



Board of Directors

Regular Meeting

August 10, 2010

YCCD Board Room
2201 Blue Gum, Modesto
8:00 a.m.

Modesto Junior College Foundation

Board of Directors

Monthly Board Meeting

Tuesday, August 10, 2010

8 – 9:00 a.m. Meeting

YCCD Board Room

2201 Blue Gum Avenue

Agenda

Approval of Agenda i

Consent Agenda

1. Approve June 8, 2010 Minutes 1

Correspondence

Discussion/Action Agenda

1. Investment and Spending Policies.....Gary Whitfield.....5
2. Ex-Officio Board Member.....Gary Watts

Reports

1. District Report.....Dr. Joan Smith
2. College ReportDr. Gaither Loewenstein
3. Foundation Board Liason.....Paul Neumann
4. Investment Report.....Ron Ramont.....11
5. Budget and Finance ReportGary Whitfield.....32
6. Eichoff Estate Update.....Gary Watts
7. Major Gift Officer.....Gigi Sherriffe
 - a. Passport to College
 - b. Victory Campaign
8. Alumni Association Report.....Bryan Justin Marks
9. Craft Faire.....Gary Watts
10. Casino Night-Beer & Wine Tasting.....Bryan Justin Marks,
Paul Neumann
11. Summer Sonata Written Report.....

Other Business/Announcements/Events

Thursday, August 26th, 4 pm Sierra Building Room 132– MJC Scholarships Reception
Friday, August 27th, 8:30 am MJC Auditorium - Fall Institute Day

Next Board Meeting: Tuesday, September 14, 2010

Location: YCCD Board Room

Adjournment

Modesto Junior College Foundation
Board Meeting Minutes
June 8, 2010 – 8:00 a.m.
YCCD Board Room

Present: Steve Collins, Eileen Faria, Geoffrey Hutcheson, Jim Johnson, Judith Lanning, Bryan Justin Marks, Paul Neumann, Michael Pimentel, Ron Ramont, Mike Riley, Babette Wagner, Gary Watts, Jim West, Jon Zagaris

Absent: Matthew Bryant, Rocki Cohen, Jerry Cooper, Sabrina Enevoldsen, Amy Neumann, Colleen Preston, Gary Whitfield

Staff: Sandy DeWalt, Gigi Sherriffe

Guest: Peggy Kroll

Approval of Agenda

There were no changes to the Agenda. After a motion by Bryan Justin Marks and a second by Babette Wagner, the Agenda was unanimously approved.

Consent Agenda

Review of the Minutes

The May 11, 2010 Minutes were reviewed. There were no changes. After a motion by Bryan Justin Marks and a second by Babette Wagner, the Minutes were unanimously approved.

Discussion/Action Agenda

Passport to College Update

Peggy Kroll attended the Foundation Board Meeting to give an overview and update of the Passport to College Program.

MJC's Passport to College program is distributing hope and valuable college scholarships to 900 local fifth grade students. Upon entering the program, every student receives a Passport Certificate that will waive fees for two years at MJC once they graduate from high school.

Aimed to help more students eventually make it to college, the program is currently helping students at Franklin, Orville Wright and Fairview Elementary schools. Each student in the program receives:

- Opportunities to participate in special activities at MJC
- An opportunity to write a book in class and share it with MJC
- Free books donated by MJC faculty and staff

Students are brought to Modesto Junior College at least once a year.

Judith Lanning reminded the Board and Peggy that an annual update report was included in the original agreement. Judith asked if Delta College has any result data. Delta has a similar program and is ahead of us by about one year. Judith stressed the importance of data. Judith also stressed the importance of marketing information. Gigi Sherriffe is going out into the community and needs something to share. Peggy let the Board know this is a problem and it difficult since there isn't any funding for marketing. She agreed that it would be nice to have some more marketing materials. Peggy assured the Board she will work with the Foundation on a complete marketing plan. Judith suggested getting a quote for marketing and then suggested the possibility of outsourcing since staffing is also down in the Foundation. Peggy agreed to get a quote for marketing and will look to see if there is any funding left over from last year. She also agreed to look into internship and volunteer possibilities. Peggy let the Board know she could provide a data report by early fall and agreed that we need a yearly data update. Paul Neumann asked if there is any sense of dispersal rate. Peggy stated she should be able to have that info sooner since Delta should have retention data by now. Paul commented that Dr. Loewenstein needs to be made aware of the program right away and that MJC really needs to be involved. Mike Riley asked how we are going to keep the kids motivated once they move on to junior high and high school. Mike asked if we can still identify and keep in contact with each of the students once they are in high school. Peggy responded it will be more difficult but yes, we can still identify them. Judith Lanning asked if there is an overview action plan that will involve seeing these students through MJC. Peggy responded that the program really needs a full-time staff member. Peggy agreed to come back in October to give another update report.

Reports

1. District Report

There was no District Report. Dr. Joan Smith will be invited to the August Foundation Board Meeting.

2. College Report

There was no College Report. Dr. Gaither Loewenstein will be invited to the August Foundation Board Meeting.

3. Executive Director Written Report

The Executive Director Written Report (found on p. 3 of the board packet) was reviewed by the Board. Mike Riley asked that his name be removed from the attendance list at the Dave Ashleigh Aquatics Center Dedication. Gary Watts added that the event was very nice and well attended.

4. Foundation Board Liaison

There was no Foundation Board Liaison Report at this time.

5. Investment Report

The Investment Report and Foundation Portfolio Review is included on pg's 5-20 of the board packet.

6. Budget Report

The Budget Report is included on pg's 21-26 of the board packet.

Investment and Spending Policies

The Investment and Spending Policies (found on p. 26- p. 32 of the board packet) were reviewed. There was some discussion under *Delegation of Authority* found on p. 26 and the top of p. 27. In the first paragraph located on p. 27 the word "committee" will be replaced with "board". The new sentence will read "The Board is authorized to retain one or more investment managers (Managers) to assume the investment management of the Foundation's funds and/or assets owned or administered by the Foundation". Ron Ramont asked that under Exhibit A on p. 27 - the *Equities Allocations* be reviewed. He feels they do not look correct.

There was some discussion on the review process for the Investment Advisors. Eileen Faria commented that the last time this review process happened was 1999 and that it was a very tedious process.

There was some discussion on if the Finance Committee should be mentioned in the bylaws. Geoffrey Hutcheson didn't think it needed to be reflected in the bylaws. Paul Neumann wanted to clarify that the ultimate decision will come to the board. Paul feels like the language found at the bottom of p. 26 and top of p. 27 takes care of that.

After a motion by Steve Collins and a Second by Geoffrey Hutcheson, the Foundation Board asked that both the Investment and Spending Policies go back to the Finance Committee for update and clarification and be presented to the board for vote via email. Sandy DeWalt will work with Gary Whitfield on setting up a Finance Committee Meeting and sending the two documents back to the board for a vote via email.

7. Passport to College

In addition to the Passport to College Update Report by Peggy Kroll, Gigi Sherriffe reported that Mr. Ed Fitzpatrick recently donated \$750 to the Passport to College Program.

8. Alumni Association Report

There is no report at this time.

9. Craft Faire

There is no report at this time.

10. Casino Night-Beer and Wine Tasting

Bryan Justin Marks commented that the committee still plans to proceed with the event. There is no report at this time.

11. Summer Sonata

Babette Wagner reported that the Summer Sonata is quickly approaching and she asked that everyone find sponsors that will bid on the auction items. Babette also reported we will be having about 25-30 auction packages with bids between \$200-\$500. Paul Neumann offered to send an email to those board members not in attendance. Bryan Justin Marks voiced his concerns with logistics and the time constraint. We still need evening volunteers to help from 9-11 pm during clean up. An email sign-up sheet for the day of the Sonata was sent to the board. Bryan thanked those that have signed up for a shift and encouraged everyone to help. Bryan reminded the board that a plaque with be presented to Bette Belle's husband, Jean Smith the evening of the Sonata. Jean has been offered two comp tickets and is invited to sit with the President. Bryan announced the Appreciation Barbeque for the volunteers and their families on July 22nd at Graceada Park. Board members were invited to come and help thank the volunteers. Gary Watts asked with a show of hands how many board members would be attending the Sonata. Gary reminded the board that the Summer Sonata is the Foundation and Modesto Junior Colleges largest fundraiser. Babette encouraged the board to continue to recruit sponsors and ticket sales. Fill tables with those people that will bid!

Other Business/Announcements/Events

Thursday, July 8th – Welcome Reception for Dr. Gaither and Mrs. Hope Loewenstein
Thursday, July 15th – MJC Summer Sonata, 6 pm
Thursday, July 22nd – Volunteer Appreciation Barbeque, 6 pm
Thursday, August 26th – MJC Scholarships Reception, 4 pm
Friday, August 27th – MJC Fall Institute Day, 8:30 am

Next Board Meeting: Tuesday, August 10, 2010
Location: YCCD Board Room

Adjournment – 9:30 a.m.

MODESTO JUNIOR COLLEGE FOUNDATION

INVESTMENT POLICY

The mission of the Modesto Junior College Foundation (Foundation) is to provide awareness of and support for the students, activities and programs of Modesto Junior College (College). This awareness and support may be done through various Foundation activities to promote contributions, which the Foundation will manage and distribute in a manner consistent with the goals of the college to provide to the students and community a variety of educational and cultural activities.

The Foundation follows the Uniform Prudent Management of Institutional Funds Act of 2008 (UPMIFA) and its own governing documents. UPMIFA requires the historical dollar amount of a donor-restricted endowment fund to be preserved. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable under UPMIFA. The Foundation's donors have not placed restrictions on the use of the investment income or net appreciation resulting from the donor-restricted endowment funds.

The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. The Foundation's investment and spending policies work together to achieve this objective! The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is a rate of 6%. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places an emphasis on money market funds, bond funds, and equity based investments to achieve its long-term return objective within prudent risk parameters.

The Foundation operates under the guidance of a Board of Directors (Board) and in conjunction with support from members of its staff and the administration of the College. The Foundation's Board is comprised of community members as well as a selected member of the administrative staff of the College, all of whom serve specific terms. In addition, the position of President of the College has a permanent position on the Board.

DELEGATION OF AUTHORITY

All funds of the Foundation are held by the Board, as the steward, for carrying out its mission. The Board has established a Finance Committee (Committee) comprised of its own members. The Board delegates supervisory authority, as related to its funds, to the Committee. The Committee is responsible for regularly reporting on the investment of these funds to the full Board of Directors. In carrying out its responsibilities, the Committee and its agents will act in accordance with the policies of the Board and all applicable laws and regulations. The board reserves to itself the exclusive right to revise or grant exemption to all applicable policies.

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The Committee is authorized to make a recommendation to the Board to retain one or more investment advisors (Advisors) and one or more investment managers (Managers) to assume the investment management of the Foundation's funds and/or assets owned or administered by the Foundation. **The Board will make all investment decisions. If the Board retains an Advisor, the Advisor will implement the Board's investment policy under the direct supervision of the Committee. The Committee may also receive reports from any such Advisors and/or Managers.**

OBJECTIVES

The primary investment objective of the foundation is to preserve and protect its funds. The Committee will insure the safety and soundness of its funds while earning a total return for each of its funds or sub-funds, appropriate to each fund's time horizon, liquidity needs, and risk tolerance. Additionally, if any bequest, donation or endowment having specific investment criteria, is accepted by the Foundation, those criteria will be adhered to without exception. Any common stock or convertible security bequest or donation accepted by the Foundation, without specific investment criteria attached will be sold immediately and the funds invested as directed by this policy.

ASSET MIX

To accomplish the Foundation's investment objectives, the Committee is authorized to use portfolios of equity securities (common stocks and convertible securities), fixed-income securities, and short-term cash investments directly or through pooled or mutual funds. As an aid in accomplishing these objectives, when an Advisor and/or Manager are retained, that Advisor's and/or Manager's recommendation will remain within the ranges provided in Exhibit A. These ranges can be modified from time to time upon recommendation of the Committee and final approval by the Board. The actual investment targets shall be set within those ranges by the Committee after receiving recommendations from any retained Advisor and/or Manager. If limitations in the investment objectives are exceeded due to market fluctuations, the Advisor shall rebalance the portfolios at least quarterly, following the close of the fiscal year.

Exhibit A
(Typical Ranges of Investment) ~~Per Fund or Category~~

Investment Fund	Asset Classes		
	<u>Fixed Income*</u>	<u>Short Term*</u>	<u>Equities*</u>
Restricted and Unrestricted Funds	30 - 50%	10 - 30%	40 - 60%
Unrestricted Funds	30 - 50%	10 - 30%	40 - 60%

*Fixed Income - U.S. government and agencies, corporate and high grade foreign bonds, preferred stocks
 *Short Term - Cash, cash equivalents and one-year notes
 *Equities - Common and convertible securities

ASSET QUALITY

Common Stocks – The quality rating of at least 80 percent of the market value of common stocks should be B+ or better as rated by Standard & Poor's or other equivalent rating service. Non-rated common stock may be used within the foregoing guidelines.

Convertible Preferred Stocks and Convertible Bonds – Convertible preferred stocks and convertible bonds may be used as equity investments. The quality rating for either must be BBB or better, as rated by Moody's or Standard & Poor's. The common stock into which either may be converted must be rated as specified in the Common Stock section above.

Fixed Income Securities (including preferred stocks) – The quality of at least 90 percent of the market value of the bonds, notes or preferred stocks must be BBB or better, as rated by Moody's or Standard & Poor's. The portfolio may consist of only traditional principal and interest obligations (no derivatives) with an average duration of six years or less.

Cash or Cash Equivalents – The quality rating of commercial paper must be A-1 or better, as rated by Standard and Poor's, or P-1 or better, as rated by Moody's.

Mutual Funds – The assets of any mutual funds must comply with the quality provisions for the applicable asset class.

ASSET DIVERSIFICATION

Reasonable diversification will be maintained at all times within the portfolio. The investment in the equity securities of any one company shall not exceed five percent and the total securities position (debt and equity of one company) shall not exceed ten percent of the portfolio. Reasonable sector allocations and diversification shall be maintained. No more than thirty percent of the entire portfolio may be invested in the debt and/or equity securities of any one industry sector.

TRANSACTIONS

All purchases of securities will be for cash and there will be no margin transactions, short selling, or commodity trading.

REPORTING REQUIREMENTS

Any retained Advisor will provide the Committee with a written statement containing all of the pertinent transaction details for each separately managed fund as follows:

Monthly – (1) The name and quantity of each security purchased or sold, with the price and transaction date. An analysis for each security with its description, percentage of total portfolio, purchase date, quantity, average cost basis, current market value, unrealized gain or loss, and indicated annual income and yield. (2) an analysis for the entire portfolio of the current asset allocation by investment category, (equities, fixed income, and cash equivalents).

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Periodically – Quarterly, or more frequently at the request of the Committee, any retained Advisor shall provide the Committee detailed information about (1) asset allocation, (2) investment performance, (3) future investment strategies, (4) each portfolio Manager's performance measured against index benchmarks and peers for relevant periods, and (5) any other matters of interest to the Committee.

Annually – Any retained Advisor shall provide a report to the full Board on the investment performance of the entire portfolio, as well as the performance of each of the funds making up the total.

CASH FLOW REQUIREMENTS

The Foundation will be responsible for informing any retained Advisor in a timely manner of its cash distribution needs. Any retained Advisor is responsible for providing adequate liquidity to meet the Foundation's cash flow requirements in accordance with Board policy.

MODESTO JUNIOR COLLEGE FOUNDATION

Spending Policy

The following are the Spending Policies for the Modesto Junior College Foundation, an independent foundation, as they affect both restricted and unrestricted funds:

Restricted Funds: The spending policy calculates the amount of money distributed annually from the Foundation's various endowment funds for scholarships, specific purposes, administration and asset management expenses. The current spending policy is targeted to distribute from a floor of 0%, but no more than 7% of a moving three-year average of the fair market value of the endowment. Accordingly, over the long term, the Foundation expects its current spending policy to allow its objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through investment return.

These funds are typically the Foundation's Temporarily Restricted accounts where the donor has specified the use of the funds. Only the amount that exceeds the corpus plus a 5% reserve on the corpus is allowed to be distributed; i.e., interest income, unrealized gains/losses less expenses.

To that the Foundation's stated policy is as follows:

1. Distributions from the endowment funds will be targeted at a floor of 0% and will have a ceiling of 7% of the moving three-year average of the fair market value of the endowment. This stays within prudent spending limits some states have adopted with UPMIFA. This will allow assets to grow over time to keep up with inflation and needs identified by the endowment.
2. Distribution amounts for the following year will be calculated on the endowment account balance as of December 31.
3. At no time will the funds be distributed from the corpus or the 5% reserved in excess of the corpus (excluding the management and asset manager fees).
4. At no time will unrestricted funds be used to make up for declines in market value that affect the corpus.
5. Estimates of the amount of the distribution (a range) will be given to the College upon request.
6. Funds must be used as specifically stated by the donor(s).

Unrestricted Funds: These funds are donations that typically come from Fundraising Campaigns and Events and are unspecified by the donor as to their use. These funds are

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under the direct control of the Foundation, its officers, and its Board of Directors. To that the Foundation's stated policy is as follows:

1. The Board of Directors of the Modesto Junior College Foundation or its appointees will approve the use of funds.
2. The Foundation Board or its appointed representative in agreement with Modesto Junior College and the Yosemite Community College District can use funds to pay Foundation Staff as agreed upon.
3. Funds can be used for operation of the Foundation Office as it effects its business operation, i.e., equipment, supplies, phone expenses, education of staff, etc.
4. Funds can be used to support staff's cultivation of potential donors and business contacts; i.e., Expense Account. These will be inclusive of breakfast, lunch, and dinner, and entertainment as it applies to such cultivation, inclusive of alcohol (with prudence) and community events, such as golf tournaments, evening events, etc.
 - A. All expense account payments must be approved by the President of the Foundation or the Treasurer prior to payment.
 - B. All requests for expense account payment must be accompanied by the proper back up and/or receipts.
5. Fund requests from faculty and staff must go through their Division Dean and forwarded to the appropriate cabinet member. Any proposed expenditures, using Foundation unrestricted funds, must be approved by Cabinet and the President of the College prior to consideration for approval and potential funding by the Foundation Board.
6. *Foundation expenditure reimbursements for the MJC President will be approved by the Chancellor and will be signed by the Foundation Director, the Foundation President and/or the Treasurer of the Foundation.*

Gary Watts, President, MJC Foundation

Approved: June 8, 2010

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