

**Cabrillo College Foundation  
Finance Committee Meeting Minutes  
March 30, 2017**

**Present:** Alan Aman, Laurel Jones, Michael Machado, Carlos Palacios, Gun Ruder and Robert Shepherd

**Absent:** Pegi Ard, Marshall Delk, David Heald and and Steve Snodgrass

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

**Staff:** Eileen Hill, Nancy Machado

Call to Order - A. Aman called the meeting to order at 8:33 a.m.

Approval of Agenda

**Motion: MSC: G. Ruder/C. Palacios. The committee voted unanimously to approve the Finance Committee agenda.**

Public Comment Opportunity

There were no members of the public in attendance.

Executive Director Report

Eileen Hill reported that the Nominating committee is working to recruit new Board Members for 2017-18. We have raised \$2,792,886 towards our \$3,000,000 goal for this year. The President's Circle exceeded the fundraising goal of \$318,000 for this year and we were able to start several new endowed scholarships. The staff is working on a plan and conducting research for new website design. The next President's Circle event is on Saturday with a trip to the San Lorenzo Valley with emeritus historian, Sandy Lydon.

UBS Report

Brian Sharpes reported the investments are doing better all around. Brian did not recommend any manager changes or asset allocation changes at this time.

The Finance Committee discussed the feasibility of obtaining a 7% target rate of return as stated in the Statement of Investment policy. Brian indicated that the target is high and that 6.5% should be our goal over time. Brian suggested we consider reducing the management fee and distribution incrementally over 5-7 years and keeping the inflation factor at no less than 1.5%.

Hurd Tribute Fund: In September 2004, the Board of Directors approved designating \$294,302 in unrestricted funds to be used for Cabrillo College Foundation operations and invested in the UBS long term pool. An investment policy for Board Designated funds was not established therefore the funds have been invested in certificates of deposit.

Brian Sharpes discussed adding a policy to the Statement of Investment Policy for investing donor or board designated funds. The Cabrillo College Foundation Executive Committee will discuss the possibility at the April 20, 2017 Executive Committee meeting.

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Brian Sharpes discussed adding a policy to the Statement of Investment Policy for investing donor or board driven funds.

### Cabrillo College Report

President Laurel Jones reported that Cabrillo College is a top 15 finalist to participate in the California Guided Pathways pilot program and will learn by April 17, 2017 if Cabrillo College was chosen to be part of the national movement. The California Guided Pathway Project is designed to substantially increase the number of students who earn a certificate or degree at a California Community College in two years.

### Approve Finance Committee Minutes

**Motion: MSC: G. Ruder/M. Machado to approve Finance Committee Minutes of January 5, 2017.**

The following Finance Committee members voted to approve the minutes, Laurel Jones, Michael Machado, Carlos Palacios, Gun Ruder, Robert Shephard and Alan Aman

The following Finance Committee members abstained, none

The following Finance Committee members were absent, Pegi Ard, Marshal Delk and David Heald and Steve Shodgrass

### Approve Financial Statements

The Finance Committee received the December 31, 2016 Financial Statements and the January 31, 2017 Financial Statements. **Motion: M.Machado/G. Ruder to accept the December 31, 2016 Financial Statements**

As of January 31, 2017, the total assets were \$30.1M and the ending net assets were \$29.1M. The total revenue for unrestricted, non-endowed and endowed funds was \$3.5M. Total expenses were \$1.8M with a net surplus for all funds of \$1.7M. The total operating revenue was \$601,663 and expenses \$556,905. The operating deficit was \$44,758. **Motion: G. Ruder/L. Jones to accept the January 31, 2017 Financial Statements**

### 2017-18 Draft Operating Budget

The 2017-18 projected budget in the amount of \$971,423 is a balanced budget. The budget includes a one-time \$25K to update the Cabrillo College Foundation website. The update will allow the website to be mobile friendly, ADA compliant, and provide easier online giving. Staff will produce a white paper to outline the functions and details of the website reconstruction.

**Motion: M. Machado/Gun Ruder to accept the 2017-18 Draft Operating Budget of \$971,423.**

### Net Assets and Endowment Chart

The ending net assets balance as of January 31, 2017 was \$29,106,923; the endowed net assets balance was \$25,192,575 and the endowed historical gifts value was \$20,493,383. All totals were the highest reported by the Cabrillo College Foundation.

Investment Activity Review

The Cabrillo College Foundation Traditional Endowment pool return on investments fiscal year to date as of February 28, 2017 (8 months) is as follows:

- Actual Return: 10.61%
- Benchmark Return 10.61%
- Difference 0.00 %

The CCF return on investments for the UBS ESG Endowment pool return on investments fiscal year to date as of February 28, 2017 (8 months) is as follows:

- Actual Return: 5.34%
- Benchmark Return 5.94%
- Difference -0.60%

CCF Insurance Coverage

The Ad-Hoc Insurance Committee reviewed the proposals received and approved ANB Insurance as our new Insurance Broker. The policies have been renewed and extended to 7/1/17 (except for the D & O policy which is 7/1/18). ANB will work with the Cabrillo College Foundation to make any recommended changes for the next policy period.

Rancon Equity Asset Pool, LLC Promissory Note

Daniel L. Stephenson of Rancon Equity Asset Pool, LLC offered the Cabrillo College Foundation and the other investors \$31,250 payable in two installments. The Cabrillo College Foundation accepted the offer. The first installment of \$20,325.20 was paid January 27, 2017 and the balance of \$10,924.80 at 6% interest is due in five years.

Committee Calendar & Roster

A. Aman reviewed the Committee Calendar and Roster.

Adjournment

The meeting was adjourned at 9:50 a.m.

Respectfully submitted,



Nandy Machado  
Accounting & Human Resources Manager

**Next Meeting:**

**Cabrillo College, Sesnon House room 1824  
Thursday, August 10, 2017  
8:30 a.m. to 9:30 a.m.**

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**2016-17 Finance Committee Attendance Chart**

<b>Finance Committee Members</b>	<b>4/6/16</b>	<b>8/11/16</b>	<b>10/13/16</b>	<b>1/5/17</b>	<b>3/30/17</b>
Alan Aman	N/A	P	P	P	P
Pegi Ard	P	P	P	P	A
Marshall Delk	P	P	P	P	A
David Heald	A	P	A	A	A
Laurel Jones	P	A	A	P	P
Mike Machado	P	P	P	P	P
Carlos Palacios	A	A	P	P	P
Gun Ruder	P	A	P	P	P
Robert Shepherd	P	P	P	P	P
Stephen Snodgrass	P	A	A	P	A

P=Present A=Absent

N/A=Not Applicable

Attendance is based on the Finance Committee meeting minutes. Please call the Cabrillo College Foundation office if you believe this chart is in error.