

NC State Natural Resources Foundation, Inc.
Board Meeting Open Session Minutes
Dorothy and Roy Park Alumni Center
April 26, 2019

Members Present: Lewis Ledford, Chairman; Blas Arroyo, Elizabeth Biser, Jim Bowen, Lara Brown de Fuenmayor, Sam Cook, Chris Davidson, Vicki Hardee, Barbara McCutchan, Charles Meeker, Dick Porterfield, Phil Rea, Harry Sideris, Genie Ussery, Mary Watzin

Members Absent: Lou Boos, Jim Buzzard, Hunter Jenkins, Dick Ludington, Jackson Naftel, Mary Peloquin-Dodd, Jill Tasaico, Ron Terry

Others Present: Robin Banker, Emily Capps, Sarah Corica, Ashleigh Eason, Shane Jarvis, Melissa Pasquinelli, Jennifer Viets

Chair Ledford called the meeting to order at 8:34 a.m. at the Dorothy and Roy Park Alumni Center.

Charles Meeker made a motion, seconded by Dick Porterfield, to approve the minutes of the January 17th and 18th, 2019 meetings. The motion carried.

Genie Ussery gave a report from the April 25, 2019 Advancement Committee meeting. The Day of Giving exceeded expectations. The committee reviewed a list of potential corporations, foundations and individuals that NC State is currently working with and/or are the next tier for CNR. The board was asked to send information to the college about potential "good" students interested in our majors and potential prospects. Specifics on corporate/foundation pipeline will be shared at the next meeting. In the committee meeting there was a list distributed with some names to see if anyone had an inside track to make introductions.

Discussion focused on feedback from board members and their perceptions of the Day of Giving.

- There were pros and cons
- Ipad would not connect to website
- Appreciated the thank you for your gift

Chair Ledford welcomed Chris Davidson to his first meeting in person with the Board.

Jim Bowen shared a report from the Audit and Finance Committee. At December 31, 2018, the Foundation had total investable assets of \$36.8 million.

Operating Fund Investments make up \$4.1 million of total investable assets. The average annual yield for the foundation's operating investments was 2.1%. Life income funds, consisting of 2 charitable remainder unitrusts, are managed by TIAA-Kaspick and had a market value of \$1.3 million at December 31, 2018.

Long-Term Investments: The bulk of the foundation's assets are endowments that were valued at \$31.4 million as of December 31, 2018. In addition to the endowments held by the

Foundation, the College also receives support from 10 endowments invested in the long-term pool as well as other directly-owned assets held by the University Endowment Fund and the NC State Foundation, with a combined market value of \$160.6 million at December 31, 2018. This includes both the Hofmann Forest timber deed proceeds invested in the long-term pool, as well as the residual, non-timber deed portion of Hofmann Forest. Including endowments and directly-owned assets held by the Natural Resources Foundation and other associated entities, the College of Natural Resources had \$193.5 million in total assets at December 31.

Endowment spending budgets for the College total \$4.0 million next fiscal year, as compared to \$3.8 million for the current fiscal year.

The committee was also provided with the results of the 2018 NACUBO (National Association of College and University Business Officers) - TIAA Endowment Survey. NC State University and associated entities (*including the Natural Resources Foundation*) ranked 88 out of 809 respondents with a combined endowment market value of **\$1.3 billion** at June 30, 2018. NC State reported a combined return to NACUBO of 11.4%.

Spending Budgets: The 2020 General Fund Budget was presented for consideration of approval. Dean Watzin reviewed the budget. Overall, the projected net cash flow is negative and the Natural Resources Foundation Quasi Endowment will be liquidated as necessary to meet college obligations; however, the college will not need to dip into the Quasi Endowment further than authorized last year. The Audit and Finance Committee recommends for approval the Natural Resources Foundation budget. Harry Sideris seconded the motion. The motion carried.

Lara Brown de Fuenmayor explained the Assistant Treasurer Resolution submitted for consideration of approval by the Executive Committee. Dick Porterfield seconded the motion. The motion carried.

Dick Porterfield gave a report from the Forest Management Committee. The committee reviewed the 2018 Revised Annual Report Hofmann Forest Property Management Plan submitted by RMS. We have had a nice gain and earned more than we are taking out. The Committee suggested that in the future we include a visual to show the good news on the forest. Other matters addressed by the committee:

- Continue to consider selling carbon credits at Hofmann and see if we can get a conservation easement on the pocosin area of the forest.
- Concerns of Schenck Forest – we want to have two small cuts on this forest but will involve stakeholders so they will understand the reasoning for the cuts.
- We have been approached about selling Hosley Forest. It is 254 acres. This has been ongoing for several years. It is the committee's feeling we should explore seeing if anyone would be interested in obtaining the property for conservation.
- Progress continues to be made on the solar farm at Hofmann. Discussion is also in progress about leasing the property headquarters building.
- The Taylor family has agreed to sell the Taylor Forest and establish an endowment with the funds.
- The Hofmann Tour by those board members who were available was appreciated.

- The Hofmann Forest is the largest college-owned piece of continuous property east of the Mississippi.
- An explanation was offered on mitigation credits, what they are and how the process works.

At a future meeting, Lara Brown de Fuenmayor will suggest changes to the bylaws for consideration of approval by the board. The dates of the 2020 board meets are January 16-17 (Raleigh), April 16-17 (Asheville), and either September 17-18 or October 1-2 (Raleigh). It was suggested that at a future meeting a tour of campus would be good and a tour of a paper mill.

Lara Brown de Fuenmayor passed out processes and a nomination form for appointment of committee chairs, officers, and directors. She also distributed Board of Directors expectations. These documents are to clarify what the expectations and processes are for appointment. The processes were recommended by the Executive Committee and were submitted to the full board for consideration of approval. Charles Meeker seconded the recommendation for approval of the processes. The motion carried.

Dean Watzin addressed the demographics of the board. It is prudent to have all areas of the college represented, as well as diversity of the directors. These demographics will be shared at a future meeting. At this time it is recommended that the Board seek someone in the PRTM area and a system wide approach to natural resources.

A capital campaign update was given by Lara Brown de Fuenmayor. 91% of the university goal has been realized as of 3/31/19 and 78% of the college goal has been reached. \$1,720,500 has been raised year to date. The CNR annual giving campaigns currently underway are the Candace Goode Vick Scholarship, Graduate Leadership Fund, and Slocum Camp. An update was given on the Pulp and Paper Advisory Committee fundraising.

Robin Banker and Sarah Corica provided an overview of the Wolfpack Day of Giving. Feedback was received from the directors.

With no further business, Charles Meeker made a motion, seconded by Elizabeth Biser, to adjourn the meeting. The meeting adjourned at 11:01 a.m.

Respectfully submitted:



Vicki S. Hardee, Secretary