Norfolk State University.

3:41

So, we need to talk about what that relationship looks like, and so, I thought it would be good for us to open up and look at the bylaws in the MO, MOU between the BOV, NSU and NSUF.

3:55

Um, I've asked our legal partners to do that with us, because I understand these are dated documents.

4:01

Um, and as we're going through this, um, everyone who's involved, this is the open forum. Please feel free to ask questions, especially our cherished Dr. Watkins, who is our liaison between the organization. He is the one that represents the BOV, um,

4:18

in our discussions, in our transactions since (inaudible). So, please, let's make sure we give an opportunity to have this type of discussion, which I think will lend to some of the closed meeting items that we will need to review appropriately.

4:33

So, Pam, Deb Love, Ron?

4:37

Yeah.

4:39

Okay, this is Pam.

4:42

And so, um, the, the Rector has asked me to just give you an overview.

4:48

Some of you probably, if you recently read the BOV Policy #13, which deals with university-related foundations, this will just be just, um, just pointers.

5:00

Um, some things are pointing out, just as a, as a reminder.

5:04

And so, um,

5:06

to begin with, the university has, of course, in place, a policy that deals with any of the foundations that it has relationships with.

5:17

And, if you want, the detail on it, is exactly 12 pages in all of information regarding that. And, I'm just going to touch on a few things.

5:28

All university found, um, foundations are established or operated for the university's benefit,

5:37

or use the university's name or resources.

5:42

And, so, according to that, you must operate within the policy, that is university Policy #13.

5:51

The structure of this policy is based on the Baliles' agreement, and that information, the purpose of it is also in the policy itself.

6:02

The official interpretation of this policy is actually by the Vice President of Finance,

6:10

um, and Administration here at the university, and he, that's Gerald Hunter in this case. And he would be the person who is responsible for obtaining approval for any revisions that might occur within the university in regards to that.

6:26

Under establishment, I want to highlight for you that a foundation has to have as its purpose

6:34

one or more of the following: fundraising programs, that's one, and contributions from private, sources for the benefit of the university.

6:44

Managing, number two, manage and invest private gifts and or property for the benefit of the university, or one or more of its units.

6:55

And number three, to promote, sponsor, and complement educational, scientific, literary research, charitable, healthcare related, or cultural activities for the benefit of the university.

7:14

And these university foundations may only be created with the approval of the university's board of visitors, and after a review of the purpose of that foundation.

7:27

So, further on, within the policy, it talks about new ventures, organizational requirements, tax exempt, you know, what's required under charitable organizations with federal and state income taxes.

7:43

And, what you do if, by chance, you have to liquidate, um, a particular foundation. But each foundation must enter a Memorandum of Understanding an MOU, with the university that will memorialize the terms and conditions of that relationship.

8:04

And, again, it must be periodically reviewed. I believe, the NSU Foundation is doing that at the current time, reviewing and updating it as appropriate.

8:15

And, the MOU will require written approval by the University's Board of Visitors.

8:22

Um, in regards to representation on these foundations, the Board of Visitors at Norfolk State and President have, um, one designated on the board of any foundation.

8:35

One designated by the Board of Visitors, and one designated by the university president. And, these two positions shall serve as ex officio voting members on any foundation's governing board.

8:51

Um, there's more detail on there about what summary of activities and when that must be reported.

8:58

And, of course, there's a requirement that any foundation that is set up, will establish an audit committee that is to report to its Board of Directors.

9:10

So, um, within there, there's a whole section on the relationship with the university, where it's acknowledged that it is an independent entity and what the transactions that occur and how that must be, um, complied with. And then, um, the rest this is general management and operation of the foundation.

9:33

It goes, it goes into detail regarding financial transactions and accounting, but the most relevant for everybody is that there is at the end of each year, a requirement that a budget and audit report be given to the university, as you all are aware of.

9:50

There's some provisions that talk further about conflict of interest, about when a foundation wants to employ a university employee, about what the requirements are in that regard, and also about political activities or influence, which we can get into more detail at another time, but just be aware that that does exist.

10:14

And there's a whole section on page nine of this policy

10:18

in regards to reporting and disclosures. It's very detail, very specific, and it also has, sorry, page is stuck here, um, a requirement of an annual certification letter, and what exactly is the review schedule.

10:39

So, that applies to all foundations that are established and work with Norfolk State University.

10:45

And now, I've asked Ron Forehand to go ahead and address the MOU that deals with the Norfolk State University Foundation (NSUF).

10:57

Thank, You, Pam.

10:58

All of those things that Pam just mentioned are incorporated into the 2010 memo of understanding between the university and the foundation.

11:09

Um, and after this, um, Policy 13 that Pam mentioned was developed after this memorandum.

11:17

And so. there was, in I think 2017, about then, there was a, a, um, addendum to the memorandum that provided that in the event there's any conflict between the Board's policy and the 2010 memorandum that the Board's policy would control. So, we have these two documents that we have to look at.

11:39

And, what I want to talk to you a little bit about, is the endowment fund aspect of the relationship between the university and the foundation, as it set out in the, in the memo and also in the policy. But first, let me just mention, and sort of re-iterate something that Pam said.

11:59

Is that this whole relationship between the university and the foundation is one that is based on, hopefully, cooperation, and, and partners with the, the,

12:11

so, that the two separate, um, independent legal entities are working together for the same cause.

12:22

But, as for the, um,

12:27

as for the way these, these documents deal with the endowment funds of the university, there's they are really two, um, two sets of funds that are contemplated.

12:39

First, there are funds that belong to the university. Now, these may be funds that somehow the university accumulated, or there's a donor that writes a check to the university.

12:53

Um, those are university funds that are transferred, not given to, not given away to the foundation, but that are transferred to the foundation for investment and management.

13:06

And these funds, um, continue to be, or continue to belong to the university, and the university can direct

13:14

how they're spent, um, um,

13:16

with, with some limitation, of course. If the funds are designated by the donor for a particular purpose, then they would have to be reserved for that purpose, but, otherwise, the university can direct them.

13:27

The other set of endowment funds are funds that have been donated directly to the foundation, not to the university, but to the foundation. That the check is written to the foundation, essentially.

13:39

And those, continue to be actually owned by the foundation. Now, they must be used for the benefit of the university, but they are owned by the foundation.

13:49

And, it is the foundation that exercises control over these funds.

13:54

Again, um, unless they are designated funds in which case the donor's wishes must be honored.

14:03

Um, keeping in mind that the foundation is established for the benefit of the university, and must act for the benefit of the university. However, the foundation does not act at the direction of the university.

14:17

The Board of Directors of the Foundation generally exercises its own judgement as how, as to how it will operate, um, in the university's benefit. Um,

14:31

but that's the funds that belong to the foundation,

14:35

the President or the Board of Visitors can make requests of the foundation, but they can't direct the foundation's funds be spent in any particular manner.

14:46

Ultimately, that's the decision, and that must be approved by the Foundation, and its Board.

14:54

So, that's just a very quick overview of the provisions of the memo and the policy relative to endowment.

15:04

Thank you, Ron.

15:07

Deb Love, I know you're on the phone.

15:09

Is there anything you want to add to this quick legal briefing on the relationship between the BOV, NSU and NSUF in our documents? I think Ron and Pam covered it very well.

15:22

Okay. All right. Can I ask one question?

15:25

Absolutely.

15:27

Um, Can you speak to the (Hi Jim - I didn't know you on the phone). I got on, got on a little late, I had another call going on, so I apologize for that.

15:36

And, my question goes to appointments to the board of the foundation. Um, can you elaborate a little bit on who handles that?

15:44

I know we talk about the BOV having a designated ex officio and the President, but how are the other members of the board of the foundation appointed?

15:57

And by who? There would be, um, it is, my understanding is that would be up to the foundations' documents. I mean the foundation's, um,

16:06

corporate documents would govern who the other members of the Board are.

16:10

We have President Ames on the phone, so he should be able to speak to this as well, Jim.

16:17

Okay. To answer your question.

16:19

Sure, good afternoon everyone. Um, Jim, we have a committee that handles that. We have a committee that has a process that's approved by the Foundation Board, and we use that, um, committee and that process, to

16:31

find, develop, and either decide to add ,or not add someone to the Board of Foundations. Okay, is that something you do in the

16:41

collaboration with the, um, um, does the university have any role, or a play in that role? No, no sir.

16:50

Okay. Well, the reason I ask, the reason I raise that question goes back to Ron's point

16:54

of is all we can do is make requests to the foundation. And, that's all. I'm trying to make sure that I understand where all the levers are, so, we know how we, how we operate. That's all. Sure.

17:05

Ron also mentioned that as a foundation, we have our own separate, um, governing bylaws. Right?

17:14

And, we serve at the behest of the university on behalf of the university to manage, to distribute, and either to raise or not to raise in conjunction with the university.

17:25

Our job is just simply to support. Right. And, that's what we do extremely well.

17:31

Oh, I know you're doing a great job. I, I just wanted to know the mechanics as we get into this, that could be (yeah, yeah). Yeah, there's no state appointment that happens. We're just a governing body that goes out and looks for individuals that are qualified to help serve the university.

17:45

Okay, thank you. Um hmm. But I want to make sure, Jim, this is Kim Brown.

17:50

We got to make sure we understand there's still two pots of money.

17:53

The money that belongs to the university, the university doesn't have to make a request for.

18:00

Right. I, I totally get it. That's why I asked the question. Okay.

18:04

One, one thing that might be helpful here, if I may, you all may know, and I don't. How, relatively, how much money in the foundation is the university's, and how much of it belongs to the foundation.

18:19

How much is just being managed versus how much is owned by the foundation.

18:26

President Ames?

18:27

I'm going to defer that the Crystal. I'm not an accountant. So, I can't tell you how much money in the foundation is actually owned by the university or owned by the foundation. Most of that stuff happens on Crystal's side with advancement. So, I don't know how money comes in, how they raise money and what they do.

18:46

I can tell you how much is in the foundation under management.

18:51

Okay. Okay. Some, some of that stuff is Crystal's responsibility as Executive Director.

18:55

Okay, Crystal, can you answer for us, please?

18:58

Yes, good afternoon, everyone. Currently, we have, the opinion is that \$75 M that is managed by the foundation.

19:05

We do have individual funds that the university has control over, such as the President's Discretionary Fund.

19:11

Those would be the only pots of money that the university has control. All the other funds in here that are not university's control are managed fully by the foundation.

19:19

The current value in, for example, in that President's Discretionary Fund that's funded by supplements from the foundation and donations. On an annual basis, the foundation approves \$250,000 for that fund. But, again, it would just be individual funds that we manage by the university, and not actually dollars within the foundation that technically belong. The word ownership, it's a little odd, because once the money comes into the Foundation's name, we technically are the owners and managers of it, but there are funds within the foundation which the university again, has special requests, and those are the funds that can be requested directly.

19:52

That, that would be just a conglomerate of the different funds, but the only one that that is purely controlled by the university, 100% would be a President's Discretionary Fund. All the others are departmentally-controlled and managed through the foundation.

20:07

Thank you, Crystal. Um, and to that point, one of the questions that came forward was around the President's Discretionary Fund. Can you tell us about that one, please?

20:18

Sure. The President's Discretionary Fund is a fund that has been established for the exclusive use of the President. It is un-discretionary, I mean, it is discretionary in nature.

20:27

Current funding that goes into that again,

20:29

the foundation approves funding for that to cover discretionary spending for the President, a salary supplement for the President, and the car payment for the President comes out of that fund.

20:40

Over the course of the years, some donations will go into that fund from outside donors. It never has been a lot of donation that goes into that fund.

20:48

Um, and then anything else that goes into that fund would just be purely outside donations. No other support that goes into the President's Discretionary Fund outside of the foundation support and any external donation that goes into the fund.

21:00

Once those monies are in there, we receive a voucher request directly from the President's Office for the expenditure of those funds. If there's a reimbursement to the President directly that is approved by Mr. Hunter, the CFO of the University, and then that follows our normal process of getting those reimbursements (inaudible).

21:18

Um, is that satisfactory to your answer? Or, do you need more detailed information as far as the use of the fund?

21:23

No, I do have one follow up question and this is very helpful. Thank you, Crystal. So glad you're here.

21:30

So, if funds are given and then, given to the foundation, how would they determined that they should be deposited into this discretionary fund? Who makes that decision?

21:45

The donor, if a donor who has given a gift to that discretionary fund, then it would come directly from the donor saying this gift is designated for the President's Discretionary Fund.

21:56

Thank you.

21:57

Any other questions, um, while we're going to finish up on this legal briefing. Again, we have the document that you

22:05

can read.

22:06

I just wanted to make sure you got a chance to get Counsel's, um, um, ear and questions answered.

22:13

Madam Rector, I'm a little confused now then.

22:15

Yeah, so let me ask this question.

22:17

Cause what I just heard, (sure). What I heard legally was that there is a divided

22:23

fund. I mean, it might all be the same fund.

22:27

But that the foundation has unilateral authority over foundation dollars.

22:33

Well, what I just heard Crystal say is once it goes into the foundation, the university doesn't have any more say so.

22:41

They, let me make sure it's clarified. Once it goes into the foundation, if it goes into a designated pot or fund for a university use, then the university controls the use of those funds.

22:52

Okay, and let me make sure. I'm going to be the neophyte, and I'm going to ask it this way.

22:58

Sure. The \$40 million, where did that go?

23:01

That, because that separation was divide, divided into endowment and quasi purposes, anything that is designated as quasi remains under the university's control as request to the foundation. The endowment portion goes into the foundation, like all the other donations, and is managed by the foundation.

23:16

And then there was a portion of the \$40 M that was set aside, as demand or under discretionary, and that will remain, again, as the university can request those funds to be used.

23:26

So, the \$20 million from this agreement that we have in front of us that was allocated as quasi. That is a portion that remains on the university's control, as it is listed as quasi.

23:38

This is Mary. I'm sorry, \$20 M?

23:40

I think he's asking about \$40 M. Right. If, if you're looking at the agreement, we received the allocation of the \$40 M, that was broken out into a \$15 M, \$10 M, \$10 M, and \$5 M allocation. Those are the buckets that I'm referring to. The \$40 M was deposited as one gift into the foundation,

23:59

and then the university sent us an allocation of the \$40 M into four different buckets. Twenty million of that they allocated as quasi. That is a portion that will remain available to the university, because it is listed as quasi endowment.

24:11

Another portion that was listed permanently endowment. That's like any other gift that comes to the foundation as a permanent endowment. It is managed by the foundation.

24:18

The awards are made according to the criteria established that the university would give us. That \$40 million is going to be guided by this MOU, and then the foundation will manage it and distribute it as the university guides it based on the MOU, which is presented today.

24:34

This is Mary. Can I ask a couple of questions? Sure.

24:38

Okay. So, the \$40 M that has been, um, um, allocated to the two funds. \$20 M to basically discretionary and then \$20 M, um, to the foundation are used by the benefit of the, the university.

24:59

How does that decision get made in terms of, is that the donors' decision?

25:05

Or, is that the university's decision when they send the money over to the fund?

25:11

So, let me tackle that question for you.

25:14

So, the donor sent the money to the university as an unrestricted gift. In other words, they left the decision up to the university.

25:23

The university makes the decision as to how they want the money allocated before it ever touches us. Okay. Well, that money has been gone through the process of determining how they want those dollars allocated.

25:36

We simply housed the money, and we put that money where they tell us.

25:44

Okay, thank you. Okay, yeah. I have a second question.

25:50

Is there the ability, and I think this is a Crystal question?

25:54

Is there the ability to have the President's, um, unrestricted fund,

26:03

and I guess it's an account, set up a second account that is, um, the Board's unrestricted fund, or the university's unrestricted fund?

26:18

Um, how do those accounts get set up?

26:22

Again, designated by the donor. Can you clarify what you're saying? And you said the Board's unrestricted fund. Which Board are you referring to? Well, I'm really making up the question.

26:32

But, I'm thinking. Let's say we get \$100 M. Okay. And, they want the \$100 M to be unrestricted.

26:40

Um, hmm. All right?

26:42

And so, at this point, the President's unrestricted fund would be \$120 M, and we might say that's too much.

26:55

All right. Who would say that's too much and why would you do that if somebody gave it to the university?

26:59

Well, what I'm saying is we might say that's too much to land in that account, the Norfolk State Board.

27:06

So, we might say that's too much

27:08

for one unrestricted account for the President. Maybe, we're concerned about optics or how it looks or something. Um, hmm. Is there the ability to set up a second account that's unrestricted,

27:23

but is still is under the same kind of the direction as the President's unrestricted fund?

27:33

Well, are you talking about from the foundation's perspective? Yes.

27:38

Okay. So, when money is allocated to the foundation, is either allocated for scholarships or programs. That's it. Or, as a discretionary account that the President has to use at her discretion.

27:50

Before that money ever comes to us, we're already under the impression that a lot of these conversations have already been had.

27:56

So, we're, we're simply acting on the wishes that have been described to us when the money is received. So, can the foundation set up more accounts? Absolutely, we could, but we would not do so without any real purpose for doing so.

28:12

I see. Thank you. Crystal, do you have anything you'd like to add to that? And I know you had some conversations with us at BOV meetings.

28:24

I think, um, Mr. Ames has covered it appropriately. Okay.

28:30

Um. Madam Rector?

28:32

Yes. Can I ask one more question? Yes, Bishop Kim? Yeah, I hear you. We have, there is a comment here too. Okay, awesome. We'll go to Bishop Kim and then we'll go to the conference room President Adams-Gaston. Okay. Bishop Kim. I heard, I heard, um, Travis say that money was given unrestricted to be used at university's discretion. I'm trying to just be clear on our language, because I think that, that's

28:55

a lot of the ambiguity sometimes is our language because it's no secret.

29:01

Obviously, I'm a part of multiple meetings right now that are basically going around the same conversation point.

29:10

So, I guess my question is what specifically was the money given? What was the specific language?

29:18

Because even back to Mary's question, if I give \$100 M to the university, and I say it is that it is at the university's discretion, that's different than saying it's at the President's discretion.

29:30

Because, once I say it's at the President's discretion, we do not have authority to go change that to any other fund other than what the President

29:40

decides. So, I just I want to make sure we're clear when the, when the money was given this last large gift,

29:48

was it given to the university, at the university's discretion, or given to the university at the President's discretion and does anyone know that answer?

29:58

Rector Wilmer, if I may,

30:00

this is Clifford Porter. Hi, Mr. Porter. Good afternoon. So, let me see if I can bring some clarity here.

30:07

So, as the um, the negotiations that were held with MacKenzie Scott's representative, the tone of the conversation was that Norfolk State was being led in the right direction.

30:18

We had met several criteria that we didn't even know that we were being evaluated on in the very beginning.

30:25

As we go forward in the process, the representative was very clear that

30:29

they wanted to give the President of the University the authority to be able to designate these funds in the manner that she thought best as President of the University -- whatever was going to benefit Norfolk State.

30:43

Dr. J, we're going to give you the latitude to do that. How best can we do that was the question. The account that would give the President the most latitude would be the President's Discretionary account that is within the Norfolk State University Foundation.

30:58

So, the transmittal, the wire transfer, the e-mails, all the correspondence that came from MacKenzie's Staff Representative, designated those funds to the President's discretionary account within the Norfolk State University Foundation.

31:13

After the funds were received, the President met with members of the Cabinet

31:17

here at the university where we discussed what would help us position the university for future success. And so, we've looked at four different categories.

31:28

If you see the breakdown of those gifts, those four different categories, we want to help bolster our endowment, because our endowment is too low.

31:36

We have structural deficits that we're trying to satisfy and increasing endowment will be the number one thing to help us do that. And so, the largest amount of those funds went to that endowment. In particular, specifically, for our scholarship endowment.

31:50

The other two breakdowns, the next largest categories were based on our need to do more research, to get our faculty engaged in those processes, so \$10 million was there.

32:01

And, then we also wanted to look at strategic initiatives that will allow us to make money as a university to get into some public private ventures. So, and additional \$10 goes there.

32:11

And then, the last \$5 M was left in the President's Discretionary account, so that if we wanted to identify other opportunities, like Shepard's Village across the street, we would have the latitude to be able to do those funds very specifically.

32:24

But, I want to be very clear about something. When a donor designates a gift a certain way, you have to follow that donor's requirements.

32:30

And so here, MacKenzie Scott through her representative was very clear that they wanted to give presidents at HBCUs and other non-profits across the country to give them latitude to be able to bolster their programming, and the best way that they saw fit. Which was why she gave the money to an unrestricted account. No strings other than the President needs to use it for her discretion to boost the institution.

32:58

So, I hope that kind of clarifies the normal process for these types of gifts is exactly what we did.

33:06

We have a gift. Thank you, Mr. Porter, I need to jump in really quick if I can. Bishop Kim, just give me one second.

33:12

I appreciate that break, breakdown and I know that there are conversations that I have asked, BOV Member Devon Henry to lead under the Strategic Finance Committee as a function of the BOV to look at fiscal strategy management of the university, making sure that we continue forward.

33:36

This conversation is to look at the systems that bring in those gifts and move them forward.

33:41

Systems being, how they receive, how the entities work together, and making sure that we have the right processes, the right infrastructure of accounts, etcetera,

33:55

to support,

33:57

but is ultimately the goal of the BOV, which is to have fiscal responsibility and can ensure the perpetuity of the university going forward.

34:07

I think what I want to be very clear on, which has been helpful, thank you Pam and Ron, was around one, the relationship between the BOV,

34:19

NSU and NSUF. The roles that we play, which let me paraphrase, that, ultimately, the NSU Foundation is there to support the, um, initiatives and those things that come from the university,

34:34

and overarching is a BOV, who has responsibility for governance. In the past,

34:40

um, and President Ames, I'm glad we have you at the table. I know we've had Crystal at the table for awhile,

34:48

but as we would work through, I'm talking about as I've been in this chair as Rector,

34:53

as we've had gifts, (inaudible) worked through, um, with the foundation. It can be going back to simple transactions and I say simple meaning normal transactions like when we hired the President. We were trying to look at those things around her package to investment strategies

35:12

that would require governance support and insight from the BOV.

35:19

Um, Dr. Collins, um, always had that connection and communication back to the BOV.

35:26

Um, the two always work together to make sure we understood what was coming forward, because ultimately, the BOV has governance responsibility.

35:36

So, whether it be MOUs, or anything that comes forward, we have those lines of communications that are, um, taking place.

35:46

Anything that has to do with managing the accounts and funds, (inaudible) get their direction from the university. President Adams-Gaston will work further to those details. She and I have had conversations. There is some things she is level setting or resetting when between the university and the foundation

36:06

with Mr. Porter's help. Thank you, Mr. Porter, for being at the table, as well as with legal's help.

36:11

But when it comes to the entities working together, making sure that we have the right communication, making sure that we're doing things in concert, and ultimately, making sure that we respect the role that we have as a BOV to the Commonwealth,

36:28

as extension of General Assembly, that's what's important to the BOV.

36:33

And so, I think what I heard from legal is we definitely have our documents, right, Pam? Um, I think I see you in the room. Yes. We have our documents.

36:45

Our documents have been out there for a while.

36:47

We probably need to update them, especially with the MOU, to make sure that the relationship and the communication is there. Maybe some of the assumptions of partnership and communication that I know I've seen through Dr. Collins, etcetera, to make sure that the BOV is at those conversations was some assumptions. We need to make it very clear,

37:07

so that the BOV has that partnership and support with the foundation and the university, so that we can with confidence do our governance role.

37:19

Um, Pam, Ron, what are those next steps to take that evaluation review of, um, those documents so that we can update them while the foundation is updating their documents, so we can all try to come forward in our relationships? Can you answer that for me really quickly?

37:40

This is Deb, I have a question that, um, some clarification on would be helpful to me. Sure. What I understood, was, if the university received, itself, Board of Visitors received a gift of whatever size, and wanted to have that managed, those funds managed, invested by the foundation that, and we're, and those funds were then transferred to the foundation for that management.

38:15

I'm not sure I quite understood whether that's something that we, that the foundation, will welcome and acknowledge that those funds remain the universities, or I got a little confused on that point.

38:28

That's a good question Deb and we'll ask for Crystal and President Ames to answer.

38:36

Do we know? One point of clarity is if that was to happen, and the BOV or university was to transfer

38:42

the gift, it goes back to my comments about it being set up as a quasi account.

38:47

If the monies come over from the university, which is what Dr. Porter was saying,

38:51

and a portion of that will be set up as quasi, those funds at that point, remain under the control of the university. Meaning they can request and let foundation of what they want to use them for and the foundation would honor that.

39:01

So, if that was the case, they would just be set up as quasi and then the university would maintain that control over those particular funds.

39:09

Thank you.

39:10

Does that answer you question Deb?

39:14

I, I think so (laughter).

39:19

You don't sound like it really did. Well, it's just, I'm accustomed to different language around this, so that may be part of what I'm struggling with here. And that's what Bishop Kim said, that we're, its language around it, that we just need to all get simple and say,

39:35

green left, right

39:37

brown, whatever it is. So, Deb, may, may I make a comment?

39:43

You can. I'm, I'm, go ahead President Ames.

39:46

Oh, I didn't know if Deb was still there. She's still there.

39:50

Deb, it is really simple. You know, our role and function hasn't changed.

39:55

Whether the university gets a check, whether the President gets a check, whether donors on the street come and bring checks to the university, those dollars come in through the Advancement Office.

40:07

They bring it to us.

40:08

We manage those dollars according to whatever the gift has been determined.

40:13

The donor says its restricted or unrestricted, we're just simply going to place it in the right place, so it can be used according to the agreement that was made.

40:22

All of that happens before us.

40:25

That doesn't happen at our level.

40:27

We don't determine how those funds or who gets what. They tell us what to do in that regard.

40:33

And we manage those funds accordingly for programs, for scholarships and those sorts of things.

40:39

So, in terms of how the money comes, or who's responsible for making the decision, it certainly isn't us. We just have the fiduciary responsibility to make sure we manage it well, so it's around when people need it.

40:51

That's, that's our role and function and we're very clear on it.

40:54

Well, I don't think there's really any question right, that the foundation is existing for the benefit of the university. But to go back to the points that Ron made earlier about, really, they're, there are two buckets of money, right?

41:05

There's the money that is owned by the foundation that it can do with, as it deems best.

41:12

We keep in mind its mission is to support the university versus money that is the university's.

41:18

The foundation has a fiduciary, a different sort of fiduciary obligation,

41:23

for it. Not that the unit that the foundation owns those funds in the same way. It is simply holding them in the same way. The money I give to the bank is not the bank's money, it's mine.

41:34

Right.

41:35

So, let me help you with this.

41:36

So, let's assume that that the foundation decides that we want to go out and raise funds, right,

41:43

for the benefit of the university, the foundation. Let's say we do the "Taste of NSU," and people write checks to the foundation for the "Taste of NSU."

41:52

Now, we as a Board may designate where we want those funds to go.

41:56

So that would be an example of the univ., of the foundation, actually, doing fundraising, checks being made out to the foundation, and then we have the discretion of what we want to do. Let's say, let's say you write a check to the foundation as an unrestricted check. And say, Travis, here's a thousand dollars, do what you believe is best.

42:16

That's going to go into the foundations unrestricted fund and then we're going to allocate those dollars to the best and highest use.

42:23

So that's an example of money coming in that we would own versus someone saying, you saying hey, you know what, President Adams-Gaston, I'm going to write you \$100,000 check and I want you to do what you feel it's best to it.

42:36

Now, what's going to happen is President Adams-Gaston is going to go through her deliberation process, figure out how to best allocate that, and say, foundation, would you, house this money here on our behalf okay? And as we needed and requested, then make that money available to us, but we want you to house it here, because it's the best and highest use of money.

42:56

So those that, that might be a little bit clarity around how money comes in. What we own, versus what someone else owns. But our function is still the same no matter who owns the money. It's to make sure it's given to the best and highest use for the university's benefit.

43:11

But the difference is, in the case of the university's money, you would not make that decision about that. I would not Ron.

43:17

That's exactly right, and we don't. Wouldn't make the decision. You do make the decision then for foundation money. So that's exactly right Ron.

43:25

So, in that respect, who the "to" line is on the check it does make a difference. It does make a difference. And so, I mean, the elephant in the room is, it sounds like people think we're making decisions over \$40 million. And if you think that, I think you're wrong. We don't make those decisions. We just simply house it and manage it, and allocate as the university, or the President, or whomever gives us instructions to do. Thank you.

43:54

(inaudible) In the case of the \$40 million, the check was written, or the wire, in this case, to the foundation, and not for the university.

44:02

I wasn't there when that happened. So, you'll have to ask the person who brokered that transaction.

44:07

Thank you, and thank you, President Ames. I don't know what you mean by elephant in the room, but let me clarify on what you just said. Please.

44:16

As I said, very clearly to everyone, um, the transaction, the details around that gift,

44:25

we are managing other conversations because there is the question, in light of our governance responsibility around the investment strategies or the financial manage, um, health and management of the institution as a BOV.

44:41

That's separate. I think the questions that you are getting President Ames, is around as we go into these relationships, as gifts are coming in

44:52

what is the role and responsibility of the different entities that are responsible for managing them or in our case

45:00

providing governments? And going back to my question to legal, um,

45:06

Pam, can you please answer my question?

45:08

How do we update the documents to explore that as we are bringing the relationship forward

45:15

between the BOV, NSU, NSUF? We can do that in concert with NSUF so we can make sure that we are operating and presently. Right,

45:30

and so (what do I need to do). Yeah, and so, so, two things I think, um, Deb Love, Ron and I have as you said, there was another group that was meeting.

45:40

One of the things we talked about is, and I'm glad to see everyone agreeing on the call, because I understand that they're relying on him.

45:47

I think it's important that legal, then the university and legal, um, with the, um, foundation get together

45:56

and, and make sure that that MOU reflects what it is that both parties are interested, particularly with the Board of Visitors', um, input, and that we see that it reflects exactly what was the intent

46:11

that was for what the monies that are to be used for. As President Ames had indicated, the foundation is certainly looking for direction and is wanting to do the will of the university and the President,

46:25

and what's best for Norfolk State University. I think that it's got to be real important that we get together to work on that and already, um, Deb Love,

46:35

Ron and I have been talking about, well, maybe, to occur with the current MOU and also understand from Edwin Green that the same thing is true on the side of the foundation.

46:48

In addition, I would say that our own MOU, for what we expect from foundation, does have an education and compliance provision in there? And, it has been

46:59

previously been referenced by some of our Board members that are other meetings that we need to make sure we use some due diligence, to make sure that what's in place, um, everybody is aware that we're following through on what needs to occur.

47:16

And so, um, you know, we will certainly, working with the Vice President of Finance and Administration, who is supposedly an oversight with this policy, and with of course, Mr. Porter, to try to make sure we have some, some of that in place. And that's what I see.

47:33

And I, um, Deb, Ron, if you have some other thoughts too, please do.

47:39

Thank, you, Pam.

47:43

I'm sorry. Yeah, Carla Bailey and I'm the Vice President of the NSU Foundation at the moment. Um, what I want to say is that it is my hope that we continue to get very large donations from various organizations, um, philanthropists, whomever would deem to bless us with the funds.

48:05

And, what I want to make sure of is as we are working through the MOUs, that we make very easy for donors to get to us.

48:19

Um, as Dr. Porter had advised, you know, in this instance, um, Ms. Scott was, and her or her people, was dealing with the President,

48:29

and they asked her how we can best assist the university.

48:34

So, they kind of dictated how that worked, you know, how they how they could give. So, there may be various,

48:41

there may be very different ways of how, um, donors may want to give to the university. But the way the foundation is set up, however they want to give to us, there are vehicles, we have accounts that will be able to bring in the money. And so, I just don't want us to get in the weeds of how you know, um, the money comes in.

49:06

The goal is that the money flows in. Um, and that there are accounts that are available to hold, distribute and manage.

49:17

So (inaudible). Thank you. Thank you very much. See the bigger picture.

49:22

Oh, I'm sorry, it was the delay. Thank you very much, Vice President Bailey. I want to go back to Pam and I want to come back to your comments. I think you bring something that helps to round out this part of the conversation.

49:36

Pam, thank you. Ron, Deb,

49:39

I'm glad to hear that we have counsel that's going to one,

49:43

look at our bylaws and our MOUs, to make sure (inaudible)

49:49

the ownerships and how the entities worked

49:54

um, at including the continued review that's happening, foundation, and that which extends to the recent gift.

50:03

Um, so if we could just make sure that the counsels are working together so we can update these documents that make sure that the systems, um,

50:14

are clear on how we are, again, and lend itself, which I think is to a much needed

50:21

session where we talk about education and due diligence. Um, and we can absolutely lean on from a BOV perspective, Dr. Watkins to help us ensure that we have that session. Um, and that we have our legal partners in the room.

50:38

So, thank you, Pam Ron and Deb, Counsel Green

50:42

and, um, Dr. Hopkins, um, excuse me, I said Hopkins, Dr. Watkins in advance for carrying that forward.

50:49

And, we'd look forward to having an update on this at our next BOV meeting. So, I know you all have conversations that are in place.

50:59

Um, please make sure that we bring this forward so that it is in a full Board forum.

51:05

In addition, forego to Vice President Bailey's comments, I have asked, um, from the BOV that the general (inaudible) look at the process of how we receive large gifts, um, is an independent review. And, um, it's simply a review just so we can see how the best practices are with other institutions.

51:37

You're right, Vice President Bailey. We don't want to make it hard for anyone. We need every dime, nickel that comes into the university. Um, and we also want to make sure that we support where we need to the investment strategies as a governing board.

51:54

That's expected to, from us, or to us from our governor and from our, um, our General Assembly. So, with that being said that goes back to where the relationship and the communication happens.

52:09

Um, whether it be from the board to being the BOV's board, to NSU, to NSUF.

52:15

What are those conversations so that we can make sure that we're all operating in concert. And so, that's the message, the primary message of today, and um, it has been a primary message of this board. We've operated that way. Um, I just don't know, um,

52:34

in working through the current details where we need to clarify, but will clarify will move forward. We're learn as we have. And I've had those direct conversations with the President.

52:46

Keep in mind, she's inheriting the system. She's trying to make the system better herself. Um, so, as we all work together and do that, that's important.

52:57

But just recognize, we have three entities. We have a, BOV, that provides governance.

53:03

And the BOV

53:03

is only seen as we are answering to the public, answering to the General Assembly. We can speak to that, which is the governance responsibility, fiscal management responsibility, health of the university, that we can say, yes, we've been a part of those conversations, and we understand. Not that we're trying to dictate and be in the weeds.

53:25

We don't have that time, and you all, you know, work at a different point, with the university and with the foundation. And, I know none of us have, we just trying to fulfill our roles, and that's simply it.

53:37

Indeed. We do need to go on to closed meeting, and welcome any additional questions or comments in the next couple of minutes from those in the room, on the call. And then, we're going to go into closed session.

53:55

Okay. Um, April, do you want to go ahead and bring up the motion, so we can go ahead and read that before? Before we can go. Hey Joan. Before. Yeah. Hey Ron. Sure. Um, just to be clear which closed session are we going into? We've got two, so we'll know where to go from here?

54:17

Oh, I, I, I, yeah, um yes. I saw the multiple e-mails from April.

54:22

Um, it's the closed session where we have the noted members from the foundation, and I do welcome legal, as well as um, BOV members, whoever's there is fine.

54:37

Did you want the President, and the Vice Presidents? Oh, yeah, absolutely. We need you rockstar. Yes, just checking (laughter). Yeah.

54:46

So, what do we need to do Pam?

54:47

So, we can keep this moving, hopefully end early?

54:51

I think she's got it up on the screen. There it is. Madame Rector, I got it. Can I get a board member? I got it. This is Dwayne.

54:57

Um, Madam Chair. Thanks Dwayne. Um, Madam Chair, I move that we adjourn and reconvene in Closed Meeting pursuant to Section 2.2-3711(A) 1 and 8 of the Code of Virginia

55:09

for the following purposes, pursuant to the noted subsection sections: (and pardon the, the jet noise in the background) (1) to discuss personnel matters,

55:18

including more specifically discussion of the assignment and/or performance of specific employees of NSU and evaluation of performance of departments of NSU where such evaluation where such evaluation will necessarily involve discussion of the performance of specific individuals;

55:33

and (8) consultation with legal counsel regarding specific legal matters requiring the provision of legal advice;

55:39

and further that the Legal Team (OAG Section Chief and Senior Assistant AG Deborah Love, University Counsel and Senior Assistant AG Pamela Boston, and NSU Legal Assistant Ron Forehand; and that any non-committee member of the NSU Board of Visitors who would like to listen, but not participate or vote;

55:57

and that the President, Gerald Hunter, NSU VP for Finance and Administration and Clifford Porter, NSU VP for University Advancement; and that the NSUF President Travis Ames, NSUF Vice President Carla Bailey, NSUF Executive Director Crystal Jenkins and NSUF Attorney Edwin Green are invited to the Closed Meeting.

56:21

Thank you, Dwayne.

56:23

Is there a second?

56:28

Board member?

56:33

Second. This is Kim Brown, second. Thank you. It has been moved and properly seconded.

56:38

Um, I understand from our good counsel that we need to do voice vote for this. So, April. Rector Wilmer – Present. In agreement.

56:51

Mr. Henry –

56:53

Yes. Mr. Blake –

56:56

Yes. Ms. Blunt – Yes. Bishop Brown –

57:00

Yes. Dr. Watkins – Yes.

57:06

That's it.

57:08

All right, everyone, if we can quickly get to that line then we'll be done. Thank you.

57:17

Or, this? Yeah. Yes. Okay.

57:20

Having reconvened in Open Meeting, we will now take a roll call vote on certification that (1) only public business matters lawfully exempted from open meeting requirements, and (2) only such public business matters

57:32

as were identified in the motion by which the closed meeting was convened were heard, discussed, or considered in the meeting by the Board. Any member of the Board who believes that there was a departure from the requirements as stated above, shall so state prior to the vote, indicating the substance of the departure that in his, or her judgment, has taken place. April, can you take roll call vote. Rector Wilmer –

57:57

Present. I so certify. Yeah, sorry. I so certify. I need to eat. I haven't eaten today. Yes. Mr. Henry.

58:08

Mr. Blake – Also certify.

58:14

Ms. Blunt – I so certify. Bishop Brown -

58:15

I so certify. Dr. Watkins –

58:19

I so certify. That's it.

58:22

I'm not on the Committee, but I so certify too since I'm on the call.

58:28

Right. Thank you, Jim. All right. So, everyone, again, thank you for the meeting today, especially to our university leaders and to our foundation leaders, President Ames, and your team. We appreciate you. Just to make it all clear as mud for next steps.

58:46

Um, if we could just make sure one, our legal team, we are going to look for you to report out the next meeting on your review and updates or recommendation of updates to our documents being our bylaws, the MOU, um,

58:59

the MOU and how we work together. Um, President Adams-Gaston, as you report out with the, the Strategic Finance Committee,

59:08

one of the things was to speak to the management of the existing MOU and financial strategies going forward. We'll leave that to you to report out with the Devon Henry.

59:19

As well as, um, we will wait to hear from AG's Office on that review of the process for handling these large gifts.

59:28

More so to look at what we can do to improve the process now that we're operating in a new space.

59:33

And what are those best practices across the Commonwealth that we should consider in our process, and we'll update and update that accordingly with the university team.

59:45

And, I'm sorry, last but not least, our BOV representative to the NSU Foundation,

59:52

Dr. Watkins, will (inaudible), excuse me, partner with President Ames and his team to look at how the two groups are working together, communicating together, communicating with each other.

1:00:06

Um, and how we ensure that interest and the voice of the two entities are working

1:00:14

at the highest level, and anything that we need to do to improve those lines of communication. They will bring forth those points at our next BOV meeting. Um, and we also welcome Executive Director Crystal to be a part of that co presentation, so that the BOV and the NSU Foundation can speak together.

1:00:37

Any questions? Anything that I have missed?

1:00:41

Okay, meeting adjourned for 4:38 p.m. Everyone, have a good day.

1:00:45

Take care.

1:00:47

Bye everyone.