

NWFSC Foundation Finance Committee Meeting
March 29, 2017 8:00 a.m.
Arpke Room 315, Costa Leadership Institute

Members Present:

Bo Arnold	Don Litke
David Costa	Dennis Peters
Chad Hamilton	Steve Wills

Staff Present:

Serena Brown	Carla Reinlie
Cristie Kedroski	Julie Sartori
Jason Masters	

Others Present:

Ray McGovern	Shane O'Dell
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Absent:

Wayne Campbell, Devin Stephenson, Steve Wolfrom, Dewayne Youngblood

Call to Order:

Mr. Hamilton called the meeting to order at 7:58 a.m.

Approval of Minutes:

The Minutes of the February 18, 2017 meeting were approved as presented. **Motion to approve minutes, Mr. Wills; Second, Maj Gen Litke. Motion carried unanimously.**

Review and Approval of December 31, 2016 Financials and Checks over \$5,000:

Mr. Hamilton presented the Statement of Financial Position, Statement of Activities and Investment Report as of February 28, 2017. Total assets are \$47,829,237 and Total Liabilities are \$0, bringing the Total Fund Balance to \$47,829,237. The Statement of Activities reflected \$4,731,133 in Revenues and \$1,944,467 in Expenditures for a total Net increase in Fund balance of \$2,786,666. Combined investment holdings with Merrill Lynch and Vanguard Wellington total \$42,910,200, allocated as 2.74% Cash & Cash Equivalents, 65.29% Equity, 11.00% Alternative Investments and 20.97% Fixed Income. Mr. Hamilton also presented a listing of checks over \$5,000 from January 1 - February 28, 2017 for the committee to review. **Motion to approve financials and checks over \$5000, Mr. Peters; Second, Mr. Wills. Motion carried unanimously.**

Investment Report by the McGovern Group – Merrill Lynch:

Mr. McGovern presented a portfolio review as of March 28, 2017. In the past twelve months, the total portfolio is up 15.61%. Current holdings stand at 65.50 percent in equity, 20.62 percent in fixed income, 2.81 percent in cash and 11.06 percent in alternative investments. Mr. McGovern also presented the custom benchmark report from Blackrock which reflected a market value of \$35,530,864 as of February 28, 2017. The total Blackrock portfolio is up 4.22 percent year to date and up 7.99 percent since its inception on February 26, 2013. Mr. McGovern noted that the market has seen sizeable gains post-election due to the Trump administration promising to implement more business friendly policies. He also noted that there has been 2.1 percent growth in the market recently and that stocks are the assets of choice even though returns are more subdued. A large part for this he noted was the expansion that

the economy is currently in. He lastly pointed out that the portfolio's position has been largely the same since February's finance committee meeting.

Audit RFQ Recommendation:

Mr. Hamilton noted that the Foundation received three responses to Audit RFQ #2017-10 as of the deadline on February 10, 2017 and that an evaluation committee was formed which was comprised of Chad Hamilton and Serena Brown. He noted that quotes were received from Saltmarsh, Cleveland & Gund, Carr, Riggs & Ingram, and Mauldin & Jenkins, the Foundation's current Audit firm. Mr. Hamilton also mentioned that each company was evaluated on a number of criteria including approach to audit quality, team knowledge and experience, and scope and pricing of the engagement and that there was no significant variance in fee estimate, capabilities, or other potential values between Mauldin & Jenkins and the competing firms. Ms. Brown noted that they have valuable experience with the Foundation and have served the Foundation capably over their previous tenure, and assisted with complex reporting issues in recent audits, so the decision was made in favor of continuing our relationship with Mauldin & Jenkins. **Motion to approve awarding the audit contract to Mauldin & Jenkins as presented, Maj Gen Litke.; Second, Mr. Wills. Motion carried unanimously.**

Spending Policy:

Ms. Brown noted that during the January Finance committee meeting, the committee discussed updating the Foundation spending policy to include those endowments that do not have a fund balance that extends back at least three years. She then presented the updated policy to the committee, noting that newly established endowments (those without a three-year rolling average) will be averaged on the fiscal year-end balances available. Ms. Kedroski noted that once approved, the policy change would be presented to the Board at the next meeting. **Motion to approve the revised Investment Policy as presented, Dr. Arnold.; Second, Mr. Peters. Motion carried unanimously.**

Foundation FY 2017 Operating Budget Update:

Ms. Brown presented a current year-to-date budget and noted that the proposed budget for fiscal year 2018 will be brought before the committee at the next meeting. She also presented a survey of all 28 Florida College Foundation fees. Ms. Kedroski discussed possibly increasing our administration fee for the upcoming year to anticipate future costs that the Foundation will incur, and noted that there will be several budget hearings in the coming weeks that will continue to solidify the budget. Lastly, Ms. Kedroski touched upon recent events concerning the inquiry from the Florida House of Representatives that requested detailed information about the revenues and expenditures of the Foundation.

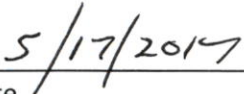
Foundation Chair Remarks:

Mr. Hamilton thanked the committee for their time and effort.

Adjournment: There being no further business, the meeting adjourned at 9:06 a.m.




Chad Hamilton, Treasurer



Date



Cristie Kedroski, Secretary



Date