



FOUNDATION

MIRACOSTA COLLEGE FOUNDATION BOARD

FINANCE COMMITTEE SPECIAL MEETING

FRIDAY, July 9, 2021 2 p.m. – 3 p.m.

Zoom Video Conference

One tap mobile: US: +16699006833

Meeting URL:

<https://miracosta-edu.zoom.us/j/95001343565?pwd=NDF6ZzZ6RTJpVHQ3OWVlTG9MU2JBUT09&from=addon>

Meeting ID: 950 0134 3565

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NOTE: If joining by phone only - please identify yourself during roll call or send an email to djaykus@miracosta.edu to record the number you are calling in from.

MINUTES

I. CALL TO ORDER

Request consent to record the meeting

Chair, Bandemer called the meeting to order at 2:08 p.m.

II. ROLL CALL, WELCOME, INTRODUCTIONS

Committee members present:

Matt Adams

Bruce Bandemer

Bessie Chin

Sharon Wiback

Committee members absent:

Bill Cardoso

Advisors present:

Foundation Board President, Alec Babiarz

VP Administrative Services, Tim Flood

Senior Investment Consultant | VIAS, Vanguard, Andrew Maslick

Staff present:

Foundation Specialist/Board Support, Dee Jaykus

Interim Development Officer, Charity Singleton



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III. PUBLIC COMMENT ON ITEMS ON AND NOT ON THE AGENDA

None

IV. CHANGES IN AGENDA ORDER

None

V. APPROVE MEETING MINUTES - ACTION

Special Meeting June 14, 2021

By motion made by committee member Wiback and seconded by committee member Adams, the Special Meeting minutes of June 14, 2021 were approved.

Vote: 4/0

Aye: Adams, Bandemer, Chin, Wiback

Absent: Cardoso

Abstentions: None

VI. INVESTMENT AND SPENDING POLICY

Chair Bandemer opened the discussion. A draft Investment and Spending Policy, edited by Maslick, was presented to the committee. Shorter term portfolio is 50/50 mix stocks or bonds and doesn't align with the current language in the policy. The Endowment Portfolio is the large longer term portfolio. The desire is to carve out a portion, approximately 2.2 or 2.3 million to invest in something short term and safe. Somewhat similar to a money market.

Chair Bandemer explained the LAIF account which is short term money market type of fund. The Foundation also has the Union Bank account that has approximately 1 million at this time. This fund is designed for the Foundation's short term needs and accessible.

The Reserve Portfolio was designed about 5 years ago to get a higher return than a CD. It has performed absolutely beautifully, however it didn't really meet the description of what that reserve portfolio was designed to be. This came to light during the audit review and the language itself indicated it was a short term on demand fund.

Maslick suggested setting a goal or target to the Reserve Portfolio, whether an absolute amount IE: 1 million or a percentage. Letting the reader know that expectation is to hold x amount in this reserve and any amount above that then can be invested accordingly. Chair, Bandemer and advisor Babiarz agreed.

Chair, Bandemer reported in the last 5 years the Reserve Portfolio has never been accessed.



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Advisor, Board President, Babiarz offered to create a flow chart to show where the decisions are made and the process. Example, the balance goes below a certain amount then funds are drawn from LAIF. To replenish LAIF, funds are taken from the Reserve Portfolio.

Chair Bandemer, commented that the Reserve Portfolio will grow over time and funds can be pulled from there. If it drops below 500, then we can pull from the Excess Reserve.

Advisor, Maslick suggested an appendix to define the dollar amounts that will trigger the flow. Interim AVP/Executive Director, Peter Smits agreed. Chair, Bandemer agreed and will bring the document back to the group with the appendix and the new pool language.

Advisor, Maslick commented that the naming and purpose of these new account and creating an expectation around the dollar amounts are the most important items to address.

VII. ADMINISTRATIVE COST RECOVERY POLICY

No Action required

VIII. CRYPTOCURRENCY DONATIONS

AVP/Executive Director, Smits discussed an article by the Vice President of San Bernardino that was published in a national magazine about how to accept Cryptocurrency. Staff member, Jaykus to send to Finance Committee. The thought is when receive a donation of cryptocurrency it is sold fast, and that's exactly what San Francisco State did not do. The reason was to not start flooding the market with cryptocurrency, making its value drop precipitously pretty fast, so you want to sell it in smaller amounts. It's still an asset that you own, but you convert it to cash at a much lower rate than if you got 1000 shares of stock. The initial impression is to treat the donation just like stock, and get rid of it as fast as you can, however, that is not the case in the world of crypto currency.

AVP/Executive Director, Smits notified that there are procedures for offloading cryptocurrency that are different than anything else that we know. We are going to have to explore the notion of who do you hire to actually manage the process of offloading the cryptocurrency.

Advisor, Board President, Babiarz suggested if the donation is very small IE: \$20 in Crypto that it is sold immediately

AVP/Executive Director, Smits suggested an average minimum IE: \$25,000. A slow conversion from cryptocurrency to cash starts at 25,000. Below that, as suggested, get rid of it as it will not affect them the market price of the cryptocurrency if you're just selling it out in small amounts.



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AVP/Executive Director, Smits to inquire with a few colleagues the fee charged to sell. Anticipating approximately 2 to 3 percent.

Advisor, Flood suggested looking for somebody to help us and utilize their experience in the market, to help us set the policy and what are their recommendations as far as the denominations and where the threshold is where it won't significantly impact the market.

AVP/ED commented that there are several different kinds of cryptocurrency as well, and some may sell in a different rate or methodology than others so. It is interesting, intriguing, and complex and nobody's trying to do it themselves.

Committee Member, Adams, commented it is going to wildly change in price and the volume is going to wildly change in future years. We don't want to constrict ourselves to a dollar amount it's more just like you said, putting it back on the trading opportunity and promptly disposing of it.

Advisor, Maslick recommended checking with Vanguard Charitable who accept Bitcoin. Chair, Bandemer to contact to discuss Donor Advised Fund as an option and will get pricing.

AVP/ED, Smits recommended finding 2 or 3 firms to present to the committee what they do, how they do it, and the fees. Firms relatively local. Will ask around to find out what firms other foundations are using.

Chair, Bandemer suggests one more meeting to review before the September 21, 2021 Finance Committee meeting to be able to present to the full board for approval September 28, 2021. Four to 6 weeks out. Chair, Bandemer to follow up with AVP/ED, Smits in a couple of weeks.

IX. FUTURE AGENDA ITEMS

Review draft of Investment and Spending Policy.

Review additional information related to accepting cryptocurrency donations.

X. ADJOURNMENT

Chair, Bandemer adjourned the meeting at 2:41 p.m.

* **ITEMS ON THE AGENDA:** Members of the audience may address the Foundation Board Committee on any item listed on the agenda when that agenda item comes up for discussion and/or action. Comments will be limited to three (3) minutes per agenda item and a total of fifteen (15) minutes of public comment on an item, unless waived by the committee. Non-English speakers utilizing a translator will have six (6) minutes to directly address the Committee.

ITEMS NOT ON THE AGENDA: Members of the audience may address the Foundation Board Committee on any topic not on the agenda so long as the topic is within the jurisdiction of the Foundation. Under the Brown Act, the committee is not permitted to engage in public discussion or take any action on an agenda item not on the agenda, except that members of the committee may briefly respond to statements made or questions posed by persons exercising their public testimony rights under Government Code §54954.3. In addition, on their own initiative, or in response to questions posed by the public, a member of the committee may ask a question for clarification. A member of the committee or the committee itself may provide a reference to staff or other resources for factual information, request staff to report back to the body at a subsequent meeting concerning any matter, or take action to direct staff to place a matter of business on a future agenda. Comments from visitors shall not exceed three (3) minutes unless the committee waives the time limit. Non-English speakers utilizing a translator will have six (6)



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minutes to directly address the committee. The committee may also limit the total amount of time for public comment on a particular topic to fifteen (15) minutes.

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