

**Cabrillo College Foundation  
Finance Committee Meeting  
Minutes January 14, 2016**

**Present:** Pegi Ard, John Burroughs, Mike Machado, Carlos Palacios, Gun Ruder, Steve Snodgrass and Robert Shepherd

**Absent:** Marshall Delk, David Heald and Laurel Jones

**Staff Present:** Melinda Silverstein and Nancy Machado

**Guest:** Brian Sharpes, UBS Advisory Group

Welcome & Introduction

The Finance Committee welcomed and introduced Mr. Ruder, a new Finance Committee member.

Public Comment Opportunity

There were no public comments.

Approval of Consent Agenda

1. Approve Finance Committee Minutes of October 15, 2015
2. Status of Follow-Up Items to October 15, 2015 Finance Committee meeting
3. Review Total Net Assets, Endowed Net Assets and Historical Gifts as of November 30, 2015
4. Report on Fundraising totals from July 1, 2015 to December 18, 2015 and Fundraising dashboard
5. Review One-page Statement of Financial Position as of June 30, 2015
6. Review 2016-17 Budget Timeline
7. Review Federal form 990 Timeline

The Finance Committee pulled items 3, 4 and 5 from the consent agenda.

**MSC: S. Snodgrass/P. Ard to approve Consent Agenda of January 14, 2016**

The Finance Committee reviewed items 3, 4 and 5.

**MSC: P. Ard/S. Snodgrass to receive and approve items 3, 4 and 5 pulled from the Consent Agenda**

Cabrillo College Report

Laurel Jones was unable to attend the meeting due to a scheduling conflict. Melinda Silverstein discussed the upcoming bond which will be on the ballot for June or November.

October 31, 2015 and November 30, 2015 Financial Statements

The Finance Committee received the October 31, 2015 Financial Statements and reviewed the November 30, 2015 Financial Statements.

As of November 30, 2015, the total assets were \$27M and the ending net assets were \$26M. The total revenue for all funds was \$431,925. Total expenses were \$847,375 with a net deficit for all funds of \$415,451. The total operating revenue was \$349,098 and expenses \$381,850. The operating deficit was \$32,753.

**Motion: MSC: J. Burroughs/R. Shepherd to accept the October 31, 2015 and November 30, 2015 Financial Statements.**

Review of new condensed financial reporting system for the Board of Directors

At the Board of Directors meeting on September 15, 2015, several Board members suggested condensing the financial report to reduce the number of pages in the agenda and have one page annually which highlights the year-end financial information. The Finance Committee reviewed the condensed financial reporting system to decide if the condensed report suffices for the Board to approve the financial statements and recommended the following:

1. Cabrillo College Foundation Condensed Financial Report: The Finance Committee reviewed the format, recommended a narrative be included to detail any significant variances from the prior period and suggested rounding to the nearest \$1,000. Timing of report: Quarterly to the Board of Directors only. This report replaces the 13 page narrative and canned financial statements formerly provided.

2. Cabrillo College Foundation Statement of Financial Position (one page annual highlight of year-end audited financial statements): The Finance Committee reviewed the format and recommended a Net Surplus/Deficit line be added, a narrative included to detail any significant variances from the prior year and suggested rounding to the nearest \$1,000. Timing of report: Annual to be provided to the Board of Directors, Executive Committees and Finance Committees after the audit is accepted in November.

3. The full financial report (canned report and narrative) will be submitted for Finance Committee and Executive Committee meetings

UBS & Werba Investment Reports

The Cabrillo College return on investments fiscal year to date as of December 31, 2015 (6 months) is as -4.04%.

Environmental, Social and Governance Investments

Brian Sharpes discussed the trend towards Environmental, Social and Governance Investments and reviewed a model portfolio for \$500K and \$1M in investments. The first step of the process is to establish an investment policy and then speak to existing donors with large endowments who might be interested in transferring their endowment to the ESG investment option. The Finance Committee reviewed a draft investment policy provided by Brian Sharpes and approved it with updates as recommended by Melinda Silverstein. The Executive Committee will receive the updated policy at the January 21,

2016 meeting. **Motion: MSC: C. Palacios/S. Snodgrass to approve the update to the Cabrillo College Foundation Statement of Investment Policy with suggestions made by Melinda Silverstein.**

### **Environmental, Social, and Governance Investment Policy Statement**

Cabrillo College Foundation is sensitive to providing an opportunity to donors wishing to take into consideration Environmental, Social, and Corporate Governance (ESG) issues when making investment decisions. The Cabrillo College Foundation Board continues to monitor and take into account a wide variety of information to help it determine what it considers to be socially responsible investments. In carrying out its ESG policy, the Board will continue to give specific instructions to its investment managers about investing or not investing in particular products, companies, and countries.

In accordance with this policy, the Environment, Social, and Governance Portfolio will seek to include those companies that promote environmental, social, and corporate governance concerns and will be screened based on the following:

Environmental Screens – Climate Change Responsible Disposal of Hazardous Waste, Promotion and Use of Alternative Energy, and Sustainability.

Social Screens – Promotion of Diversity, Human rights, Consumer Protection, and Animal Welfare, in addition to the exclusion of companies producing Alcohol, Nuclear Power, Firearms, Tobacco, Military Weapons, Gambling, and Adult Entertainment.

Corporate Governance Screens – Management Structure, Employee Relations, and Executive Compensation.

Exclusionary Screen – Divestment from ownership of companies that are members of the Global Industry Classification Standard (GICS) sub-industry Coal and Consumable Fuels\*

\*Defined by MSCI and Standard & Poor's as companies primarily involved in the production and mining of coal, related products and other consumable fuels related to the generation of energy. Excludes companies primarily producing gases classified in the Industrial Gases sub-industry and companies primarily mining for metallurgical (coking) coal used for steel production.

#### Annual Cabrillo College Foundation insurance coverage review

The Finance Committee reviewed the Cabrillo College Foundation liability insurance coverage limits and costs. Sondra Carter of KBK Insurance recommended increasing the Umbrella policy limit from \$3M to \$5M for an increased cost of \$1,200 per year. The risks

associated with events were discussed and it was decided that serving liquor is the greatest liability. The Finance Committee recommended staff inquire as to the cost of increasing the liquor liability limit from \$1M to \$3M and would also like to read the liquor liability policy language. The Finance Committee suggested staff pursue the option of obtaining liability coverage with the same carrier as the college.

Committee Calendar & Roster

The committee calendar was provided.

Adjournment

The meeting was adjourned at 9:59 a.m.

Respectfully submitted,



Nancy Machado  
Accounting Manager

**Next Scheduled Meeting:**

**Thursday, March 31, 2016  
8:30 a.m. to 10:00 a.m.  
Sesnon House, Room 1824**

Meeting follow up items:

1. Nancy Machado contacts Sondra Carter of KBK Insurance is contacted to find out the cost of increasing the liquor liability coverage from \$1M to \$3M instead of increasing the umbrella policy coverage. Status:
2. Melinda Silverstein to contact Santa Rosa Community College and Santa Barbara City College to find out the level of their insurance coverage and if the coverage is provided by the same company that provides insurance to their respective colleges.
3. Melinda Silverstein to inquire with the Cabrillo College Foundation attorney to verify that if the CCF were to be the subject of a lawsuit, the nonendowed and endowed assets funds would not be subject to depletion to settle a claim.
4. Nancy Machado to contact Michael Robbins to request the CCF obtain insurance through the same firm as the College.
5. Melinda Silverstein to review a list of endowments to select donors to offer ESG investment opportunity to.
6. Brian attends February Board meeting to discuss the Environmental, Social, and Governance Investments.