



**Wednesday, July 22, 2020**

**Board of Directors Meeting**

**5:00-6:30 p.m. – Via Zoom**

**Board Present:** Advani, Andersen, Banerjee, Bautista, Bewtra, Holmes, Khechfe, Davis, Dubin, Klinke, Krause, Landsberger, Mahoney, Miner, Nguyen, Santora, Vaidhyanathan, Wong-Agbayani, Wong

**Board Absent:** Oropeza

**Staff Present:** Cima, Howell, Latta, West

**Guests:** Becky Bartindale – District Communications Coordinator; Marisa Spatafore – Associate VP of Communications and External Relations

### Minutes

#### **Welcome and Call to Order**

#### **Approval of Minutes**

- June Minutes Approved
  - Mahoney motioned; Andersen seconded; motion carried unanimously

#### **Action – New Board Members**

The Governance committee nominated:

- Swati Advani, community member and former FHDA Foundation board member.
  - *Action: Wong moved to appoint Swati Advani to the board; Mahoney seconded. Motion passed unanimously*

#### **Action – Appointment of Board Officers and Board Executive Committee**

The Governance committee nominated the following board officers for 2020-21:

- Amine Khechfe – President
- Rimi Bewtra – Vice President
- Holly Wong-Agbayani – Treasurer
- Dudley Andersen – Secretary
  - *Action: Bautista moved to adopt the slate of officers as submitted; Mahoney seconded. The motion carried unanimously.*

## Finance Report – Latta

- Latta gave a “Budget 101” presentation that included an overview of the Foundation’s assets, fund management and budget process.
- The Foundation is self-funded auxiliary 501(c)3 with \$43 million dollars in assets.
- Latta reviewed the monthly consolidated report with the board. She noted that a bulk of the assets reside with the foundation’s asset managers, TIAA Kaspick. The assets are divided into two pools: the endowed pool, where funds are all permanently restricted, and the expendable funds, which are not endowed.
- Endowment vs. Expendable – each fund is invested the same as per the Foundation’s Investment Policy ([https://foundation.fhda.edu/what-we-do/statement\\_of\\_investment.html](https://foundation.fhda.edu/what-we-do/statement_of_investment.html)).
  - Endowment Pool – donor driven permanently restricted endowments comprised mostly of scholarships and some programs
    - Annual basis, payouts are determined staff working with the Finance Committee, typically around 4%, and then those payouts are moved into the expendable pool so they can be utilized.
  - Expendable Pool – gifts restricted to particular programs, unrestricted gifts (including the President’s Fund, Chancellor’s Circle, Educational Excellence) and our reserve fund.
    - Even though expendable funds can gain and lose in market value over time, the book value remains the same for programs; the Foundation does not pay interest/earnings to expendable fund
- The Foundation has hundreds of restricted funds. Typical program expenses range between \$3-4 million annually and is comprised of scholarships, book vouchers, program materials, food for students, and salaries for program staff.
- The Foundation’s operational budget is typically around \$1 million and is mainly comprised of staff salaries and benefits.
- The Foundation is funded with a small portion of bank interest and gift fees, with the bulk of the funding coming from a “draw” taken from the earnings on the two pools (expendable and endowed). In some instances, the foundation relies on a portion of its reserves.

## Foundation FY2021 Budget – Latta

- Latta reviewed the FY2021 draft fund raising budget.
- Projected fund raising revenue is \$3 million. We are projecting a reduced fund raising budget for FY2021 due, in large part, to sizeable, multi-year grants that are expiring. We anticipate some COVID-19 related loss of revenue to programs (e.g., KCI and FEI) that provide fee-for-service programs for school districts. Event related

revenue is uncertain since we don't know when we will be able to hold large in-person gatherings.

- Operating Expense - \$1,125,724, FY2021 is very similar to FY1920 with the biggest component to the operating budget being staff salary and benefits.
  - The hiring of the De Anza Director of Development has been put on hold until January 2021 due to our remote workplace environment and economic downturn. However, we plan to invest in an hourly grant writer that will have targeted goals.
- Operating Revenue – Latta referred to the two asset pools that support the foundation's operations: expendable and endowed.
  - We are projecting a \$49K surplus for the FY1920 budget mostly due to not hiring the De Anza Development Director (which was budgeted in FY1920 at 10 months). This was offset by the COLA increase which was not projected.
  - Latta continued that due to the pandemic, the economic environment is uncertain at best. Because the bulk of our operation revenue is funded by a small percentage of our overall assets, the Foundation wants to position itself cautiously. Fortunately, we have a healthy reserve balance of \$927K. After much discussion, the Finance Committee is recommending the following draw (formula):
    - 3.62% Expendable Draw
    - 0% Endowed Draw
    - Up to \$245K Reserve Backfill
  - Because of the market volatility, we are proposing not take a draw from the endowed fund in order to preserve the corpus. The Committee recognizes that the Foundation has spent years building our reserve (\$927K) and advise that now is the time to lean on the balance. However, there was careful consideration to not spend down too quickly as this might be the beginning of an economic downturn that may last for several years. The recommended target is to use 20% of the reserve and to budget 25% as needed.
    - For a historical perspective, in the last economic downturn in FY0809, the Foundation used its reserves to fund the operating expenses. At that time the reserve balance was just over \$1M and we directed \$537K to pay for operating expenses (we had a much smaller staff and budget.) Over the years the expendable draw has ranged from 5%, 4.8%, 4.6%, 4%, 3.9% and 3%.
- The Executive Committee working with the Finance Committee to develop a reserve fund policy in the coming months.
- **Action:** The Finance Committee recommends adopting the FHDA Foundation's FY2021 Budget.

- *Banerjee moved the item as recommended; Bewtra seconded. The motion carried unanimously*

### **Chancellor's Report - Miner**

- Miner gave kudos to International Student Programs Director, Jordan England, in dealing with the confusing policy issues with the temporary directive from the Trump Administration that barred international students from staying in the United States if they were taking online only classes.
- The District participated in an amicus brief along with Harvard, MIT, and a number of California universities to oppose the ban on only allowing international students visas if they took in person classes.
- The Mellon Foundation has been supporting students in the humanities with paid internships at nonprofits throughout the Bay Area. The current grant will be renewed at the same level as the previous grant at \$2.1 million dollars which the District splits with the University of San Francisco.

### **President's Report De Anza – Holmes**

- Holmes told the board that it was officially his 22<sup>nd</sup> day on the job, and that being the President of De Anza is a dream job at a dream institution.
- Holmes thanked all the board members who attended his welcome reception and gave a shout out to Marisa Spatafore and the De Anza College communications team for all their hard work putting it together.
- Holmes also thanked a generous donor for their \$10,000 gift to the De Anza Presidents fund in his honor. Holmes said it is critical that we continue to seek additional donors to increase student success.

### **President's Report Foothill- Nguyen**

- Nguyen shared with the board that she read a statement to international students over Zoom to demonstrate the colleges support for international students. Students who attended the meeting were grateful to hear from college leadership and felt supported by the college.
- A preliminary injunction was made to allow for CARES act funding to be given to a broader range of students, including students who didn't fill out a FAFSA or who are undocumented among others.
- The Foundation staff will take over the Presidents daily briefing next week to connect with members of Foothill College and answer any questions they might have.
- A new scholarship was given out in honor of the Black Lives Matter movement to a student in their 1<sup>st</sup> year of Umoja program.

### **Foundation Report – Cima**

- Cima reminded the board that monthly board meetings would continue until November 2020. The board will reevaluate in January to see if monthly meetings should continue.
- The Los Altos Sunset Rotary is looking to start an endowed scholarship in memory of a fellow Rotarian, Bill Mayhood. The connection came from Jim Walker, a long-time De Anza Commissioner. Cima commented that it is connections like these that are so critical to our fundraising.
- Cima discussed with the board about creating a strategic plan working group.
  - The colleges have recognized three major issues students face are hunger, housing and health.
  - Nguyen suggested that the board consider all the various partnerships that could happen with the board, either through industry or government.
  - Miner highlighted that the work done by the Trustees and how their focus on equity would align with a Foundation initiative to raise funds to support basic needs.
  - Holmes told the board if we want our students to be successful, yet they are walking onto campus and are concerned about housing, health or hunger – they are not going to be as successful as they could be. We need to carry that message to our donors and potential donors.
- Cima will work with the Executive Committee on creating a committee and will seek volunteers from the membership of the board to serve on this committee; board members agreed that the charge of the committee, as is being recommended by staff, should be to develop the framework for a focused initiative that can be brought back to the board for approval, modification, etc. Once approved, the board can alter the committee to lead the execution of the plan.

*Meeting adjourned 6:32 pm  
Next meeting August 19th via Zoom*