

College of the Siskiyou Foundation
Investment Due Diligence
Meeting Minutes of
April 21, 2020
Zoom – Video Conferencing

Members Present:

- David Gault
- Darlene Melby
- Kent Gross
- Barry Ohlund
- Dawnie Slabaugh

Absent:

- Linda Romaine
- Denny Sbarbaro

Recording Secretary: Carie Shaffer

Consultants: Meghan DeGroot, Sand Hill Brenda Vingiello, Sand Hill

College President: Dr. Stephen Schoonmaker

Item 1: **Call to Order and Introductions**

The meeting was called to order at 4 p.m.

Item 2: **Approval of Meeting Minutes – January 21, 2020**

Motion was made (Slabaugh / Gross) to approve the January 21, 2020 meeting minutes as presented. Motion passed.

Item 3. **Review Investment Experience / Areas of Possible Concern**

Consultants, Brenda Vingiello and Meghan DeGroot, reviewed the Foundation investment portfolio and also provided an overview of the current market forecast and economy for Q1 2020. Highlights from the Portfolio Review:

- Due to COVID-19, the Federal government acted quickly and passed a significant \$2 trillion stimulus package that is the equivalent of 10.8% of annual GDP.
- The 'bear market' we are in was not driven by structural or cyclical factors but rather by an event. While this event is unlike anything we have experienced in our lifetimes, it is likely to be resolved more quickly than a recession caused by structural imbalances that can take years to unwind.
- Historically, event-driven bear markets decline an average of 29%. The S&P 500 declined 34% from its peak on February 19 of this year until its most recent bottom on March 23.
- On average, event-driven bear markets last 9 months and take 15 months to recover. Given the fast nature of this market decline, and the fact that much of the recovery will depend on the disease state, we expect that a 15-month recovery expectation could be reasonable, assuming virus containment efforts are successful.

- Historically, equities have bottomed less than two months before the peak in jobless claims and about four months prior to the end of a recession.
- During previous infectious outbreaks, the stock market has bottomed when infection rates peaked. According to many projections, national peak infection rates happened in mid-April.
- Diagnostic, therapeutic and vaccine development should reduce the risk of a prolonged economic contraction. In what has become an all-hands-on-deck moment, the healthcare industry has reacted quickly and there are an estimated 79 vaccines and more than 160 treatments under development. Of these, 23 treatments and 5 vaccines are in human clinical trials.
- GDP growth is projected to decline almost 10% in the first quarter, and then by more than 30% in the second quarter as the effects of the economic shutdown are more significantly felt. It is currently projected that GDP will rebound significantly in Q3 and beyond. As difficult as it can be, staying invested has historically ensured the best return outcomes as the worst days often precede the best.
- According to the Bureau of Labor Statistics, fewer than 30% of US employees can work from home, which suggests that the unemployment rate could escalate substantially before companies are able to be fully operational once again.
- Given the significant disruption to 2020 earnings, investors are expected to look to 2021, which should be a more normalized earnings year, when valuing the stock market.

Quarter One End Report (1/31/2020 – 3/31/2020) of the COS Foundation Investment Portfolio: Down a total of 13%

- Title III - Ending Market Value is \$1,689,388.83
- Scholarship - Ending Market Value is \$999,918.09
- Rainy Day Fund – Ending Market Value is \$58,657.03
- General Endowment – Ending Market Value is \$116,873.21
- Mercy Endowment – Ending Market Value is \$109,445.86

COS Foundation Investment Portfolio combined portfolio balance for the first quarter is \$2,974,283.01. However, since April 1, the market has begun to rebound and the combined portfolio value, YTD is \$3,123,072.57.

Item 4.

New Business

Greg Messer resigned as Chair of the Investment Committee as of February 12, 2020. Motion was made (Slabaugh / Gross) to appoint Barry Ohlund as new Chair. Motion passed.

Item 5:

Adjournment / Upcoming Meeting Date and Time

The next meeting will be July 21, 2020 at 10:30 p.m. at the Weed Campus in the Board Room. Meeting was adjourned at 4:40 p.m.