

NWFSC Foundation Finance Committee Meeting
July 22, 2015 8:00 a.m.
Morell Room 302, Costa Leadership Institute

Members Present:

Chad Hamilton	Steve Wills
Don Litke	Dewayne Youngblood
Dale Peterson	

Staff Present:

Serena Brown	Carla Reinlie
Ty Handy	Annie Young
Cristie Kedroski	

Others Present:

Ray McGovern	Shane O'Dell
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Absent:

Wayne Campbell, Dennis Peters, Robin Wilson

Call to Order:

Mr. Peterson called the meeting to order at 8:05 a.m.

Approval of Minutes:

The Minutes of the May 20, 2015 meeting were approved as presented. **Motion, Maj. Gen Litke; Second, Mr. Jackson. Motion carried unanimously.**

Review and Approval of June 30, 2015 Financials:

Ms. Kedroski presented the Statement of Financial Position, Statement of Activities and Investment Report as of June 30, 2015. She noted that the financials reflect figures for the month-end of June, but do not reflect year-end adjustments, such as depreciation and pre-paid insurance. Total assets are \$47,913,383 and Total Liabilities are \$0 bringing the Total Fund Balance to \$47,913,383. The Statement of Activities reflected \$2,929,345 in Revenues and \$2,052,070 in Expenditures for a total Net Increase in Fund Balance of \$877,275. Combined investment holdings with Merrill Lynch and Vanguard Wellington total \$41,983,087, allocated as 4.24% Cash & Cash Equivalents, 62.38% Equity, 9.22% Alternative Investments and 24.16% Fixed Income. **Motion, Maj. Gen Litke; Second, Mr. Youngblood.**

Investment Report by The McGovern Group – Merrill Lynch:

Mr. McGovern presented a portfolio review as of June 30, 2015. In the past twelve months, the total portfolio is up 2.45%. Current holdings stand at 63.65 percent in equity, 22.92 percent in fixed income, 4.26 percent in cash and 9.16 percent in alternative investments. Mr. McGovern also presented the custom benchmark report from Blackrock which reflected a market value of \$36,446,319 as of June 30, 2015. The total Blackrock portfolio is up 1.81 percent year to date and 9.34 percent since its inception on February 26, 2013.

Appraisals on College Apartments and Tallahassee Building:

Ms. Kedroski notified the committee that the College's auditors raised concerns about the apartments being reported in the audit as a noncurrent, depreciable capital asset. It was recommended that they be moved to noncurrent, endowment investments in future years. As a result, the property required a fair market value assessment, thus an appraisal was initiated on the College Apartments and Tallahassee building. Ms. Kedroski presented the appraisals for both the college apartments and the Tallahassee building. Mr. Peterson opened the floor for discussion pertaining to the acceptance of the appraisals. After much discussion amongst committee members, the committee agreed to table this discussion and approval of the appraisals until they better understand the impacts of these appraisals on our year-end audit. Additionally, it was requested that Ms. Kedroski inquire with the appraiser as to why the replacement cost approach was not used in the appraisal. **Motion to table approval of appraisals for the college apartments and Tallahassee building, Maj. Gen Litke; Second, Mr. Youngblood. Motion carried unanimously.**

Property Analysis/Discussion Regarding Sale of Tallahassee Building:

Ms. Kedroski provided background and current information regarding both the college apartments and Tallahassee building, including a chart that outlined the profit/ (loss) of the Foundation's investment properties: the Tallahassee office building, the rental apartments, and the Raider Housing apartments. After discussing, the committee agreed that it would be in the best interest of the Foundation to sell the Tallahassee property. **Motion to recommend sale of Tallahassee Building to the Foundation Board, Chad Hamilton; Second, Maj. Gen Litke. Motion carried unanimously.**

Approve Checks Over \$5000:

Ms. Kedroski presented the list of checks \$5000+ from May 13 – June 30, 2015. After discussion, the committee approved the list of checks but asked to have them listed as a subset to the financials rather than a separate line item. **Motion, Mr. Hamilton; Second, Mr. Jackson. Motion carried unanimously.**

Professional Services Contract Schedule:

Ms. Kedroski informed the committee of the current Foundation policy for Contracting and Professional Services and then provided the Foundation's current services contract schedule. Ms. Kedroski also informed the committee that it is necessary to bid the rental property management contract, currently held by ERA American Real Estate, as well as to examine the Foundation's banking engagement. She noted that the Foundation staff does not have any concerns with the current banking relationship and recommends to continue banking services with BBVA Compass Bank. A request for proposal (RFP) will be drafted to address the property management contract. Staff will work with the college's purchasing department to release the RFP. Mr. Peterson and Maj. Gen Litke volunteered to participate on the RFP Committee to review responses and make a recommendation to the Finance Committee for property management services.

Motion to approve continuation of the banking engagement with BBVA Compass Bank and an RFP for the rental property management contract, Mr. Youngblood; Second, Mr. Jackson. Motion carried unanimously.

Annual Review of Investment Policy:

Ms. Kedroski presented the committee with the Foundation's investment policy for review. She noted that Foundation staff is not recommending any changes, but believes it is prudent to review the investment policy with the finance committee at least once per year. Mr. Peterson asked if Mr.