

NWFSC Foundation Finance Committee Meeting
May 18, 2016 8:00 a.m.
Arpke Room 315, Costa Leadership Institute

Members Present:

Wayne Campbell
Chad Hamilton
Scott Jackson
Don Litke

Dennis Peters
Dale Peterson
Mike Flynt

Staff Present:

Serena Brown
Sasha Jarrell
Cristie Kedroski

Jason Masters
Carla Reinlie

Others Present:

Ray McGovern
Shane O'Dell

Absent:

Steve Wills

Call to Order:

Mr. Peterson called the meeting to order at 7:56 a.m.

Approval of Minutes:

The Minutes of the March 16, 2016 meeting were approved as presented. **Motion, Mr. Campbell; Second, Mr. Hamilton. Motion carried unanimously.**

Review and Approval of April 30, 2016 Financials and Checks over \$5,000:

Mr. Peterson presented the Statement of Financial Position, Statement of Activities and Investment Report as of April 30, 2016. Total assets are \$45,011,675 and Total Liabilities are \$500, bringing the Total Fund Balance to \$45,011,175. The Statement of Activities reflected (\$142,828) in Revenues and \$2,533,091 in Expenditures for a total Net Decrease in Fund balance of (\$2,675,918). Combined investment holdings with Merrill Lynch and Vanguard Wellington total \$39,714,023, allocated as 3.39% Cash & Cash Equivalents, 60.43% Equity, 11.18% Alternative Investments and 25.01% Fixed Income. Mr. Peterson also presented a listing of checks over \$5,000 from March 1 – April 30, 2016 and an update on the foundation's fiscal year 2016 annual goal. The goal for fiscal year 2016 is to raise \$767,887 and as of May 18, 2016, \$470,903 has been raised, representing 61% of the goal. Ms. Kedroski also noted that the foundation had received the scholarship invoice and that the breakdown of the scholarship disbursement for spring 2016 could be seen in the list of checks. **Motion to approve financials and checks over \$5000, Maj. Gen Litke; Second, Mr. Peters. Motion carried unanimously.**

Investment Report by the McGovern Group – Merrill Lynch:

Mr. McGovern presented a portfolio review as of May 17, 2016. In the past twelve months, the total portfolio is down 3.63%. Current holdings stand at 60.37 percent in equity, 25.13 percent in fixed income, 3.25 percent in cash and 11.25 percent in alternative investments. Mr. McGovern also presented the custom benchmark report from Blackrock which reflected a market value of \$33,800,823

as of April 30, 2016. The total Blackrock portfolio is up 0.29 percent year to date and up 6.21 percent since its inception on February 26, 2013. Mr. McGovern noted that the market has been in decline since the beginning of this year due to increased volatility but over the last couple of months there has been considerable improvement. He noted that there has been 1-2 percent growth in the market recently and that equity is providing the best returns but returns are more subdued. He also noted that the portfolio's position has remained largely the same since March's finance committee meeting. Following discussion on the Jackson Annuity, the committee requested that the McGovern Group explore the possibility of adding to our annuity or creating a new one. **Motion to accept the investment report, Maj Gen Litke; Second, Mr. Hamilton. Motion carried unanimously.**

Foundation Operating Budget:

Ms. Kedroski presented the fiscal year 2017 operating budget for the Foundation and noted that at present the fund balance in the Operating fund is \$880,327. She stated that the fund is invested and therefore is subject to investment gains/losses, which are not accounted for in the budget.

Ms. Kedroski pointed out that annual admin fee revenue is estimated to be \$216,000 and the proposed budget for fiscal year 2017 is \$198,812, which includes \$10,000 in operating fund contingency and \$10,000 in support of presidential development activities. On behalf of the Board of Trustees, Mr. Flynt requested that the Foundation provide funding support for lobbying services on behalf of the College. He proposed that the Foundation put a line in the fiscal year 2017 operating budget for \$100,000 to provide funds to pay for such services. The committee recommended the Board of Trustees return with a more fully developed proposal that includes legislative priorities. **Motion to approve the operating budget as presented, Mr. Campbell; Second, Mr. Peters. Motion carried unanimously.**

Spending Policy:

Ms. Brown presented the Foundation's Investment Policy and recommended that the Finance committee review our institutional spending policy and how it is calculated. She noted that In light of recent market fluctuations a revision may be necessary in order to ensure the policy we employ will maintain the endowment in perpetuity so that the Foundation may provide benefits for current students and programs without compromising the needs of future generations. Ms. Brown noted that presently the Foundation employs a spending policy allocating up to 4% of the endowment's prior fiscal year-end balance as long as the corpus is kept intact. She suggested an alternate method that would use a rolling average of fiscal year-end balances over the course of three years. This would thwart volatility and create a more even distribution from year to year. Maj. Gen Litke suggested that the committee review the asset investment allocation in a future meeting. **Motion to accept the spending policy revision to calculate the allocation on the three year average of the endowment's market value at fiscal year-end, Mr. Campbell; Second, Maj. Gen Litke. Motion carried unanimously.**

Underwriting of Mattie Kelly Arts Center Series 2016-17:

Ms. Kedroski noted that the college is prohibited from undertaking debt for events so the Foundation is annually asked to underwrite the upcoming Mattie Kelly Arts Center season. She presented the request for the Foundation Board to underwrite the Broadway Series, Artist Series, and Family Series for the 2016-17 Arts Center season at a cost of approximately \$482,000. **Motion to approve the Foundation underwriting the 2016-17 arts center series, Mr. Campbell; Second, Mr. Peters. Motion carried unanimously.**

Tallahassee Building Sale:

Mr. Peterson was happy to note that the Tallahassee building was sold on May 11, 2016 for \$375,000. After related transaction expenses the net proceeds from the sale of the building totaled \$336,504.66.