

Minutes
NWFSC Foundation, Inc.
Board of Directors Meeting
October 7, 2015 7:45 a.m.
Morell Room #302, Student Services Center, 3rd Floor, Niceville Campus

Directors Present:

Wayne Campbell
Chad Hamilton
Scott Jackson
Don Litke
Jeff McInnis
Mitch Mongell

Venita Morell
Dale Peterson
Melissa Pilcher
Tom Rice
Fred Thomas
Dewayne Youngblood

Staff Present:

Serena Brown
Cristie Kedroski
Jason Masters

Carla Reinlie
Annie Young

Others Present:

Ray McGovern
Shane O'Dell
Jeanette Shires

Sasha Jarrell
Greg Dvorsick

Absent: Bethany Burke, David Costa, Bart Fleet, Mike Flynt, Ty Handy, Lois Lunderman, Dennis Peters, Donnie Richardson, Steve Wills, Robin Wilson

Call to Order

Mr. Scott Jackson called the meeting to order at 7:48 a.m.

Welcome Board Members and Guests

Mr. Jackson welcomed Board Members, guests, and staff members.

Approval of Minutes

The minutes of the August 5, 2015, Board of Directors Meeting were approved. **Motion, Mr. Rice; Second, Mr. McInnis; Motion carried unanimously.**

Finance and Investment Reports

Mr. Peterson reviewed the summary of Financial Position, the Statement of Activities, and the Investment Report as of August 31, 2015 with board members. 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). The Net Decrease to the Merrill Lynch EMA account since July 1, 2015 was (\$1,322,864) bringing the Total Market Value to \$39,565,382 at August 31, 2015. As of June 30, 2015 the Vanguard Wellington Account (Science Development Fund) held a Total Market Value of \$244,841. Since statements are provided quarterly there is no update as of this date. Combined total holdings of the Merrill Lynch EMA and Vanguard Wellington accounts were \$39,810,223, allocated as 2.89% Cash & Cash Equivalents, 63.26% Equity, 9.59% Alternative Investments and 24.27% Fixed Income. **Motion, Mr. Youngblood; Second, Mr. McInnis; Motion carried unanimously.**

Eileen H. Arpke Endowed Scholarship

Mr. Jackson noted that Eileen Arpke had provided a \$20,000 gift to create the Eileen H. Arpke Endowed Scholarship. This is a merit-based scholarship for a Northwest Florida State College student who plans to matriculate to a four-year institution. It will be awarded to a recent high school graduate who has achieved a GPA of 3.0 or better. **Motion to approve the Eileen H. Arpke Scholarship Endowment, Maj Gen Litke; Second, Mr. Campbell; Motion carried unanimously.**

Update on Tallahassee Building Listing

Ms. Kedroski noted that the Foundation's building in Tallahassee had been listed with Jep Dove of NAI Talcor on September 18. The listing price was \$460,000 with a 7% brokerage fee. An offer of \$425,000 was accepted by the executive committee for the building. The tenant, Council for Culture and Arts, has verbally indicated that it was not in a position to purchase the property, but is hopeful that the next landlord will allow them to continue their lease. The foundation, however, will need formal recognition of the contract from them to move on with the 45 day due diligence period. Mr. Peterson was thanked for his efforts.

Board Nominations

Mr. Jackson noted that the Governance Committee is seeking nominations to add a minimum of two new Foundation board members with terms beginning in July 2016. Mr. Jackson noted that the board strives to have a diverse group of members that can bring various experiences and knowledge to have a cohesive board. As such, he noted that when seeking a potential nominee, board members should look at the candidate's industry sector, county of residence, gender and ethnicity. Ms. Kedroski noted that all nomination forms are requested to be sent to the Foundation no later than December 2, 2015.

Greg Dvorsick, Blackrock Manager

Mr. Dvorsick highlighted a few important insights on the Blackrock Performance report. He noted that the total portfolio is down by 1.59% YTD, but up 7.22% since February 2013, when Blackrock assumed the portfolio. He provided some insight on national and international trends.

Mr. Youngblood inquired as to whether the organizations expectations on yield matched the Foundation's spending policies. Mr. Dvorsick indicated that returns are expected to be in the 4-6% range, not the 7-9% seen in previous years. Further, Mr. McGovern noted that the recent transfer of 2.5% from equity holdings to alternative investments better positions the Foundation, with half the allocation in a REIT and the other half into the Ironwood Multi-Strategy fund.