

**Cabrillo College Foundation
Finance Committee Meeting Minutes
October 13, 2016**

Present: Alan Aman, Pegi Ard, Marshall Delk, Michael Machado, Carlos Palacios, Gun Ruder and Robert Shepherd

Absent: David Heald, Laurel Jones and Steve Snodgrass

Staff: Eileen Hill, Nancy Machado

Guest: Brian Sharpes, Investment Management Consultant, UBS Financial Services

Call to Order – A. Aman called the meeting to order at 8:30 a.m.

Approval of Agenda

Motion: MSC: M. Delk/G. Ruder. The committee voted unanimously to approve the Finance Committee agenda.

Public Comment Opportunity

There were no members of the public in attendance.

Approve Finance Committee Minutes

Motion: MSC: M. Machado/M. Delk to approve Finance Committee Minutes of August 11, 2016.

The following Finance Committee members voted to approve the minutes, Alan Aman, Pegi Ard, Marshall Delk, Mike Machado and Robert Shepherd.

The following Finance Committee members abstained, Carlos Palacios and Gun Ruder. The following Finance Committee members were absent, David Heald, Laurel Jones and Steve Snodgrass.

Cabrillo College Report

Eileen Hill reported enrollment is holding steady and growing in Distance Education and concurrent high school enrollment.

Approve Financial Statements

The Finance Committee received the July 31, 2016 Financial Statements. **Motion: MSC: G. Ruder/P. Ard to accept the July 31, 2016 Financial Statements.**

The Finance Committee reviewed the August 31, 2016 Financial Statements. As of August, 31, 2016, the total assets were \$29M and the ending net assets were \$28M. The revenue for unrestricted, non-endowed and endowed funds was \$1M in total. Total

Finance Committee Minutes

October 13, 2016

Page 2 of 3

expenses were \$421,917 with a net surplus for all funds of \$614,917. The total operating revenue was \$56,847 and expenses \$168,952. The operating deficit was \$112,105.

Motion: MSC: M. Delk/R. Shepherd to accept the August 31, 2016 Financial Statements

Investment Activity Review

B. Sharpes discussed investment trends and does not anticipate a recession in 2016-17. Brian recommended Brandes Mid Cap portfolio to the investment account. G. Ruder asked Brian to investigate opportunity funds.

The Cabrillo College Foundation Traditional Endowment pool return on investments fiscal year to date as of September 30, 2016 (3 months) is as follows:

- Actual Return: 4.39%
- Benchmark Return 4.25%
- Difference .14%

The CCF return on investments for the UBS ESG Endowment pool return on investments fiscal year to date as of September 30, 2106 (3 months) is as follows:

- Actual Return: 4.39%
- Benchmark Return 4.25%
- Difference .14%

Review Statement of Investment Policy

Brian Sharpes discussed investment results from inception of the endowment in 1999 to September 30, 2016. A 7.75% target has not been attainable and he suggested lowering the absolute return and the target rate to 7.0%. **Motion: MSC: / approve recommending to Executive Committee changing the target total return and absolute rate of return from 7.75% to 7.0% and reducing the inflation factor from 2.25% to 1.5%.**

Net Assets and Endowment Chart

The ending net assets balance as of August 31, 2016 was \$28,041,003. The endowed net assets balance was \$24,164,114, the highest net assets balance reported. The endowed historical gifts value was \$20,161,962, the highest reported by the Cabrillo College Foundation.

Fundraising Report

Eileen Hill reported the fundraising total from July 1, 2016 to September 23, 2016:

Secured Gifts	\$519,625
Unbooked Revocable Planned Gifts	<u> 0</u>
Total	\$519,625

Insurance Coverage Review

The Finance Committee members discussed whether to send an RFP for insurance brokerage services in fall 2016. The last RFP was 3 years ago. Finance Committee members view the RFP process as an opportunity for the Foundation to have other brokers review our coverages, provide advice and to keep competitive pricing. The existing insurance policies expire March 1, 2017. Staff will send an RFP in January to KBK Insurance and other brokers for review by an Ad Hoc Insurance Committee.

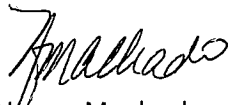
Committee Calendar & Roster

A. Aman reviewed the Committee Calendar and Roster.

Adjournment

The meeting was adjourned at 10:05 a.m.

Respectfully submitted,



Nancy Machado
Accounting & Human Resources Manager

Next Meeting:

**Cabrillo College, Sesnon House room 1824
Thursday, January 5, 2017**

Meeting follow-up items:

1. Brian Sharpes to prepare a q.i.s asset allocation summary and provide a manager review of the Brandes Opportunity Fund at the January 5, 2017 Finance Committee meeting
2. Brian Sharpes to provide Nacubo study for the March 30, 2017 Finance Committee meeting
3. Brain Sharpes to provide a MSCI report for the October 2017 (date TBD) Finance Committee meeting
4. Staff to meet with Brian Sharpes to determine the best titles for UBS accounts in the financial statements and investment activity reports