



# WEST HILLS

COMMUNITY COLLEGE FOUNDATION

## WHCC Foundation Board of Directors

9900 Cody Street  
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### MINUTES OF THE MEETING OF THE INVESTMENT COMMITTEE

November 12, 2014

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 9:00 a.m. on November 12, 2014, at Harris Ranch.

Investment and Finance Committee present:

Don Warkentin, Staff Director  
David Silveira, Community Director  
Nina Oxborrow, Trustee Director  
Ernest Drewry, Community Director and Chief Financial Officer, Foundation  
Ann Stone, Community Director, Foundation Board President (joined meeting at 9:14 am)

Investment and Finance Committee absent:

Ken Stoppenbrink, Staff Director and WHCCD Chief Financial Officer

Staff present:

Frances Squire, Executive Director  
Olga Keough, Accountant Technician

Others present:

David Ivarie, Morgan Stanley Advisor  
Mike Urner, Wells Fargo Advisor  
Phil Larson, Community Director  
Jeff Garcia, Community Director (joined meeting at 9:13 am)  
Carole Goldsmith, Staff Director (joined meeting at 9:13 am)

There were no guests.

## **PUBLIC COMMENTS**

There were no public comments.

## **COMMITTEE REPORTS**

Mike Urner presented two reports – Consolidated Quarterly Portfolio Summary for the 3<sup>rd</sup> Quarter 2014 and Fixed Income Only Report for the 3<sup>rd</sup> Quarter 2014. The Consolidated report has a beginning value of \$2,078,775 on June 1<sup>st</sup>, 2014. Total Return (included income and market change) was \$41,593. Capital additions for the 3<sup>rd</sup> quarter were \$452,724 and capital withdrawals \$374,749. There was realized gain of \$312. Ending value as of September 30<sup>th</sup>, 2014 was \$2,127,042. Total return for the 3<sup>rd</sup> quarter was 1.51% and year-to-date return was 7.03%. Actual income return was 4.03% and targeted return is 5%.

David Silveira pointed out that in comparison with the 2<sup>nd</sup> quarter total return YTD and actual income return went down from 8.05% to 7.03% and from 2.76% to 1.51% respectively.

Mike Urner said that the goal is to have income provided securities. The 3<sup>rd</sup> Quarter was a stormy quarter in a positive way. Interest rate went down, stocks went up and bonds remained flat. Portfolio income increased from \$35,756 to \$57,307 during the 3<sup>rd</sup> Quarter.

David Silveira asked why the targeted Portfolio Return of 5% was not reached if market performed well.

Mike Urner said that Actual Portfolio Income increased by almost 150 points during the 3<sup>rd</sup> quarter from 2.76% to 4.03%.

Frances Squire added that Foundation has to keep liquid cash on hand and can't invest all funds.

Mike Urner said that we give up growth because we are not fully invested since we have to keep liquidity. Since portfolio inception in January 2013 withdrawals were \$2.4 million. He suggested we pay attention to YTD return as a critical number, which is 7.03%. The second number should be Actual Portfolio Income of 4.03%. He also mentioned that our return exceeds the market while dealing with blue chips investments.

David Silveira asked if there is a benchmark to compare to.

David Ivarie said there is no benchmark for our portfolio since we have CDs and high liquidity.

Mike Urner moved to Portfolio Asset Allocation, which was 1% cash, 43% Fixed Income and 56% Equity. Municipal bonds are a big part of portfolio and at 21.88%. Credit Allocation shows quality of investment and we have only AAA, AA and A-rated securities. Back in 2008 there was a dilemma about credit rating. Many investments were rated higher than they actually were. It is not the case now.

David Ivarie added that there are two ratings and we show the lowest rating.

The second report was The Fixed Income Only Report. It reflects the Morgan Stanley investments only. The Wells Fargo account has not been set up yet. Beginning value of portfolio on July 1, 2014,

was \$586,790. Total Return (included income and market change) was negative \$3,442. There were no capital additions. Capital withdrawals were \$32,903. There was no realized gain. Ending value as of September 30<sup>th</sup>, 2014, was \$550,446. Total return for the second quarter was negative 0.68% and year-to-date return was 6.09%. Actual income return was 2.56% and targeted return is \$5%.

Portfolio Asset Allocation was 1% cash and 99% Fixed Income.

Credit Allocation has only AAA, AA and A-rated securities.

David Silviera asked how easy is to add historical performance to the report.

Mike Urner said it is not hard to do.

David Ivarie said there is not much history, but we can make it.

Mike Urner mentioned that he doesn't expect interest rate to go up any time soon. Governmental Treasury notes have 2.3% return as of today. As a comparison, the Swiss ones have 0.48% and the ones from Germany have 0.87% return.

#### **ACTION ITEMS**

On a motion by Nina Oxborrow, seconded by Don Warkentin, the Consent Agenda, which included Minutes of the August 20, 2014 Investment Committee meeting, Warrants and the June 30, 2014 WHCC Foundation Audit report were unanimously approved.

#### **Adjournment**

**9:59 am**

ok