

# ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION

## Finance & Budget Committee Meeting

January 26, 2012

### Minutes

Present: Marianne Moll, Committee Chair; Wayne Baum, Cindy Fischer, Mike McCord, Jerry Kolb, Andrew Rand, Chet Tomczyk. Staff: Margie Stieghorst, Karen Button (webex)

Absent: Sal Garza, Joe O'Neill, Tom Spurgeon

The meeting was brought to order by the Committee Chair, Marianne Moll at 7:30 a.m.

Mr. Kolb presented a revised draft of a Major Gifts Policy (attached) that addressed the concerns raised at the January 10, 2012 Board of Trustees meeting, specifically any mention of endowment investment and disbursement was removed. The Committee voted unanimously to accept the revised draft and refer it to the Board for approval.

Mr. Kolb then presented a revised Endowment Policy (attached) that now includes policies on both investments and disbursements. Following extensive discussion the following changes were made: clarification that the Board of Trustees gives oversight and fiduciary responsibilities for the Endowment to the Finance & Budget Committee; allocation targets and ranges were set; the Withdrawal Policy was replaced with a Distribution Policy that allows for up to 7% of the principal balance to be withdrawn annually for operations; and a Hardship Distribution policy was crafted that allows for up to 20% of the principal to be withdrawn in case of extreme financial hardship. Board approval is required for all distributions. A motion to accept the revised Endowment Policy and refer it to the Board for approval was made by Mr. Baum, seconded by Mr. McCord, and passed unanimously.

Discussion regarding an investment counselor ensued. Following a brief history of our experience with investment counselors by Mr. Tomczyk, the Committee directed him to identify and invite two or three investment advisors to make presentations at a future meeting.

Discussion turned to the City's plan to redevelop our parking lot into Commercial Street. PSA Dewberry was approached by WTVP to review the City's proposed plans for the area and to assess their impact on WTVP. This was done by PSA's James Kemper, who was also the designer of the WTVP building. He reported that the City would be taking up as much as an acre of WTVP property and this would prove deleterious to WTVP in several ways such as loss of ADA compliance for handicap access, parking, trucks access, and inconvenience for staff and

tenants. As directed, Mr. Tomczyk forwarded Mr. Kemper's findings to the Corporate Attorney who will prepare letter to the City outlining our concerns.

Mr. Tomczyk provided a short update on the Peoria Symphony Orchestra tenancy. They are in temporary quarters in the building but no construction plans have been finalized yet. We wait patiently.

Following a brief discussion, the meeting was adjourned at 8:35 a.m.

Respectfully submitted,

Chet Tomczyk  
President & CEO

Illinois Valley Public Telecommunications Corporation

**Major Gifts Policy**

**DRAFT**

**Cash Contributions:**

Any gifts, contributions, bequests or similar amounts received of at least \$50,000 and not intended by the donor for another specific purpose by the organization shall be an addition to the Endowment Fund. Contributions in amounts less than \$50,000 may be directed by the donor to the Endowment Fund. Unrestricted contributions of less than \$50,000 shall be staff-advised and Board-directed to the best uses of the organization.

**Non-Cash Contributions:**

Gifts of stock, property and other non-cash items will be evaluated upon receipt by staff and the Finance & Budget Committee, and upon consent of the Board of Trustees shall be liquidated in an expeditious manner by staff. The resulting proceeds will be treated as per the Contribution Policy above. Non-liquidated contributions shall not be considered part of the Endowment Fund.

January 24, 2012

# ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION

## ENDOWMENT POLICY

Effective March 13, 2012

(Supersedes all previous Endowment and Endowment Investment Policies)

### PURPOSE OF THE ENDOWMENT

To support the mission, vision and values of WTVP by assisting in providing for its qualifying financial needs as determined by the Illinois Valley Public Telecommunications Corporation (IVPTC) Board of Trustees.

### PURPOSE OF THE ENDOWMENT POLICY

This investment policy serves as the framework that outlines the objectives, constraints, and considerations to be followed in the investment and management of the Illinois Valley Public Telecommunications Corporation Endowment.

### RESPONSIBILITIES

- The Board of Trustees has oversight and fiduciary responsibilities for the Endowment. The Board delegates decision-making authority to the Finance and Budget Committee
- The Finance & Budget Committee develops policies and proposes them to the Board for approval.
- The Finance and Budget Committee will serve as the Endowment Committee and is responsible for directing, monitoring, and evaluating (no less than annually) the investment strategies and management of the Endowment's assets. All decisions will be consistent with this policy.
- The CEO is responsible for daily administrative duties necessary to carry out directives from the Investment Committee on the management of Endowment assets.

### INVESTMENT GUIDELINES

- A. An investment advisor may be considered to manage the Endowment's funds after the Endowment balance reaches \$1,000,000.
- B. The Finance & Budget Committee may choose to invest funds in :
  1. Direct or Fully Guaranteed Obligations of the United States Government and its agencies.
  2. Domestic Certificates of Deposit and/or Money Market Funds up to a maximum amount insured by the Federal Deposit Insurance Corporation (FDIC), or the National Credit Union Administration (NCUA).

3. Corporate Debt Obligations, other than convertible debt securities, and fixed income mutual funds must be rated at least “AA” by Moody’s Investors Service or “AA” by Standard & Poor’s.
4. Repurchase Agreements: the underlying collateral shall consist of US Government obligations and/or government agency securities. Agreements are to be entered into only with banks and recognized security dealers.
5. Mutual Funds or Common Trust Funds may be utilized including common stock and securities convertible into common stock.

**RISK TOLERANCE**

The following statements reflect the Finance & Budget Committee’s understanding of capital market risk and opportunities as well as measures adopted to reduce portfolio volatility. The Finance & Budget Committee defines risk as high volatility (fluctuation) of investment returns and erosion of principal in excess of current income earned.

- The Finance & Budget Committee recognizes that the primary investment objective is to preserve the capital of the Endowment Fund while secondarily
  - Attempting to generate both a reasonable income stream to fulfill the financial obligations of the public television broadcasting entity and also
  - Providing for some level of longer-term growth in assets
- Assets of the Fund are to be well diversified to ensure against large investment losses in any single issue or issuer and to reduce the probability of excessive performance volatility. Diversification of assets is to be achieved by:
  - Allocating assets to various asset classes, and
  - Within asset classes, varying asset weightings among various investment styles (Growth versus Value style), different company sizes (capitalizations such as Small-cap and Large-cap stocks), geographical regions (such as U.S., Europe, Pacific Rim, etc), bond maturities and bond qualities.
- Other Risk Considerations (some of these are specific to certain types of investments):
  - Liquidity – will have a high degree of marketability
  - Interest Rate Risk - mitigate impact of future interest rate fluctuations such as by laddering maturities in conjunction with a combination of fixed and variable rate investments
  - Low degree of default risk

**ALLOCATION GUIDELINES**

A. Asset classes and ranges considered appropriate for investment of fund assets are:

	<u>Target</u>	<u>Range</u>
Equities	25%	± 5%
Fixed Income	75%	± 5%

- B. Asset classes will be rebalanced at least annually so as not to exceed the maximum range allowed.

#### **PERFORMANCE AND EVALUATION**

The Finance & Budget Committee will:

- A. Review results over a full market cycle (typically a three to five year period).
  
- B. Monitor the investments' performance and asset quality at least quarterly. Investment performance should be equal to or better than a market index that most closely corresponds to the type of investment and style of investment management. Report significant changes to the IVPTC Board.
  
- C. At least annually, evaluate the financial performance and stability of the firms offering the investments.

#### **DISTRIBUTIONS**

Once per fiscal year, at the Board's discretion, the IVPTC Board of Trustees may authorize withdrawal not to exceed 7% of the principal balance of the Endowment Fund valued as of the time of the distribution. Proceeds may be directed by the Board of Trustees to the WTVP general operations account, the capital account, or other corporate accounts as the Board deems appropriate. Regular annual distributions will not be permitted unless the principal balance at the time of the distribution exceeds \$500,000.

#### **HARDSHIP DISTRIBUTIONS**

In the event of extreme financial hardship, and upon the consent of the Board of Directors, IVPTC has the right to withdraw up to 20% of the principal balance of the Endowment Fund valued as of the time of the distribution. The withdrawal of funds for extreme financial hardship may occur only once during any fiscal year. Extreme financial is to be determined by the Finance & Budget Committee and the Executive Committee with recommendation to the full Board of Trustees for approval.