

**KENTUCKY STATE UNIVERSITY BOARD OF REGENTS  
INVESTMENT & ADVANCEMENT COMMITTEE  
SPECIAL CALLED MEETING**

**\*\*\* Meeting Was Conducted in Person and by Teleconference \*\*\***

**October 18, 2023**

**10:00 a.m. EDT**

**Board of Regents Room  
Julian M. Carroll Academic Services Building, 2nd Floor  
400 East Main Street  
Frankfort, Kentucky 40601  
(Primary Physical Location)**

**MINUTES**

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**I. Call To Order**

The Committee's Chair, Regent Charles Moyer, PhD, called the meeting to order at 10:00 a.m.

**II. Roll Call**

The Board's Secretary, Zachary Atwell called the roll:

Regent Charles Moyer, PhD., Chair	Present
Regent Robert Ramsey, Sr.	Present
Regent Edward Hatchett, Esq.	Present
Regent Jason Moseley	Not Present
Regent Michael Adams, Jr.	Present
Regent Ernie Fletcher, MD	Not Present

At least four (4) committee members were in attendance and present at roll call. A quorum was therefore established. Regent Fields, Regent Walston and Regent Dukes also were in attendance.

**III. Approval of the Agenda**

**MOTION** by Regent Adams:

Move the Committee to approve the agenda of the October 18, 2023, special called meeting of the Board of Regents' Investment & Advancement Committee.

Seconded by Regent Hatchett and passed without dissent.

**IV. Opening Remarks**

Chair Moyer opened this first meeting of the Investment and Advancement Committee by commenting that that he aspires to conduct informative and time-efficient meetings. He outlined several Committee goals and emphasized that learning more about the performance and operation of the KSU Foundation would be a focus of the Committee.

Regent Dukes opined that the Investment and Advancement Committee was one of the most important Board committees, as it has the ability to profoundly impact the University's development and planning.

## **V. Information Items**

### **A. Discussion of Investment Funds, Policies and Procedures**

Prior to commencing the Information agenda items, Chair Moyer requested that presentations be limited to 15-20 minutes each.

Dr. Wendy Dixie, Interim VP, Finance & Business Affairs, and Mr. Michael DeCourcy, Interim Chief of Staff and VP, Strategic Initiatives presented the Discussion of Investment Funds, Policies, and Procedures.

Mr. DeCourcy began the presentation, reviewing policies and procedures relative to the University's investments, then offered to answer questions.

Regent Adams requested that Mr. DeCourcy bring committee members up to speed as to the operational side of institutional advancement and how money is raised.

Regent Hatchett asked Mr. DeCourcy to characterize the quality of record keeping relative to all contributions ever made to KSU.

Chair Moyer inquired into factors determining whether incoming donations are deposited into the University's endowment or the Foundation's endowment, and queried whether it was correct to say that where the money goes is largely a function of when the gift was given.

Regent Walston asked how gifts coming to the Foundation from small grants were accounted for, and whether the Foundation notified the University whenever these types of gifts were received.

Regent Adams queried as to the reason that the University has not received reports [of gifts received] from the Foundation since April 2022.

Regent Dukes requested clarification that the Foundation has ceased providing the University with documentation that they previously provided. Mr. DeCourcy confirmed that his office has not received any tax receipts from the Foundation since April 2022, though documentation has been requested.

Regent Adams asked whether the MOU between the University and the Foundation required the Foundation to report to the University and provide receipts and records. Mr. DeCourcy responded affirmatively.

Regent Walston queried whether the MOU had been updated since its original inception, and whether the Foundation was following all University policies regarding Advancement, as required by the MOU.

Relative to the manner in which the Foundation and University work together on a day-to-day basis, Chair Moyer asked Dr. Dixie whether she knows what funds will be available to the University from the Foundation as she prepares the budget. Dr. Dixie responded negatively, stating

that efforts to obtain that information from the Foundation have not been successful, and characterized the Foundation's response to requests from the University as reactionary rather than proactive.

Regent Dukes sought clarification regarding the dollar amount of scholarship assistance that Dr. Dixie had recently requested from the Foundation versus what was provided.

Regent Walston asked whether information is ever received from the Foundation to indicate the scholarships [and dollar amounts] being awarded to students. Mr. DeCourcy replied that the Foundation's policy is to apply scholarship funds directly to student accounts through the Bursar's office rather than sending funds directly to students. He further stated that if the policy is being followed, KSU should be able to track the Foundation's payments through the Bursar's office.

## **B. Discussion of Cerity Partners' Performance, Policies, Fees and Relationship with Kentucky State University**

Mr. DeCourcy and Mr. Chuck McCurdy, CFA, a Principal of Cerity Partners, presented this agenda item regarding the management of the University's investment funds held in the University's endowment.

Mr. DeCourcy and Mr. McCurdy began by discussing KSU's new investment policy that was put into action in June and the positive impact it has had on investing the University's assets. Continuing ahead, Mr. McCurdy introduced the Cerity team, then explained the relationship history between Cerity and KSU, Cerity's financial administration, and the IPS strategic portfolio [portfolio management strategies]. He also provided a performance recap. Mr. McCurdy also clarified that ARG1 is now Cerity Partners due to a merger between the two companies.

Regent Hatchett requested additional historical context as to the relationship between ARG1 Louisville and Cerity Partners and further inquired whether KSU receives an automatic notification whenever the portfolio is rebalanced.

Next, Mr. McCurdy provided a performance recap for the entire portfolio from inception through December 31, 2022.

Chair Moyer asked whether Mr. McCurdy could break out the equity piece of the entire portfolio in terms of performance and also provide a benchmark of the S&P 500 for comparison purposes. Mr. McCurdy responded affirmatively and stated that it would be discussed later in the presentation. Chair Moyer further inquired into the nature of the Black Swan hedge portfolio.

Regent Hatchett requested Mr. McCurdy to explain the alternative asset allocation.

Chair Moyer queried whether Mr. McCurdy could provide returns by each key portfolio component.

Regent Hatchett asked to see the performance percentages again for the full account.

As to the discussion of account performance from inception through December 31, 2022, Chair Moyer inquired whether the returns reflected additions made to the portfolio during that time period.

Moving ahead, Mr. McCurdy discussed the 2023 year-to-date performance through September 30, 2023, and year-to-date 2023 benchmarks through September 30, 2023.

Regent Hatchett asked how Cerity Partners chose their benchmark, and how long this particular benchmark has been adopted.

Chair Moyer queried how close the University's account has been to meeting the benchmark since its inception and further inquired as to the beta of the University's exchange traded funds (as well as alpha and Sharpe ratios).

Next, Mr. McCurdy shared the monthly investment policy report, including KSU's Strategic 4 Portfolio, Strategic 4 Returns, and Q4 2023 Cerity Partners AUM Fee. He then summarized the withdrawals from, and deposits to, the account since its inception.

Chair Moyer inquired into spend rate, and asked how it was computed.

At the conclusion of the presentation, Chair Moyer thanked Mr. McCurdy.

#### **C. Discussion of Advancement Office's Performance and Anticipated Needs**

This agenda item was presented by Mr. DeCourcy, who discussed the Advancement Office's status in terms of current performance, anticipated needs and challenges faced. Mr. DeCourcy further noted that a permanent investment policy is needed by the end of the year.

Chair Moyer asked Mr. DeCourcy to share his aspirations for the Advancement Office and inquired as to the resources needed to achieve those objectives. Mr. DeCourcy shared his vision and goals for the future of the Advancement Office and University within the next 18 months.

Chair Moyer thanked Mr. DeCourcy for his remarks.

### **VI. Adjournment**

In closing, Regent Hatchett complimented Chair Moyer on the direction of the Committee's first meeting. Chair Moyer emphasized the importance of the Investment & Advancement Committee's work and its ability to positively impact the University.

**MOTION** by Regent Adams:

Move the Committee to adjourn.

Seconded by Regent Ramsey and passed without dissent.

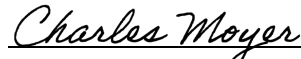
The meeting was adjourned at 11:32 a.m.

Submitted by:



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Zach Atwell  
Secretary  
Board of Regents  
Kentucky State University



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Regent Charles Moyer, PhD  
Chair, Investment & Advancement Committee  
Board of Regents  
Kentucky State University



Approved with no corrections

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Approved with corrections