

NWFSC Foundation Finance Committee Meeting
September 20, 2017 8:00 a.m.
Arpke Room 315, Costa Leadership Institute

Members Present

Bo Arnold	Jeff McInnis
Wayne Campbell	J.D. Peacock
Don Litke	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:

David Costa, Jeff Floyd, Dennis Peters, Devin Stephenson, Dewayne Youngblood

Call to Order:

Mr. McInnis called the meeting to order at 8:00 a.m.

Approval of Minutes:

The Minutes of the July 19, 2017 meeting were approved as presented. **Motion to approve minutes, Mr. Campbell; Second, Maj Gen Litke. Motion carried unanimously.**

Review and Approval of August 31, 2017 Financials:

Ms. Brown presented the Statement of Financial Position, Statement of Activities and Investment Report as of August 31, 2017. Total assets are \$49,674,189 and Total Liabilities are \$16,037 bringing the Total Fund Balance to \$49,658,152. The Statement of Activities reflected \$916,482 in Revenues and \$126,923 in Expenditures for a total Net increase in Fund balance of \$789,559. Combined investment holdings with Merrill Lynch and Vanguard Wellington total \$44,853,662, allocated as 2.52% Cash & Cash Equivalents, 62.83% Equity, 10.84% Alternative Investments and 23.80% Fixed Income. **Motion to approve financials, Dr. Arnold; Second, Mr. Wills. Motion carried unanimously.**

Approval of Checks over \$5000:

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

Investment Report by the McGovern Group – Merrill Lynch:

Mr. McGovern presented a portfolio review as of September 19, 2017. In the past twelve months, the total portfolio is up 11.54%. Current holdings stand at 65.92 percent in equity, 20.23 percent in fixed income, 2.95 percent in cash and 10.90 percent in alternative investments. Mr. McGovern also presented the custom benchmark report from Blackrock which reflected a market value of \$37,412,154 as of August 31, 2017. The total Blackrock portfolio is up 10.13 percent year to date and up 8.38 percent since its inception on February 26, 2013. Mr. McGovern noted that the market has been continuing at a

record low volatility, despite the recent increase of geo-political noise. It also continues to see sizeable gains due to the improvement of the global economy. He also noted that there has been around a 2 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 July's Finance Committee meeting. Mr. O'Dell also explained to new members the purpose behind having the two investment reports.

Analysis of College Apartments:

Ms. Brown gave a brief update on the background of the college apartments and provided a chart that outlined their profit/(loss) over the past six fiscal years. She noted, every year since 2008 the Foundation has distributed 2% interest to the funds in the investment pool, and that a total of five principal payments on the 30-year amortization schedule have been made, bringing the total balance of the internal loan from \$4,907,029 to \$4,277,559. Ms. Brown stated that the principal payment is expensed from the rental apartment line annually. Also provided was a complete loan amortization schedule. Ms. Brown informed the committee that currently the entire complex is in need of maintenance and repair and that staff has asked that the College Facilities Director make an assessment of the buildings and grounds. She noted that the amount available for repairs and maintenance in the Rental Apartments/Raider Housing fund is approximately \$346,000, and for committee members to be mindful of pending expenses. Maj Gen Litke suggested potentially increasing the rental rates to help offset the future maintenance costs, and the rest of the committee discussed various other ways to remedy the condition of the apartments.

Other Business:

Ms. Brown noted that the FY 2017 audit went smoothly and that Mauldin & Jenkins is expected to provide a draft for presentation at the November committee meeting. She also noted that the finance committee would be focusing on the Investment Services RFP in the upcoming months. Ms. Kedroski mentioned that at the most recent board of trustees meeting, the college decided that they would be moving grounds services for the campus to a 3rd party.

Foundation Chair Remarks:

No Report

Adjournment: There being no further business, the meeting adjourned at 8:55 a.m.



Jeff McInnis, Treasurer

11/15/17

Date



Cristie Kedroski, Secretary

11/15/17

Date