

Crafton Hills College Foundation Board of Directors
Regular Meeting Minutes
December 6, 2012

Directors Present: David Raley, Don Nydam, Cheryl Marshall, Charlie Ng, Denise Allen, Joanna Averett, Lynn Bogh Baldi, Cheryl Cox, Gloria Macías Harrison, Bill Nassar, Michelle Riggs, Michael Strong

Absent: Marie Alonzo, Judi Battey, Gordon Clopine, Donna Ferracone, Ray Quinto, James Ramos, Robert Temple, Betty Jo Wood, Ray Quinto, James Ramos, Bob Temple.

Staff Present: Karen Childers, Rebecca Warren Marlatt, Cyndie St. Jean.

Guests: Christopher Palmer, Wealth Management Advisor and First Vice President of Investments at Merrill Lynch, Benjamin Voelker, Trust Consultant at Merrill Lynch and Robert Panetti, Portfolio Manager at Blackrock.

1. Call to Order and Opening Comments – President David Raley

David thanked Don Nydam for hosting the board meeting and holiday celebration at his house. David requested that we add Strategic Plan and committees created as part of the Strategic Plan to the agenda for discussion. There were no objections.

2. College Happenings – Cheryl Marshall

The quarterly reporting of gifts to the college was distributed with the Board packets prior to the meeting.

3. Approval of Minutes

The minutes of September 20, 2012, were discussed. Joanna Averett's name needs to be included in the absent board members list. It was moved by Charlie Ng and seconded by Denise Allen, and unanimously carried, to approve the minutes as amended.

4. Financial Report – Charlie Ng

- Charlie distributed copies of the Balance Sheet as of December 4, 2012. This is the last time you will see the balance sheet in this format. A meeting is scheduled for Friday, December 14, 2012, to reconstruct the Quickbooks account codes to make it easier for the Foundation to produce financial statements needed for audits, budget development and grants. The assets are relatively unchanged in comparison to last year. The Krasovec Irrevocable Trust fund money hasn't come in yet, still in conservator estate.
- We need to finish our investment policy. We started a draft and Merrill Lynch evaluated it, made some notes and suggestions. Charlie proposed that a final draft of the investment policy be completed and presented at the next board meeting in March, 2013.
- Charlie to provide a list of the maturity dates for all CDs.

5. Presentation from Merrill Lynch

Christopher Palmer, Wealth Management Advisor and First Vice President of Investments at Merrill Lynch, Benjamin Voelker, Trust Consultant at Merrill Lynch and Robert Panetti, Portfolio Manager at Blackrock made a presentation on handling our assets, increasing our return on investment, and answered questioned from the Board.

The first thing we need to do is finalize our investment policy. They reviewed our current policy, have given our investment committee some direction or can help us write a new policy from scratch so that we maintain our cash flow, liquidity and access to money if needed. Merrill Lynch is owned by Bank of America. They are capable to handling more than \$250,000 and still be FDIC insured. If we have over \$500,000 in an account, they will pay for a policy at Lloyds of London which can insure up to one billion dollars.

The Merrill Lynch Trust Company would assign a trust officer to us if we chose to hire them as the fiduciary agent. They would help protect our assets, make sure we are compliant with all non-profit (UPMIFA) rules and

regulations and help us determine how much equity exposure we are comfortable with.

Blackrock is the largest money manager in the United States with 3.7 trillion in investments. They have no financial ties with Merrill Lynch. They are more of a portfolio manager and will also help with investment policy, individualized bond and stock portfolios, will make annual or quarterly reviews and help at the front end to design our portfolio.

Our money is not comingled with other assets. They require an initial amount of \$1 million to create a completely customized plan, and help us determine what money is needed to run the Foundation annually. It is a fee based account and the fee is 1.15%. The fee is billed monthly and automatically deducted from our account. No other fees will be charged, no commissions or charges to trade.

If we open our checking accounts with Merrill Lynch, they will not charge any fees for an unmanaged account. Usually there is a \$125.00 annual fee, but Chris indicated that they would credit back the fee. We can make deposits via FedEx with Christopher's office in Riverside, or at any Bank of America branch. Christopher's office does not accept cash deposits but Bank of America does. The checking is separate from the brokerage account but both will show up on the monthly statements.

Ben Voelker from Merrill Lynch would help us in philanthropic consulting and is available to speak to smaller groups regarding all facets of planned giving. Examples are charitable trusts and tax benefits. They could host a dinner at a local restaurant for donors or prospective donors. Ben is also available to accompany staff on planned giving visits.

Ben would also offer monthly conference calls. These calls are not specific to CHC but are general to our industry. These conference calls could be available to the board or staff.

Charlie Ng requested, and Merrill Lynch will provide, a list of paperwork requirements for both managed and unmanaged accounts. At this time we don't have enough money to start utilizing their services. Board members suggested we wait until the Krasovec Irrevocable Trust funds are available to initialize our customized plan, and add money as our CDs mature. This

team (Chris and Robert) currently manages the Krasovec funds while they are in conservatorship. The value of the Krasovec portfolio has increased under their management.

David Raley requested, and Merrill Lynch will provide, the names and contact information of similar clients who have utilized their services.

6. Friends of the College – Karen Childers

As of today, we have raised \$25,209.00 toward our goal of \$100,000.00. We need the balance by March 15, 2013. David asked that each director to sign on to either provide \$4,000 for a class or to bring a group together to raise the \$4,000.00. A letter to Jack Dangermond of ESRI has been written by Don Nydam and will go out. If feasible, Cheryl Marshall will give the letter to Don Berry at ERSI at Bill Nassar's open house on Friday.

If we end up raising more than \$100,000.00, the plan is to offer more than 25 summer classes. Gloria said to think about setting aside a percentage of all funds raised, possibly 20% so we have a start for next year. Lynn Bough Baldi said if we set aside 3% every year, that it would add up and we would have funds set aside for future projects. Charlie indicated a revenue based policy would need to be developed.

7. Development – Karen

Once the Assistant Director position is filled, we can pursue alumni giving. More than 100,000 people have attended CHC since its opening.

8. New Directors

Denise Allen and Michelle Riggs were introduced as Board members. Michelle is President of Classified Senate and Denise is President of Academic Senate.

9. Strategic Plan and Committees

David Raley requested that all committees named in the CHC Foundation Strategic Plan begin meeting monthly in January 2013.

The meeting was adjourned at 4:45 p.m.

The next meeting: Thursday, March 21, 2013
 3:00 – 4:30 p.m.
 Learning Resource Center, Room 226