

**COLLEGE OF THE CANYONS FOUNDATION**  
**26455 Rockwell Canyon Road, Canyons Hall 160, Santa Clarita CA 91455**

**Finance Committee**  
**Meeting - Minutes**  
Friday October 27th, 2023 8:30am  
Canyons Hall 211

**Members** George Reyes (Finance Committee Co-Chair) Fred Arnold (Foundation Chair), Brian Koegle  
**Present:** (remote)

**Members**

**Absent:** Lisa Burke (Finance Committee Chair), Steve Corn, Randy Moberg

**Foundation Staff** Jerry De Felice (Chief Development Officer), Desiree Dodd (Director of Development and

**Present:** Engagement), Shawna Lubs (Chief Operating Officer), Cassidy Butow (Events Coordinator), Melayn Poladian (Foundation Relations Coordinator III)

**District Staff** Sharlene Coleal (Vice-President, Business Services and Foundation Treasurer) Jason Hinkle

**Present:** (Associate Vice-President, Business Services), Rosie Kochendorfer (Senior Accountant, Business Services)

**Affiliated Guests**

**Present:** James Schramm (Investment Advisor, Raymond James)

**Guests:** None

**1. PRELIMINARY FUNCTIONS**

1.1 Call to Order/Establishment of a Quorum GEORGE REYES

Noting that a quorum was present, George Reyes called the meeting to order at 8:33 AM.

1.2 Approval of Meeting Agenda GEORGE REYES

George Reyes requested a motion to approve the meeting agenda.

Motion to Approve: Sharlene Coleal                      Second: Brian Koegle                      Voting Yes: Fred Arnold, Sharlene Coleal, Brian Koegle, Shawna Lubs, George Reyes

1.3 Approval of Meeting Minutes: August 24, 2023 GEORGE REYES

George Reyes requested a motion to approve the meeting minutes from August 24, 2023

Motion to Approve: Sharlene Coleal                      Second: Fred Arnold                      Voting Yes: Fred Arnold, Sharlene, Brian Koegle, Shawna Lubs, George Reyes

## 2. REVIEW

### 2.1 Foundation Investment Update by Financial Advisor

JAMES SCHRAMM

#### **Investment Update**

In the 2023 calendar year the market is up, according to fiscal calendar (since July) the market is down a little bit. QTD 6/30/2023 the portfolio is down 3.26%, right in line with benchmark. Stocks and bonds are both down at the same time, which is not typical. The interest rates are driving the stock market movement right now. There is public concern that interest rates are going to continue to go up. At the moment, the value of bonds is going down but as long as bonds are held until maturity they will go up but, in the meantime, bonds do fluctuate in value.

A gauge of interest rates is the 10-year treasury. The 10-year treasury spiked up over 5% which hasn't happened in over a decade. This has impacted the market.

The GDP numbers came out yesterday and shows the economy is growing at about 5%, which is high. Projections for companies like Mattel say that the market will slow down, but growth is still happening. But, Amazon has announced growth. The way numbers are going, if there is a recession it would be mid-2024.

The Foundation Investment Portfolio account YTD (12/31/22 – 9/30/23) is up 5.43%.

#### **Investment Strategy Discussion**

There was discussion about changing our investment strategy to buying individual bonds rather than index funds, similar to the strategy used for the Manvi Trust. For example, the Foundation currently owns a number of Vanguard Index Funds, but if we bought individual bonds instead, we would better be able to control income and lock in higher interest rates.

The plan of action for James Schramm is to buy individual bonds, control the income of that bond, and manage the return of that bond.

The Foundation Investment Policy gives James Schramm authority to make the best decisions based on the asset allocation and other criteria. Schramm will choose the individual bonds and will shift to longer term and hold to maturity. They have to be considered investment grade, single A and above. The majority of bonds pay out returns twice per year. The stock portion of the investments will stay in the Vanguard index funds.

James Schramm will present the changes to the investment portfolio strategy for information purposes at the Executive Committee meeting.

#### **Foundation Investment History, Vanguard to James Schramm Financial Group**

- LACOE (Los Angeles County Office of Education) – Fund 81, 82, 83, 84, 85:
  - Fund 84 – Expendable Scholarships
    - A working fund – where all interest income is deposited and disburseable funds are deposited.
    - Realized Interest/Dividends: \$115,473 has come from the dividends and the LACOE Interest Received. This is money set aside for scholarship disbursement.
  - Fund 82 (Temporarily Restricted): there are almost 200 accounts that include clubs, programs, and some district departments. In total the Foundation has over \$2 million in LACOE for Fund 82. LACOE accounts hold funds for Fund 81 (Operating), Fund 82 (Program and Department Accounts), Fund 83 (Capital Campaigns), Fund 84 (Expendable Scholarships) and Fund 85 (Major Gifts). LACOE is always very conservative with their

investments. The District is legally required to only use LACOE, the Foundation is legally allowed to have non-LACOE accounts, in addition to LACOE.

LACOE is the Los Angeles County Office of Education. College of the Canyons is fiscally dependent on LACOE; The College is responsible for the accounting for the COC Foundation. LACOE issues all college and Foundation checks, submits monthly employer contributions to retirement funds, issues annual W-2s, and 1099s.

- Fund 86 – Endowed Scholarships (Invested in Raymond James)
  - Endowed Scholarships (36 individual endowed scholarships are designated for specific purpose), the goal is getting the scholarship interest income up to \$10,000 so they can be disbursed.
  - The initial investment in Fund 86 was \$280,000 in 2015 and as of 9/30/23 the investment value is \$580,000 due to additional contributions. There is a net gain of \$41,303, a 7.12% increase.
  - Realized interest and dividends accumulated total is \$115,473
- Fund 87 – Expendable Scholarships (Invested in Raymond James)
  - The 2023-2024 Fundraising Goal is \$100,000.
  - The Fund Balance is \$494,212.94
  - This account holds a number of endowments including Library, PAC, Track, Agajanian, TLC, Learning Resource.
  - The Realized Interest/Dividends goes into Fund 82 which is held at LACOE and is currently at \$307,641. This interest is attributable to PAC and Library, and some smaller miscellaneous endowments. We have asked the programs if they would like to reinvest this interest income and provide the Foundation with a certain dollar amount that can be reinvested.
- Fund 89 Osher
  - The Foundation has an agreement with Osher that they will, in perpetuity, always distribute 5% of revenue back to Foundation regardless of any fluctuations in the investments.
  - The investment is held with the Osher fund in San Francisco and the corpus will never be returned to the Foundation.

Financial Report: Cash Balance Summary (page 15)

Cash Accounts

- LACOE Fund 81, 82, 83, 84, 85 – see Fund 82 Program Account Balance sheet (Foundation has direct purview over these accounts)
- Wells Fargo: Basic Business Checking
- US Bank/Union Bank: Business Tiered-Interest Checking
- Bank of America: Business Interest Checking
- COC Foundation Petty Cash

There was a discussion of clubs who do small-scale fundraisers (example Bake Sale) – the Foundation is currently telling clubs to take this fundraising money to the ASG fund if the Foundation is not directly involved in the fundraising activity for the club or program. There are increased regulations with the ASG, they are no longer allowed to hold money that is not associated with a club.

The goal of the Foundation is to be more active in managing money at LACOE and Raymond James.

## 2.2 Update on Legal Analysis

SHARLENE COLEAL

A summary of issues addressed by the Foundation’s legal counsel during 2021-2022, 2022-2023, 2023-2024 included:

- ASG Funds

- Board Liaison Voting
- Board Membership
- Brown Act – Teleconference Rules
- Bylaws
- Commensurate Return
- Committee Membership
- Conflict of Interest
- Formation of New Fund
- Foundation Responsibility
- Fundraising Event
- Manvi Trust
- Operating Agreement
- Raising the Bar
- Scholarship/Endowment Policy

Total Cost \$101,370

Foundation Cost \$12,500

### 3. APPROVAL

#### 3.1 Approval of Financial Statements as of September 30, 2023

- Fund 81 Revenue & Expenses
- Operating Fund Cash Flow Projections
- Fund 82-89 Revenue & Expenses Summary
- Cash Balance Summary
- Fund 81-88 Disbursement Detail

SHARLENE COLEAL

#### Revenues

Sharlene Coleal presented the Financial Statements as of September 30, 2023 as of the first quarter, which is 25% through the year. Revenues are at 28% of Budget largely because of the Golf Tournament. Expenses are under Budget at 18% because most expenditures have not occurred yet.

Net revenue is currently at \$26,681 vs a budget of \$800.

Revenue highlights include the Golf Tournament which is at \$3,200, 106% of budget.

Chancellor’s Circle is tracking at 27% of budget, which keeps us in line with a budget of \$60,000

Silver Spur will be held in April 2024, with a budget line of \$90,500.

#### Expenses

Highlights of Expenses include contract services for software licenses which have been paid ahead of time so they are at 53% of Budget, memberships are at 74% of Budget because they have been paid in advance and the same with planned giving subscription at 88%.

Office Supplies are over budget, need to review and make sure all expenses allocated correctly.

Credit card fees are under budget.

Golf Tournament expenses are still coming in and we expect expenses to be at \$42,000 and net income will be at about \$34,000 which is \$17,000 above net revenue.

The Discretionary Cash Balance at 9/30/23 is at \$261,813 which will be reduced when the Foundation transfers \$100,000 to the Foundation Operating Endowment.

Motion to Approve: Fred Arnold      Second: George Reyes

Voting Yes: Fred Arnold, Sharlene Coleal, Brian Koegle, Shawna Lubs, George Reyes

### 4. PUBLIC COMMENT

4.1 Comments by Members of the Audience NOT on the Agenda  
George Reyes asked for comments from the members not on the agenda.

GEORGE REYES

**5. ADJOURNMENT AND ANNOUNCEMENT OF NEXT MEETING**

5.1 Adjournment  
George Reyes adjourned the meeting at 9:43AM

GEORGE REYES