

NWFSC Foundation Finance Committee Meeting  
May 17, 2017 8:00 a.m.  
Arpke Room 315, Costa Leadership Institute

**Members Present:**

Bo Arnold	Dennis Peters
Wayne Campbell	Steve Wolfrom
Chad Hamilton	Dewayne Youngblood
Don Litke	

**Staff Present:**

Serena Brown	Carla Reinlie
Cristie Kedroski	Julie Sartori
Jason Masters	

**Others Present:**

Ray McGovern	Shane O'Dell
--------------	--------------

**Absent:**

David Costa, Devin Stephenson, Steve Wills

**Call to Order:**

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

**Approval of Minutes:**

The Minutes of the March 29, 2017 meeting were approved as presented. **Motion to approve minutes, Maj Gen Litke; Second, Mr. Wolfrom. Motion carried unanimously.**

**Review and Approval of April 30, 2017 Financials and Checks over \$5,000:**

Ms. Brown presented the Statement of Financial Position, Statement of Activities and Investment Report as of April 30, 2017. Total assets are \$48,241,125 and Total Liabilities are \$0, bringing the Total Fund Balance to \$48,241,125. The Statement of Activities reflected \$5,509,236 in Revenues and \$2,310,682 in Expenditures for a total Net increase in Fund balance of \$3,198,554. Combined investment holdings with Merrill Lynch and Vanguard Wellington total \$43,467,085, allocated as 3.10% Cash & Cash Equivalents, 64.73% Equity, 10.95% Alternative Investments and 21.22% 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, Mr. Campbell; Second, Mr. Youngblood. Motion carried unanimously. Motion to approve checks over \$5000, Mr. Peters; Second, Maj Gen Litke. Motion carried unanimously.**

**Investment Report by the McGovern Group – Merrill Lynch:**

Mr. McGovern presented a portfolio review as of May 16, 2017. In the past twelve months, the total portfolio is up 12.15%. Current holdings stand at 64.95 percent in equity, 20.84 percent in fixed income, 3.19 percent in cash and 11.02 percent in alternative investments. Mr. McGovern also presented the custom benchmark report from Blackrock which reflected a market value of \$35,970,916 as of April 30, 2017. The total Blackrock portfolio is up 5.64 percent year to date and up 8.01 percent since its inception on February 26, 2013. Mr. McGovern noted that the market has recently been complacent, but 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 around a 2 percent growth in the market

recently and that stocks are the assets of choice even though returns are more subdued. He lastly touched upon on how recent global events have affected the foundation's investment portfolio and noted that the portfolio's position has been largely the same since March's finance committee meeting.

**Foundation FY 2018 Operating Budget/Administrative Fee Policy Revision:**

Ms. Kedroski presented the fiscal year 2018 operating budget for the committee to review and discussed several of the line items. She noted that the foundation utilizes an income-based approach for annual budgeting, meaning that operating income is budgeted first to ensure expenses do not exceed revenues. However, expenses for FY2018 total \$263,615, which exceeds revenue by (\$41,615) at the current administrative fee rate of 0.5% annually. Ms. Kedroski recommended an increase to the administrative fee to 0.75% annually, which would generate approximately \$333,000 each year in operating income. She then discussed the factors contributing to the recommended increase, such as recent legislative action, increasing expenses and several other causes. After discussion, the committee decided to approve an admin fee that will ensure budgeted operating expenses and admin fee revenue net to zero. **Motion to approve Foundation FY 2018 Operating Budget but have admin fee be a percent that zeroes out the budget, Mr. Campbell.; Second, Mr. Peters. Motion carried unanimously.**

**Underwriting of Mattie Kelly Arts Center Series 2017-18:**

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 2017-18 Arts Center season at a cost of approximately \$428,400. **Motion to approve the Foundation underwriting the 2017-18 arts center series, Mr. Campbell; Second, Mr. Youngblood. Motion carried unanimously.**

**Conflict of Interest Forms:**

Ms. Brown stated that as the end of the fiscal year approaches, all board members will be asked to complete the Annual Conflict of Interest Disclosure form. She noted that this information is required by the Foundation's auditors as well as for the renewal of the Foundation's Solicitation of Contributions registration.

**Other Business:**

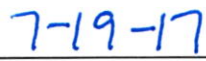
Ms. Kedroski gave a brief update on the college's plan to pursue Triumph funding for a three-prong project that the college is referring to as the Triumph Trifecta. She also touched upon recent legislature that will affect the college in the coming years. Ms. Kedroski also noted the restructuring of several positions and departments at the college.

**Adjournment:** There being no further business, the meeting adjourned at 9:24 a.m.

  
\_\_\_\_\_  
Jeff McInnis, Treasurer

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Cristie Kedroski, Secretary

  
\_\_\_\_\_  
Date