

NWFSC Foundation Finance Committee Meeting  
January 31, 2018 8:00 a.m.  
Arpke Room 315, Costa Leadership Institute

**Members Present**

Bo Arnold	Don Litke
Wayne Campbell	Jeff McInnis
David Costa	J.D. Peacock
Chad Hamilton	Alan Wood

**Staff Present:**

Serena Brown	Carla Reinlie
Cristie Kedroski	Jason Masters

**Others Present**

Ray McGovern	Shane O'Dell
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**Absent:**

Jeff Floyd, Dennis Peters, Devin Stephenson, Steve Wills, Dewayne Youngblood

**Call to Order:**

Mr. McInnis called the meeting to order at 8:02 a.m.

**Approval of Minutes:**

The Minutes of the November 15, 2017 meeting were approved as presented. **Motion to approve minutes, Dr. Arnold; Second, Maj Gen Litke. Motion carried unanimously.**

**Review and Approval of December 31, 2017 Financials:**

Ms. Brown presented the Statement of Financial Position, Statement of Activities and Investment Report as of December 31, 2017. Total assets are \$51,641,619 and Total Liabilities are \$0, bringing the Total Fund Balance to \$51,641,619. The Statement of Activities reflected \$4,337,509 in Revenues and \$1,564,483 in Expenditures for a total Net increase in Fund balance of \$2,773,026. Combined investment holdings with Merrill Lynch and Vanguard Wellington total \$46,509,626, allocated as 3.38% Cash & Cash Equivalents, 63.50% Equity, 10.72% Alternative Investments and 22.40% Fixed Income. **Motion to approve financials, Mr. Peacock; Second, Mr. Campbell. Motion carried unanimously.**

**Approval of Checks over \$5000:**

Mr. McInnis also presented a listing of checks over \$5,000 from November 1 - December 31, 2017 for the committee to review. Ms. Brown then pointed out checks of significance. **Motion to approve checks over \$5000, Maj Gen Litke; Second, Dr. Arnold. Motion carried unanimously.**

**Investment Report by the McGovern, O'Dell & Associates / Merrill Lynch:**

Mr. McGovern presented a portfolio review as of January 16, 2017. In the past twelve months, the total portfolio is up 15.08%. Current holdings stand at 66.72% in equity, 18.84% in fixed income, 3.66% in cash and 10.78% in alternative investments. Mr. McGovern also presented the custom benchmark report from Blackrock which reflected a market value of \$38,631,420 as of December 31, 2017. The total Blackrock portfolio is up 17.02% year to date and up 9.14% since inception on February 26, 2013. Mr. McGovern noted that the market has been continuing at a record low volatility and that recent tax reform has improved many

organization's bottom line. The market also continues to see sizeable gains due to the improvement of the global economy. He also noted that there has been around a 2.5 percent growth in the market recently, with returns increasing and stocks being the assets of choice. He lastly touched upon the Foundation's investment portfolio and noted that the portfolio has been doing well since December's Finance meeting, and that if the committee is agreeable he suggests moving funds from one money market to another with a higher interest rate. **Motion to accept investment report, Dr. Arnold; Second, Mr. Peacock. Motion carried unanimously.**

**Endowment Spending Allocation for Academic Year 2018-19:**

Ms. Brown provided a chart listing the endowment spending allocation available for Fiscal Year 2018-19. She noted that per the Foundation's spending policy the award allocations are calculated as a percentage, not to exceed 4%, of the three year average of the endowment's market value at fiscal year-end. She also pointed out there were 11 endowed funds that were unable to support a 4% distribution due to insufficient investment earnings and that of these 11 funds, 4 are able to support a 3% distribution representing \$8,270 of the total. Ms. Brown lastly noted that the remaining 7 funds were underwater as of 6/30/2017. **Motion to approve the spending allocation as presented, Mr. Costa.; Second, Mr. Campbell. Motion carried unanimously.**

**Foundation/College MOU:**

Mr. McInnis presented a copy of the college operational audit finding, as well as a draft of the written memorandum of understanding (MOU) for the committee to review. He noted that based on recent college operational audit finding recommendations it is necessary to create a written MOU between the Foundation and the college that outlines the mutual commitments between the two entities. Ms. Kedroski then discussed the recent legislation that has called for these changes and its impact on the future of the Foundation. The committee also suggested minor changes to the personnel time and effort chart. **Motion to approve the MOU with suggested changes, Mr. Campbell.; Second, Dr. Arnold. Motion carried unanimously.**

**Investment Services Request for Proposal (RFP):**

Mr. McInnis noted that a draft of the RFP for Investment Management Services was emailed to the Evaluation Committee on December 4, 2017. He then presented a schedule of activities, the committee member's comments and an updated RFP document for them to review. He noted that based on the feedback received, the evaluation criteria was an outstanding item that required further discussion. After discussion, the committee came to agreement on the category descriptions and their weights. **Motion to approve suggested changes to evaluation category descriptions, Maj Gen Litke.; Second, Mr. Peacock. Motion to approve suggested weight changes to evaluation categories, Mr. Peacock.; Second, Mr. Campbell. Motion to approve the Investment Management RFP for release on February 2, 2018 with suggested changes, Dr. Arnold.; Second Maj Gen Litke. Motions carried unanimously.**

**Adjournment:** There being no further business, the meeting adjourned at 9:14 a.m.

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Jeff McInnis, Treasurer



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Cristie Kedroski, Secretary

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Date



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Date