

LOCATION: CONFERENCE CALL
1 669 900 6833 (US Toll) or
<https://laccd.zoom.us/j/97981922806>
Meeting ID: 979 8192 2806

TIME: 11:00 A.M.

MINUTES

Attendance:

Members Present: Bob Winters (Chair); Edward Dilkes; Danny Chan; Jerrod McClung; Robert Reeves; Marvin Hoffman; Lisa C. Nashua (Executive Director) and Robert Schwartz (Former Executive Director)

Members Absent: Gerard Tamparong

Guests Present: Bob Nichols (Windward Capital); Joseph Robillard (Windward Capital); Julie Stromberg (Board member); Jeff Zarrinam (Board member); Helen Khachatryan and Silvia Martinez

I. CALL TO ORDER

B. WINTERS

- a. The meeting was called to order at 11:00 A.M.

II. APPROVAL OF MINUTES

B. WINTERS

- a. Minutes of October 19, 2021
 - i. Bob Winters moved to accept the minutes as presented.
 - ii. Danny Chan seconded
 - iii. **Motion Passed MSP**

III. REVIEW OF WINDWARD CAPITAL SUMMARY

B. NICHOLS/J. ROBILLARD

- a. Bob Nichols started by saying that this economic recovery is really pushing unemployment in to an unsustainable low end. Wage growth is probably going to spill over into the consumer price inflation. The Fed is going to have to take rates above the neutral point before 2024. Already, the market is pricing in four increases in the Federal Funds Rate.
 - i. They think that if inflation continues to run above the Fed's 2% target, then yes, the Fed is going to tighten sooner and more aggressively. On the other hand, if inflation proves to be more transitory and declines two and a half to 3% range as supply chain issues a bait, then an overview of three to 4% final Fed funds rate by the end of the year seems reasonable.
 - ii. Monetary policy tightening is likely to be gradual and stocks should be okay due to the strong cyclical recovery. The Fed will be careful not to raise rates too quickly into a point that might bring on a recession. Dr. Nichols mentioned that he has confirmed that the Fed intends to go slow and walk the tightrope between getting the dual curve straightened out and putting pressure on the equity without putting pressure on the equity markets, the game changer, in their view would be a sustained CPI over 5%. They consider the 5% to be a magic threshold.
 - iii. Dr. Nichols continued to talk about their thoughts about the current financial situation. He mentioned that the LACC Foundation has two portfolio strategies, one growth and one value. In many ways the two strategies actually hedge each other. They believe that the waiting between these two LACC Foundation strategies is correct, given their understanding of the potential for our drawdown needs. They don't see a near term recession or bear market developing. However, they do expect some continuing volatility into the third quarter of 2022.
- b. Joseph Robillard reviewed the Foundation portfolio. The report covered the performance for the 4th quarter as of December 31, 2021.

- i. LACCF Portfolio #1 Growth
 - 1. **Total Cost:** \$8,494,183.40 **Market Value:** \$18,627,938.96
 - a) **Yield:** 0.8 **Estimated Annual Income:** \$148,219.43
- ii. LACCF Portfolio #2 Equity Income
 - 1. **Total Cost:** \$3,656,950.35 **Market Value:** \$6,265,218.15
 - a) **Yield:** 2.2 **Estimated Annual Income:** \$140,137.48
- iii. Herb Alpert Portfolio #1
 - 1. **Total Cost:** \$4,874,269.79 **Market Value:** \$11,069,972.95
 - a) **Yield:** 0.8 **Estimated Annual Income:** \$88,104.88
- iv. Herb Alpert Portfolio #2
 - 1. **Total Cost:** \$3,991,121.33 **Market Value:** \$6,812,980.98
 - a) **Yield:** 2.2 **Estimated Annual Income:** \$152,307.18
- v. Nick Beck Journalism Lecture
 - 1. **Total Cost:** \$401,526.61 **Market Value:** \$615,390.27
 - a) **Yield:** 2.2 **Estimated Annual Income:** \$13,775.02
- vi. LACCF Operating Endowment
 - 1. **Total Cost:** \$696,602.33 **Market Value:** \$1,175,949.52
 - a) **Yield:** 0.8 **Estimated Annual Income:** \$9,340.63
- vii. LACCF STEM
 - 1. **Total Cost:** \$1,988,193.67 **Market Value:** \$3,183,514.57
 - a) **Yield:** 0.8 **Estimated Annual Income:** \$25,316.82
- viii. Danny Chan asked Joseph about the one-page summary they've requested to see ahead of time. Joseph responded that there was no consensus here on how to put that in a paragraph for the Committee. Joseph mentioned that Marv Hoffman had requested sort of a portfolio snapshot and that was actionable and it's something that the Committee can see and passed around and know fast where the Foundation portfolio stands. The Committee wanted to understand the report better and after a few comments on the reporting from Windward they

IV. REVIEW OF FINANCIALS

- a. Investment Holdings Alignment with Strategy
 - i. Danny Chan reported that they're not necessarily changing the investment strategy and was not here to dispute the job that Windward it's been doing. They're doing a great job they've captured as much gain as possible with being risk, while being risk averse during the last two years of economic upturn in terms of stock market.
 - 1. Danny Chan thinks that it's a time for us to start hedging because asset prices will start coming down with the whole interest rate going up. It's time to take a more of a proactive approach in following the Investment Policy.
 - 2. Jerrod McClung suggested to request Windward to send the Committee a monthly commentary and then the usual quarterly portfolio reports. He also, proposed to call for a Special Meeting of the Finance and Investment to discuss what they're going to do to have Windward follow align with the Foundation Investment Policy.
 - b. The review and approval of December 2021 financials (including bank & credit card statements) was discussed by the Executive Committee in their meeting before the Finance and Investment Committee meeting. However, the Finance and Investment Committee members still wanted to approve the financials in this meeting.
 - i. Bob Winters moved to accept the December 2021 financials and credit card expenses as presented.
 - ii. Danny Chan seconded
 - iii. **Motion Passed MSP**

B. WINTERS

D. CHAN

V. ADJOURNMENT AND NEXT MEETING

- a. Meeting adjourned at 12:08 PM
- b. Next meeting April 19, 2022 at 11:00 AM.