

# BOARD OF REGENTS BRIEFING PAPER

## **1. AGENDA ITEM TITLE: GBC Foundation Endowment Management Fee**

**MEETING DATE:** June 8, 2017

## **2. BACKGROUND & POLICY CONTEXT OF ISSUE:**

The Great Basin College Foundation started reviewing the benefits of transferring their endowment pool assets to the system endowment pool in 2015. The Board of Regents has approved this transfer of endowment assets. The GBC Foundation current takes a 1.5% management fee from their endowment pool funds to sustain their current level of operations. With the transfer of the assets to the system endowment pool the Foundation requests to maintain the current 1.5% management fee. The Foundation Board of Trustees approved the transfer of assets and the 1.5% management fee at their November 12, 2015 meeting. The NSHE Board of Regents Handbook (Title 4, Chapter 10, Section 3c) states the following:

*Subject to Board of Regents approval of an institutional request, an annual fee of up to 1.5% of the institution's portion of the NSHE endowment pool subject to restrictions in Subsection d below, calculated and distributed in the same manner as the dividend, will be transmitted to that institution in consideration of additional foundation management, stewardship and development activities. Any transfer of such funds directly to the foundation for such activities is subject to the institution having an operating agreement in place between the institution and the foundation providing for adequate accounting and oversight of such funds consistent with Board of Regents requirements specified in Title 4, Chapter 10, Section 10.*

## **3. SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:**

GBC Foundation requests the NSHE Board of Regents approval of a request for an annual management fee of 1.5% of the Foundation's portion of the NSHE's endowment pool, calculated and distributed in the same manner as the dividend to be transmitted to that institution in consideration of additional Foundation management, stewardship and development activities. Since the Foundation assets were transferred in March and an operating agreement was not in place at that time, the 3<sup>rd</sup> quarter management fee was not distributed to the Foundation. Therefore, we request the that the operating agreement be approved concurrent with the transfer of GBC Foundation assets into the NSHE System Pooled Endowment Fund so that the foundation may receive a 3<sup>rd</sup> quarter management fee.

## **4. IMPETUS (WHY NOW?):**

Currently the Foundation is taking a 1.5% management fee on their endowment assets. Approval of this item would allow the Foundation to continue receiving the same level of management fees and continue to sustain and increase their support of the college.

## **5. BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:**

- The GBC requests meets Board of Regents handbook requirements (Title 4, Chapter 10, Section 3c)
- Currently other NSHE institution's foundation' use of the management fee for management, stewardship and development activities.
- This will retain the current level of management fee that the GBC Foundation receives.

**6. POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:**

None

**7. ALTERNATIVE(S) TO WHAT IS BEING REQUESTED/RECOMMENDED:**

None

**8. COMPLIANCE WITH BOARD POLICY:**

Consistent With Current Board Policy: Title #4 Chapter #10 Section #3c  
 Amends Current Board Policy: Title #\_\_\_\_ Chapter #\_\_\_\_ Section #\_\_\_\_  
 Amends Current Procedures & Guidelines Manual: Chapter #\_\_\_\_ Section #\_\_\_\_  
 Other:\_\_\_\_\_  
 Fiscal Impact: Yes\_\_\_\_ No **X**  
Explain:\_\_\_\_\_

## OPERATING AGREEMENT

**THIS AGREEMENT** is effective the 25<sup>th</sup> day of March, 2017 and is by and between the Board of Regents of the Nevada System of Higher Education (“NSHE”), on their own behalf and on behalf of Great Basin College (“GBC”) and the Great Basin College Foundation (“GBC Foundation”), a Nevada Non-profit Corporation organized and operated exclusively for the purpose of supporting Great Basin College (“GBC”) and exempt from taxation pursuant to 26 U.S.C. Sec. 501 (c)(3).

**WHEREAS**, the Regents adopted a resolution on June 8, 2017, to compensate the GBC Foundation for activities described in Paragraph A of this Operating Agreement (“Resolution”); and

**WHEREAS**, the GBC Foundation exists to raise and manage private resources supporting the mission and priorities of GBC and has developed special knowledge, experience and expertise in that regard; and

**WHEREAS**, the NSHE requires management, stewardship and development activities and services to be provided relative to that portion of the current NSHE endowment pool attributable to GBC and for future gifts to GBC, as well as those to the NSHE on behalf of, or for the benefit of GBC; and

**WHEREAS**, The NSHE Board of Regents Handbook, Title 4, Chapter 10 provides that member institutions of the NSHE may enter into operating agreements with their member institution foundations to provide such services;

**THEREFORE**, in consideration of the mutual commitments herein contained, and other good and valuable consideration, receipt of which is hereby acknowledged, the parties agree as follows:

- A. The following services shall be provided as applicable by the GBC Foundation to GBC on an ongoing basis:
  - 1. IDENTIFICATION OF DONORS, including but not limited to, (a) prospect research to identify potential donors and (b) research to identify family members and associates of existing living and deceased donors;

2. CULTIVATION OF DONORS, including but not limited to, (a) management of communication with donors, (b) connecting donors, volunteers and prospective donors with GBC, (c) development and dissemination of messaging for involvement opportunities, (d) publication of newsletters and other communication by, e.g., e-mail, websites, audio/video, and printed material for alumni, friends, corporate and community audiences, (e) production of on- and off-campus events to invite prospective donors, (f) and development of an engagement strategy for major donors and major gift prospects;
3. SOLICITATION OF DONORS, including but not limited to, (a) request of funds for unrestricted, restricted and endowed purposes, (b) production and distribution of collateral materials for gift appeals, gift renewals, and giving campaigns, (c) creation of memoranda of understanding regarding gifts in cooperation with the General Counsel for GBC, and (d) communication of donor restrictions regarding use of designated funds to receiving units within GBC;
4. STEWARDSHIP OF GIFTS, including but not limited to, (a) deposit of gifts and issuance of gift receipts and acknowledgements, (b) recordation of confirmation from GBC units that expenditures are consistent with gift restrictions; (c) investment management, (d) maintenance of records regarding investment earnings, (e) monitoring and implementation of all Uniform Prudent Management of Institutional Funds Act requirements, (f) provision of communication to donors regarding confirmations of gift designations, (g) provision of recognition of donors through communications, events and awards, (h) production of communications designed to document impact of gifts, (i) production of customized impact reports for significant gifts and pledges, (j) production of customized annual endowment reports of fund performance for donors;
5. GIFT OPERATIONS, including but not limited to, (a) establishment of procedures for security for electronic and paper records of donors, including gift histories and updated contact and biographical information, as to gifts processed through the GBC Foundation, (b) establishment of new funds in accordance with gift agreements, (c) ensuring compliance with Internal Revenue Service regulations regarding gift and receipting transactions, (d) maintenance of separate projects and funds for NSHE gifts designated for GBC, which will share in a pooled allocation of investment earnings and expenses deposited into appropriate restricted or endowment accounts. The GBC Foundation will determine whether it would make the most sense to deposit the funds to NSHE depending upon existing accounts, (e) provision of regular annual reports and quarterly reports, as requested, regarding performance of NSHE pooled assets, (f) provision of regular reports to GBC units regarding new funds, fund growth and gift

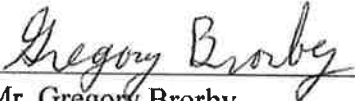
designations, which are available through the campus computing system and, in the event campus units cannot generate such reports, the GBC Foundation would provide the reports, (g) implementation of payout policies approved by the GBC Foundation Board of Trustees, (h) contracting with an accounting firm to process all bookkeeping duties, (i) contracting for and supporting an annual audit by and independent certified public accounting firm licensed in Nevada done in accordance with generally accepted auditing standards.

- B. In addition to providing such administrative support to the GBC Foundation that the parties deem warranted GBC shall ensure that:
1. Pursuant to the Resolution, when GBC is provided by the NSHE with an amount equal to one and a half percent (1.5%) of GBC Foundation proportion of the NSHE endowment pool, calculated and distributed in the same manner as the dividend ("Foundation Fee") GBC shall directly pay the Foundation Fee to the GBC Foundation as consideration for the additional management, stewardship and development activities described in Section "A" of this Operating Agreement.
- C. This agreement is subject to the following general terms:
1. All procedures and practices adopted by the parties to implement this Agreement shall be in compliance with any and all applicable provisions of the NSHE Board of Regents Handbook and the NSHE Procedures and Guidelines Manual, as they may be amended from time to time.
  2. This agreement is subject to cancellation annually on June 30, upon 15 months prior written notice received no later than March 1 of the preceding year by either party, hand delivered to the Director of the GBC Foundation or to the President of GBC, or by a timely resolution to that effect adopted at a noticed public meeting of either the Board of Regents of the Nevada System of Higher Education or the Board of Trustees of the GBC Foundation.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed on the 28<sup>th</sup> day of April, 2017

**BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION, ON THEIR OWN BEHALF AND ON BEHALF OF GREAT BASIN COLLEGE,**

Recommended by:

  
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Mr. Gregory Brorby  
GBC Foundation Director

  
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Ms. Sonja Sibert  
GBC Vice President, Business Affairs


  
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Dr. Mark Curtis  
GBC President

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John White  
NSHE Chancellor

**GREAT BASIN COLLEGE FOUNDATION**

Approved by:

  
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Mark Laffoon  
Chairman