

Board Members Present:

Tom Kadien
Rick Spell
Fred Towler
Dr. M. David Rudd
Raaj Kurapati

Not Present:

John Hartney
Tim Argo

Others Present:

Jonathan Lyons – Raymond James Investment Advisor
Steve McDaniel – Foundation Attorney
Holly Ford – Associate Vice President, Auxiliary Services Foundation

A quorum was present, and Mr. Kadien called the Herbert Herff Trust Board Meeting to order at 4:10PM. (Started immediately following the Auxiliary Services Foundation Board Meeting, which started late start due to connectivity issues)

Herff Trust Agenda Items**I. Approval of Minutes – Tom Kadien, President**

Herff Trust Board Meeting, May 20, 2021

Mr. Kadien asked if there were any revisions to the minutes provided in the Board Meeting Packet sent in advance. There were no revisions. A motion was made by Raaj Kurapati, seconded by Fred Towler, the motion was carried and the minutes were approved by the Board.

II & III. Herff Trust Year-End and Quarterly Financial Updates – Jonathan Lyons, Raymond James

Mr. Lyons, reviewed the consolidated portfolio performance as of June 30th for FY21. QTD and YTD the portfolio outperformed the benchmark.

Mr. Lyons stated the Federal Reserve continues to provide all liquidity necessary for the economic recovery. One of the biggest threats to the economy is sustainably due to higher levels of inflation and premature lift-off of Fed policy. He shared the volatility throughout the rest of 2021 and 2022 is highly likely and should be expected.

He confirmed the portfolio is in line with the investment policy statement and the returns are a blend of the new ETFs and the active money managers previously held. There is a

somewhat higher allocation to cash as we await scholarship distribution, as well as higher interest rates and opportunities.

The only action in the portfolio recommended at this time is to sell the BLV (Vanguard long bond) and reallocate to the ISTB (I shares Core 1-5 year bond). Mr. Lyons noted due to the sharp decrease in interest rates, long bonds saw a sharp increase in price. He suggested capitalizing on this gain by remaining in short bonds with these proceeds. Trading these positions will not be a consistent theme.

Mr. Lyons also stated there would be three positions we would be liquidating, one in 2021 and two in 2022 totaling a little more than \$1M:
Ironwood-expecting full liquidation by the end of August
Lighthouse and Sustainable Woodlands liquidate in '22

Mr. Kurapati asked for us to consider and look at how we can put funds to work while we keep them accessible for scholarship disbursements.

Raymond James was able to further discount their fee starting June 9 from 23bps to 16bps. Based on the current account values on August 4, the total average weighted fees for the account are 34 bps. Before the recent changes were made, total average weighted fees were 65 bps.!

Mr. Kurapati shared the UofM is expecting approximately another \$600k. As this cash comes in, it will go back into the Herff Trust throughout the coming year.

IV. Herff Trust External Audit Status – Holly Ford

Fouts and Morgan is the firm being used for the Herff Trust Audit and all the required documents have been provided to them. They are expected to finish with the audit by the end of August.

V. Other Business – Tom Kadien, President

Paperwork for Project Palos and Research Park will be getting signed this week (Friday, August 20th)

VI. Call to Adjourn the Herff Trust Board Meeting

Board President, Tom Kadien, called for a motion to adjourn. Fred Towler made the motion, Rick Spell seconded the motion and the meeting was adjourned at 4:40PM.