



**WHCC Foundation
Board of Directors**

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WEST HILLS
COMMUNITY COLLEGE FOUNDATION

MINUTES OF THE MEETING OF THE INVESTMENT COMMITTEE

May 13, 2015

Harris Ranch Inn Belmont Room



CALL TO ORDER

Community director and committee chair Ernie Drewry called the meeting of the Investment and Finance Committee to order at 9:08 a.m. on May 13, 2015, at Harris Ranch.

Investment and Finance Committee present:

Ken Stoppenbrink, Staff Director and WHCCD Chief Financial Officer
David Silveira, Community Director
Nina Oxborrow, Trustee Director
Ernest Drewry, Community Director and Chief Financial Officer, Foundation

Investment and Finance Committee absent:

Don Warkentin, Staff Director
Ann Stone, Community Directory, Foundation Board President

Staff present:

Frances Squire, Executive Director
Olga Keough, Accountant Technician

Others present:

David Ivarie, Morgan Stanley Advisor
Mike Urner, Wells Fargo Advisor
Carole Goldsmith, Staff Director

There were no guests.

PUBLIC COMMENTS

There were no public comments.

COMMITTEE REPORTS

David Ivarie presented the 1st Quarter 2015 Consolidated Quarterly Portfolio Summary Report. The beginning value on 1/1/15 was \$2,025,413. Portfolio income was \$13,309, Capital Additions were \$459,000 and Capital Withdrawals were \$336,093. Realized gain for the period was \$12,391. Portfolio value was \$2,172,026 on 3/31/15. Total return for the 1st quarter was 0.73%. Actual income return was 3.51% and targeted return is 5%. Since the portfolio started in 2013 there was a negative return of 3.45% in 2013 and positive return of 6.96% in 2014. Even with the negative return in 2013 there was \$65,051 brought into the portfolio that year.

Portfolio asset allocation consists of 3% Cash, 47% Fixed income and 50% Equity.

There were no changes in Portfolio credit Allocation.

David Silviera asked if \$580,000 was all invested in bonds.

David Ivarie confirmed that and added that it included CDs as well.

David Silviera asked about bond performance report.

David Ivarie said that bond performance report is included in the Fixed income only report, which he will present next.

David Ivarie began presentation of the Morgan Stanley Fixed Income only report for the 1st quarter of 2015. The beginning value of the portfolio on 1/1/15 was \$640,095. Total Return for the quarter was \$13,611. There were no additions or withdrawals. Total return for the quarter was 2.13%. Annual projected return is 2.38% and \$15,532 is projected annual income. Total portfolio return since inception of management on 1/6/14 is \$59,253.

Portfolio asset allocation is all fixed assets, which split roughly 1/3 in Treasury securities, 1/3 in CDs and 1/3 in Municipal bonds. There was no change in asset allocation compare to the 4th quarter. There was no change in credit allocation either.

ACTION ITEMS

On a motion by Ken Stoppenbrink, seconded by Nina Oxborrow, Minutes of the February 18, 2014, Investment Committee meeting were unanimously approved.

Frances Squire asked Mike Urner to explain what changes are recommended to the Investment Policy.

Mike Urner said that for two years they have been not just managing Foundation portfolio, but also managing Foundation cash flows. Mike recommends separating cash flow activities from investment activities. The proposal is to separate current cash flow/banking from the portfolio. As a result, he expects to be able to show the foundation a clearer picture of investment returns.

Ken Stoppenbrink asked how income from investment would get transferred to banking?
Mike said that every 6 to 8 months they would distribute income to banking or reinvest it if needed.

Nina Oxborrow asked what happens if checking account has zero cash? Mike said in this case they would contact Frances and Olga and ask for a transfer.

Mike stated that there are two goals: to improve performance and to separate accounts for reporting purposes.

A discussion among Nina, Ken and Frances happened regarding accounting for scholarship accounts and if they were separated in different bank accounts. Mike Urner said he works with aggregate numbers and needs to know how much to invest and to keep liquid.

Frances added that by separating the accounts she should be able to show potential donors a truer picture of the foundation's investment performance.

Dave Ivarie added that the Investment Policy requires annual review and Frances does a good job to make sure that happens.

David Silveira asked if he could see separate bond and equity performance report. Mike Urner said he would when the accounts get separated.

Ken Stoppenbrink asked about the Resolution Authorizing Segmentation of Investment accounts (item B Action Item). Ken Stoppenbrink made a motion to recommend to the full foundation board the separation of bank/cash flow accounts from investment accounts. Nina Oxborrow seconded it. Item B – Consideration of Resolution Authorizing Segmentation of Investment Accounts was unanimously approved.

Item C – Consideration of revisions to Statement of Investment Policy, Objectives and Goals. Ken Stoppenbrink said that during a conference call including him, Frances, Olga and Mike and Dave some recommendations were made that were presented to the board typed in red. Dave Ivarie said that he wanted to eliminate to different objectives in performance evaluation, remove 60/40 market index and to remove Collateralized Mortgage Obligation (CMO) from the policy since it's a risky investment. Dave suggested that competing goals need to be removed.

Ken Stoppenbrink made a motion to recommend the changes to the Board. Nina Oxborrow seconded the motion. Item C was unanimously approved.

Adjournment

10:26 am

ok