

NWFSC Foundation Finance Committee Meeting
September 16, 2015 8:00 a.m.
Arpke Room 315, Costa Leadership Institute

Members Present:

Chad Hamilton	Dale Peterson
Don Litke	Scott Jackson
Dennis Peters	Steve Wills

Staff Present:

Serena Brown	Carla Reinlie
Cristie Kedroski	Annie Young
Jason Masters	

Others Present:

Ray McGovern	Shane O'Dell
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Absent:

Wayne Campbell, Robin Wilson, Dewayne Youngblood

Call to Order:

Mr. Peterson called the meeting to order at 8:04 a.m.

Approval of Minutes:

The Minutes of the July 22, 2015 meeting were approved as presented. **Motion, Mr. Hamilton; Second, Maj. Gen Litke. Motion carried unanimously.**

Review and Approval of August 31, 2015 Financials and Checks over \$5,000:

Ms. Brown presented the Statement of Financial Position, Statement of Activities and Investment Report as of August 31, 2015. Total assets are \$45,186,774 and Total Liabilities are \$7,029 bringing the Total Fund Balance to \$45,179,745. The Statement of Activities reflected (\$1,140,852) in Revenues and \$1,366,496 in Expenditures for a total Net Decrease in Fund balance of (\$2,507,348). Combined investment holdings with Merrill Lynch and Vanguard Wellington total \$39,810,223, allocated as 2.66% Cash & Cash Equivalents, 62.11% Equity, 9.59% Alternative Investments and 25.65% Fixed Income. Ms. Brown also presented a listing of checks over \$5,000 from July 1 – August 30, 2015. Maj. Gen Litke asked when donors would be notified on their selected scholars. Ms. Reinlie indicated that this communication is underway. **Motion, Maj. Gen Litke; Second, Mr. Steve Wills. Motion carried unanimously.**

Investment Report by the McGovern Group – Merrill Lynch:

Mr. McGovern presented a portfolio review as of September 15, 2015. In the past twelve months, the total portfolio is down 1.52%. Current holdings stand at 62.93 percent in equity, 23.63 percent in fixed income, 3.77 percent in cash and 9.67 percent in alternative investments. Mr. McGovern also presented the custom benchmark report from Blackrock which reflected a market value of \$34,495,967 as of August 31, 2015. The total Blackrock portfolio is down 1.59 percent year to date but up 7.22 percent since its inception on February 26, 2013. Mr. McGovern recommended that the board reduce its equity holdings by 2.5 percent and put half the funds into a Jones Lang LaSalle Real Estate Investment Trust (REIT) and the balance into the Ironwood Multi-Strategy fund. This would increase the percentage of alternative investments holdings to approximately 12.25 percent. **Motion, Mr. Peterson; Second, Maj. Gen Litke, Mr. Hamilton. Motion carried unanimously.**

Update on Listing of Tallahassee Building:

Ms. Kedroski notified the committee that the Foundation's current tenant in the Tallahassee building, Council on Culture & Art, had been notified of the Foundation's intent to list the property. Mr. Peterson then gave an update on the search for a realtor to list the property and identified two potential candidates. Mr. Peterson supplied the profiles of the candidates, Mr. Jep Dove and Mr. Clay Ketcham, and said that after evaluating the two he recommend that the committee choose Jep Dove. Mr. Peterson discussed that Mr. Dove would suggest a listing range of \$380,000 to \$460,000 and noted that he was working to negotiate the commission fee. He stated that the typical commission rate for commercial property is 10%. The committee expressed appreciation for Mr. Peterson's time and effort on this matter. **Motion to hire Mr. Dove as realtor for the Tallahassee building, Mr. Jackson; Second, Mr. Hamilton. Motion carried unanimously.**

Status Update on Audit:

Ms. Kedroski reported that the staff was working with Mauldin & Jenkins on how the internal loan on the apartments was reported in the audit and, more specifically, what funding source – endowment corpus vs. endowment undistributed earnings – were used to purchase the property. Ms. Kedroski noted that she is hopeful this will negate the need to record a fair market value on the property. Mr. Hamilton urged the staff to look into the insurance policy of the apartments to see how the property is valued. Ms. Kedroski reported that more information would be available when the audit is presented at the next finance meeting in November.

Property Management Bid:

Ms. Kedroski stated that Foundation staff are working with the Purchasing department to put together the property management bid based upon the scope of work. The tentative schedule has been set with the evaluation team meeting November 4th to score the proposals. The evaluation team will bring forward a recommendation at the next Finance Committee meeting on November 18th, and subsequently brought before the Foundation Board for approval on December 2nd. Mr. Peterson noted that he would not be able to fulfill his obligation of participating on the review committee since he would be out of town during this time. He asked other committee members if they would stand in and Mr. Jackson agreed to replace him.

Adjournment: There being no further business, the meeting adjourned at 9:10 a.m.



Dale Peterson, Treasurer

Date



Cristie Kedroski, Secretary

11/18/2015

Date