



Florida School for the Deaf & the Blind

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MEETING MINUTES ENDOWMENT INVESTMENT COMMITTEE

April 12, 2019 at 8:00 a.m.

**Moore Hall – Room 215, FSDB Campus
St. Augustine, Florida**

Call to Order

Mr. Terry Hadley called the meeting of the Endowment Investment Committee to order at 8:00 a.m.

Attendance

Present: Mr. Terry Hadley (Chairman), Mrs. Christine Chapman, Mrs. Linda DiGonzalez*
(*Appointed de facto second member by Mr. Hadley.)

Board of Trustees: Mr. Owen McCaul, Mr. Chris Wagner

UBS International: Mr. David Hanvey, Mrs. Lacey Conner

FSDB: Dr. Jeanne Prickett

Julia Mintzer

John Wester (Comptroller)

Tanya Rhodes and Amy Moring (Advancement)

Rena Hurley and Danielle Alexander (Interpreters)

Denise Fernandez (Recording Secretary)

Approval of Meeting Minutes

The minutes of the September 21, 2018 Endowment Investment Committee Meeting were *approved on a motion by Mrs. Chapman; seconded by Mrs. DiGonzalez.*

Public Comment

None

New Business

Endowment Funded Special Projects (Tanya Rhodes)—Mrs. Rhodes requested the Committee's approval to fund \$515,633 worth of 46 projects; two of which are new: the Mason-Dixon Volleyball Tournament and Community Recreation Activities.

In fundraising efforts for 2018-2019 (as of February 28), the Advancement team surpassed their goal by 80% over last year, raising \$1,476,329. Their relationship building with donors also continues to strengthen. For the same period, 1,221 donors contributed \$1,935 which is an indication that multiple donors gave multiple times. This speaks to their probable longevity with FSDB.

When asked about the team's continued success rate, Mrs. Rhodes cited three contributing factors in her long-term strategy: 1. Relationship building; 2. Acquisition mailings; and 3. Planned giving. However, she admitted that FSDB is an easy *sell* once imminent donors have had an opportunity to visit our campus and see whom and what private dollar contributions benefit.

Mrs. Rhodes also credited her Director of Development, Amy Moring, for running the department during her absence. Mrs. Moring steered the entire private funding process as well as conducted the Johnson Foundation evaluation in addition to managing her day-to-day tasks.

Mrs. Rhodes' and Mrs. Moring's efforts drew accolades from Board members and guests.

An Advancement Plan is available for review upon request.

UBS Update (Dave Hanvey and Lacey Conner)—Mrs. Conner congratulated Mrs. Rhodes for her work and kicked off her presentation by reviewing FSDB's Endowment performance:

- **Performance Review:** Through the end of February 2019, the portfolio closed at \$15,357,968.56. The Endowment's MTD net time-weighted rate of return was +1.28%, YTD +8.1%, and trailing 12-month +5.09% compared to the different benchmarks at +1.17, +7.77, and 4.58, respectively. For the same period, the returns on the S&P 500 were +1.94, +13.65, and +9.50, respectively. At close of business April 11, 2019, the portfolio sustained a YTD increase of approximately \$1,450,000 equal to a +9.34% rate of return.
- **Market Update:** Mr. Hanvey stressed the importance of monitoring risk in the portfolio. He elaborated as follows:
 - **Overview**—*Global growth* is slowing, but a rebound is expected later this year; the expansion looks poised to continue. *Corporate profit growth* is decelerating, but not rolling over; U.S. equity values look attractive. *Market volatility* is ongoing; Mr. Hanvey and his team continue to monitor the portfolio to ensure its alignment with the Investment Policy. Overall, UBS recommends a *risk-on stance* by hedging stocks and long-term treasuries. The “quilt chart” of select asset classes demonstrates consistency by UBS in the risk management of FSDB's moderate diversified portfolio.
 - **Economic & Market Outlook**—*Federal Reserve rates* are presently considered neutral; expectations for another rate hike are forecasted in 2020 or 2021. *Earnings per share* have slowed down since 2018, but UBS still predicts a 4% earnings growth. Although the *economy* will experience slower earnings growth, UBS is confident that it will not sustain an earnings recession. The *bull market* is the longest in history, but continues to create uncertainty due to historical stock market declines that ended in recessions. Imbalances in the consumer, financial, and private sectors usually fuel these recessions. However, none of those conditions are present now.
 - **Recap**—*Economic and earnings growth* is slowing, but not leading to a recession. *Inflation* is below the Federal Reserve model. UBS doesn't expect a fed rate hike unless inflation pressures reaccelerate. *Trade negotiations* are underway (e.g., Brexit, China) and UBS has a “cautiously optimistic outlook.” To manage *risk*, UBS is recommending overweight to US all-cap stocks, along with long-duration Treasuries.

Mr. Hadley complemented Mr. Hanvey and Mrs. Conner on their report.

- **Next Meeting**—November 8, 2019, at 8:00 a.m.

Action Items for Consideration

1. Approval is requested to continue the UBS Client Services Agreement for the 2019-2020 fiscal year. *Mrs. Chapman moved to approve; Mrs. DiGonzalez seconded the motion.*
2. Approval is requested to continue the BB&T Banking Services Agreement for the 2019-2020 fiscal year. *Mrs. DiGonzalez moved to approve; Mrs. Chapman seconded the motion.*

***Discussion:** Mr. Wester is pleased with BB&T's service to date. BB&T alerted Mr. Wester of two forged checks that passed through FSDB's account. In addition to reimbursing the full amount, BB&T recommended closing the operating account and replacing it with a new one.*

3. Approval is requested for the proposed Endowment Project Budget for 2019-2020. All projects are within the budgetary guidelines established by the Board of Trustees. *Mrs. Chapman moved to approve; Mrs. DiGonzalez seconded the motion.*

Adjournment

The meeting adjourned at 8:38 a.m. by Mr. Hadley.