

Cabrillo College

Foundation

MEMORANDUM

Officers

President

Leola Lapidés

Vice President

William Ow

Secretary

Owen Brown

Chief Financial Officer

Alan Aman

Past President

Stephen Snodgrass

Community Representatives

Claire Biancalana

Carrie Birkhofer

Linda Burroughs

Ceil Cirillo

Linda Downing

Lee Duffus

David Heald

Charles Montoya

Kelly Nesheim

Amy Newell

Carlos Palacios

June Padilla Ponce

Patty Quillin

Maria Esther Rodriguez

Gun Ruder

Kate Terrell

College Trustee Representatives

Rachael Spencer

Gary Reece

Donna Ziel

College Staff Representatives

Laurel Jones

President

Victoria Lewis

VP Administrative Services

Kathleen Welch

VP Instruction

Suzanne Gochis

VP Student Services

Enrique Buelna

Faculty Representative

Executive Director

Eileen Hill

DATE: December 20, 2017

TO: Pegi Ard, Owen Brown, Marshall Delk, David Heald, Michael Machado, Charles Montoya, Gun Ruder, Robert Shepherd, Steve Snodgrass

FROM: Alan Aman, Chief Financial Officer

STAFF: Eileen Hill, Nancy Machado

SUBJECT: Finance and Investments Committee Meeting
Thursday, January 4, 2018
8:30 am – 9:30 am
Cabrillo College, Sesnon House, Room 1824
6500 Soquel Drive, Aptos, CA 95003

Item	Responsibility	Page
A. Regular Open Session		
1. Welcome and Call to Order	A. Aman	
2. Approval of Agenda	A. Aman	
<i>We reserve the right to change the order in which agenda items are discussed and/or acted upon at this meeting. Subject to further action, the agenda for this meeting is to be approved as presented. Items may be added to this agenda for discussion or action only as permitted by the Brown Act.</i>		

Any open session writings distributed either as part of the agenda packet, or within 72 hours of a regular meeting, can be viewed at the Foundation office, 6500 Soquel Drive, Aptos, CA 95003

Item	Responsibility	Page
A. Regular Open Session		
3. October 16, 2017 meeting minutes	A. Aman	5 - 7
B. Public Comment		
1. Public Comment Opportunity	A. Aman	
C. Reports		
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2. Executive Director Report	E. Hill	9
2.1 2017-18 Fundraising Targets and Goals		10
2.2 Fundraising Totals		11
July 1, 2017 to December 15, 2017		
Outright Gifts:	\$1,217,263	
Unbooked Revocable Planned Gifts:	\$ 50,000	
Total:	\$1,267,263	
D. Action Items		
1. October 31, 2017 Financial Statements	A. Aman	12 - 19
1.1 Balance Sheet		
1.2 Income Statement by Fund		
1.3 Income Statement Budget-to-Actual		
2. November 30, 2017 Financial Statements	A. Aman	20 - 30
2.1 November 30, 2017 Condensed Narrative		
2.2 Balance Sheet		
2.3 Income Statement by Fund		
2.4 Income Statement Budget-to-Actual		
3. Morgan Stanley Contract with Cabrillo College Foundation	A. Aman	31 - 53

Item	Responsibility	Page
E. Information Items		
1. Morgan Stanley and UBS Total Fee Comparison	E. Hill	54 - 57
2. Review of CCF Investments	A. Aman	Provided at meeting
2.1 Traditional Pool Summary Activity as of November 30, 2017		
2.2 ESG Pool Summary Activity as of November 30, 2017		
3. Total Net Assets, Endowed Net Assets and Historical Gifts Chart as of November 30, 2017	A. Aman	58
4. ESG Information	E. Hill	59 - 64
5. Uniform Prudent Management of Institutional Funds Act (UPMIFA)	E. Hill	65 - 69
6. 2018-19 Budget Timeline	N. Machado	70
7. Impact Investing	E. Hill	71
8. Next Finance and Investments Committee Meeting March 29, 8:30 – 10:00 am Brian Sharpes Presenting:	E. Hill	
• Updated Statement of Investment Policy		
• Asset Allocation Study		
• Nacubo Report		
• ESG Model Portfolio at \$1M		
9. Committee Calendar and Roster	A. Aman	72 - 73
F. Adjournment		
1. Adjournment	A. Aman	

UPCOMING FINANCE MEETINGS:

March 29, 2018
8:30 – 10:00 am
Sesnon House, Room 1824

2016-17 Finance Committee Attendance Chart

Finance Committee Members	3/30/17	10/05/17	10/16/17	1/04/18	3/29/18
Alan Aman	P	P	P		
Pegi Ard	A	P	P		
Owen Brown	N/A	N/A	P		
Marshall Delk	A	P	P		
David Heald	A	A	A		
Mike Machado	P	A	A		
Charles Montoya	N/A	A	A		
Gun Ruder	P	A	A		
Robert Shepherd	P	P	P		
Stephen Snodgrass	A	P	P		

P=Present A=Absent N/A=Not Applicable

Attendance is based on the Finance Committee meeting minutes. Please call the Cabrillo College Foundation office if you believe this chart is in error.

**Cabrillo College Foundation
Finance & Investment Committee Meeting Minutes
October 16, 2017**

Present: Alan Aman, Pegi Ard, Owen Brown, Marshall Delk, Robert Shepherd and Steve Snodgrass

Absent: David Heald, Michael Machado, Charles Montoya and Gun Ruder

Staff: Eileen Hill, Nancy Machado

Call to Order – A. Aman called the meeting to order at 8:35 a.m.

Approval of Agenda

Motion: MSC: The committee voted unanimously to approve the Finance and Investment Committee agenda.

Public Comment Opportunity

Leola Lapidés, Cabrillo College Foundation Board President attended the meeting. She had no comments.

Approve Finance Committee Minutes

Motion: MSC: R. Shepherd/A. Aman. Alan Aman and Robert Shepherd voted to approve the Finance & Investment Committee Minutes of March 30, 2017. Pegi Ard, Owen Brown, Marshall Delk and Steve Snodgrass abstained. David Heald, Michael Machado, Charles Montoya and Gun Ruder were absent.

Motion: MSC: P. Ard/S. Snodgrass. Alan Aman, Pegi Ard, Marshall Delk, Robert Shepherd and Steve Snodgrass voted to approve the Finance & Investment Committee Minutes of October 5, 2017. Owen Brown abstained. David Heald, Michael Machado, Charles Montoya and Gun Ruder were absent.

Moving investments with Brian Sharpes to Morgan Stanley

October 5, 2017 Brian Sharpes informed the Finance and Investment Committee members that his consulting group will be moving from UBS to Morgan Stanley. The Finance & Investment Committee met to discuss the Cabrillo College Foundation options for the investment portfolio:

For the short term, the foundation may:

- 1) Maintain its relationship with Brian Sharpes and move funds to Morgan Stanley
- 2) Keep funds with UBS and be reassigned to a new consultant

Finance & Investment Committee members discussed the options and merits of keeping Brian Sharpes as its investment consultant and changing custody of the funds to Morgan Stanley. Finance & Investment Committee members voted to move with Brian Sharpes due

to, approximately \$27K annual fee savings, investment performance history, Brian's knowledge of what other colleges and universities are doing, Brian's guidance and excellent customer support.

Motion: MSC: S.Snodgrass/M. Delk. The committee voted unanimously to approve the Cabrillo College Foundation move its investment portfolio with Brian Sharpes to Morgan Stanley effective the date Brian Sharpes moves.

Investment Activity Review

The Cabrillo College Foundation Traditional Endowment pool return on investments fiscal year to date as of September 30, 2017 (3 months) is as follows:

- Actual Return: 4.29%
- Benchmark Return 4.29%
- Difference 0%

The CCF return on investments for the UBS ESG Endowment pool return on investments fiscal year to date as of September 30, 2017 (3 months) is as follows:

- Actual Return: 2.69%
- Benchmark Return 3.18%
- Difference -0.49%

Adjournment

The meeting adjourned at 9:01 a.m.

Respectfully submitted,

Nancy Machado
Accounting & Human Resources Manager

Upcoming Meetings:

**Cabrillo College, Sesnon House room 1824
Thursday, January 4, 2018
8:30 a.m. to 9:30 a.m.**

**Thursday, March 29, 2018
8:30 a.m. to 9:30 a.m.**

Follow up items:

October 5, 2017 meeting:

1. Brian Sharpes to provide ESG informational one page document by December 15, 2017
2. Staff to work with Brian to finish update to the Statement of Investment Policy by December 15, 2017

October 16, 2017 meeting:

1. Staff to work with Brian to complete the contract with Graystone Consulting

Finance & Investment Committee Committee 2017-18 Attendance Chart

Finance & Investment Committee Committee Members	10/5/17	10/16/17	1/4/18	3/29/18
Alan Aman	P	P		
Pegi Ard	P	P		
Owen Brown	N/A	P		
Marshall Delk	P	P		
David Heald	A	A		
Mike Machado	A	A		
Charles Montoya	P	A		
Gun Ruder	A	A		
Robert Shepherd	P	P		
Stephen Snodgrass	P	P		

P=Present A=Absent

N/A=Not Applicable

Attendance is based on the Finance & Investment Committee Committee meeting minutes. Please call the Cabrillo College Foundation office if you believe this chart is in error.



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VP Instruction

Suzanne Gochis

VP Student Services

Enrique Buelna

Faculty Representative

Executive Director

Eileen Hill

DATE: December 20, 2017

TO: Finance and Investments Committee

FROM: Eileen Hill

SUBJECT: New Cabrillo College President, Matt Wetstein

Dr. Matthew Wetstein is currently the Assistant Superintendent and Vice President of Instruction and Planning at San Joaquin Delta College in Stockton, California, where, to date, he has participated in research funding and institutional grants totaling \$8 Million. Prior to that, he served as Interim Dean of the San Joaquin Delta College Agriculture, Science and Math Division, and before that, was the Dean of Planning, Research and Institutional Effectiveness for five years. He has served as the President of the Research and Planning Group of the California Community Colleges from 2014-2016. His research on the effects of the economic recession on California Community College Students has won national and state awards.



Matt began his academic career as a Political Science Instructor, with more than a dozen years of postsecondary teaching experience at colleges and universities in California and Indiana. He received a Ph.D. in Political Science and an M.A. in Political Science from Northern Illinois University, and he holds a B.A. in Political Science from the University of St. Francis, in Joliet, Illinois.

Matt will begin at Cabrillo College on February 1.

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Please remember Cabrillo College Foundation in your will

Executive Director Report: November 2017

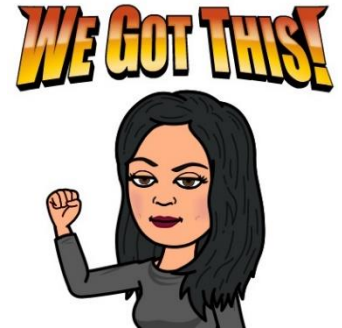
Administration

- New President Onboarding Plan
- Transition to Morgan Stanley and Contract
- CASE Conference: Community College Advancement
- 2016-17 Audit Complete
- Annual Report and Website Reconstruction



Fundraising

- 2017-18 fundraising goal is \$3M and \$1,267,263 has been raised so far
- Women's Educational Success: \$68,000 in emergency grants awarded this year, new campaign launching in February
- President's Circle: \$246,018 has been raised towards the \$332,000 goal
- Scholarships: fundraising for existing and new scholarships is ongoing
- Proposals/Solicitation meetings for Foster Youth, Scholarships, President's Circle, Engineering Abroad, etc. (\$10,000 - \$200,000 solicitations)
- Faculty Grants for Student Success: allocating nearly \$70,000 to support faculty and staff projects
- Legacy giving: working with two new donors and two pending
- Appeal letters to over 2,000 donors and prospects (Cabrillo Stage and Stroke Center)



Upcoming Events

- President's Circle Reception for new PC Prospects: January 30, 2018, 5:30 – 7:30 pm, Ella's at the Airport
- Faculty and Staff Grants Reception: January 22, 2018, 4:00 – 6:00 pm, Sesnon House
- Board of Directors Meeting: Tuesday, February 13, 2018
- Welcome Reception for the new President, Matt Wetstein: February, TBD, Sesnon House





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Eileen Hill

Date: December 20, 2017

To: Finance and Investments Committee

From: Eileen Hill

Subject: 2017-18 Fundraising Targets

Background

The Board has approved a \$3M fundraising goal in outright and unbooked planned gifts, with a stretch goal of \$3.2M. The following is an outline of the specific fundraising targets for the year to reach \$3M. The \$3M goal includes a target of \$760,000 in endowed gifts and \$500,000 in unbooked planned gifts. Focusing some effort on legacy giving will help ensure the long-term health & sustainability of the Foundation.

7/1/17 - 12/15/17	ANNUAL APPEALS	
\$246,018	\$333,000	President's Circle
\$0	\$95,000	Annual Fund
\$131,320	\$170,000	Women's Educational Success
\$12,200	\$197,000	Cabrillo Advancement Program (Endowed)
\$86,110	\$500,000	Scholarships (Endowed)
\$27,927	\$250,000	Scholarships (Nonendowed)
	SPECIAL INITIATIVES	
\$250,500	\$250,000	Guided Pathways
\$0	\$100,000	Guardian Scholars (Foster Youth)
\$13,245	\$50,000	Cabrillo Stage
\$38,089	\$50,000	Stroke Center
\$152,034	\$50,000	Tutoring Support
\$0	\$25,000	Samper 4 th Grade Experience
\$20,000	\$20,000	Makers Space Internships
\$0	\$10,000	Cabrillo Youth Chorus
\$121,610	\$300,000	Additional support for campus departments (Athletics, Dental Hygiene, Children's Center, SBDC, Engineering, etc)
\$118,210	\$100,000	Donor directed interests
\$50,000	\$500,000	Unbooked Planned Gifts
\$1,267,263	\$3,000,000	TOTAL

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Cabrillo College

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DATE: December 20, 2017
TO: Finance and Investments Committee
FROM: Eileen Hill

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July 1, 2017 to December 15, 2017

2017-18 Outright Gifts Fundraising Total

\$1,217,263

2017-18 Unbooked Revocable Planned Gifts

\$ 50,000

Total

\$1,267,263

2017-18 Fundraising Goal for Outright and Unbooked Revocable Planned Gifts \$ 3,000,000

Recorded Gifts 7-1-17 to 12-15-17:

Monterey Peninsula Foundation (Guided Pathways)	\$ 240,000
Mary Polo (STEM Tutoring & Internships)	\$ 172,034
Anonymous (President's Circle Endowment)	\$ 100,000
Joan Griffiths (President's Circle)	\$ 61,051
Dominican Santa Cruz Hospital (Scholarship)	\$ 22,000
Muriel Prolo (Piano Nonendowed & President's Circle)	\$ 21,480
Leonard R. Lundquist Trust (Faculty Grants)	\$ 18,210
Joyce Wrenn (Scholarship)	\$ 15,100
Esther & Gerry Levandoski (CAP & President's Circle)	\$ 15,000
Jocelyn Levy (Scholarship)	\$ 15,000
Snap-Raise (Baseball)	\$ 13,256
Anonymous (Stroke Center)	\$ 12,376
Claire Biancalana & William Kelsay (President's Circle, Stroke Center & Scholarship)	\$ 10,481
Thomas Sourisseau (President's Circle, Stroke Center & Scholarship)	\$ 10,243
Jill & Dick Wilson (Scholarship)	\$ 10,218
Brian & Patti Herman (Guided Pathways)	\$ 10,000
Carol Moore Notaras (Dental Hygiene)	\$ 10,000
Jo-Ann Panzardi (Engineering)	\$ 7,500
Harry & Mary Blanchard (WES, President's Circle & Scholarship)	\$ 6,500
Phyllis Rosenblum (Physics, Music, President's Circle & WES)	\$ 6,250
Susan & Richard Beach (Scholarship)	\$ 6,000
Finkelman Family Charitable Foundation (CAP, President's Circle, Faculty Grants, MESA & WES)	\$ 5,300
Gary & Afagh Carleton (Cabrillo Stage)	\$ 5,000
Howard & Patricia Hudson (Scholarship)	\$ 5,000
Edward Newman (President's Circle)	\$ 5,000
Julie Packard (President's Circle)	\$ 5,000
Millard & Barbara Phelps	\$ 5,000
Donald Richards (Women's Volleyball)	\$ 5,000
The Sharanam Foundation (WES)	\$ 5,000
The Richard & Mary Solari Charitable Trust (President's Circle)	\$ 5,000
The Hugh Stuart Center Charitable Trust (Women's Volleyball)	\$ 5,000
Foundation for California Community Colleges (Scholarship)	\$ 4,950
Rachel Wedeen (WES)	\$ 4,500
Gifts under \$4,500 (1,001 of 1,034 total donors)	\$ 374,814
Total Outright Gifts	\$ 1,217,263
Total Unbooked Revocable Planned Gifts	\$ 50,000
TOTAL	\$1,267,263

Notes: 1. For 2017-18, the Cabrillo College Foundation has been notified of one planned giving gifts of \$50,000.
The cumulative unbooked revocable planned gifts total is \$24,595,000

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Cabrillo College Foundation
Balance Sheet as of October 31, 2017
 With Comparative Totals as of October 31, 2016

	Operating 10/31/17 A	Nonendowed 10/31/17 B	Endowed 10/31/17 C	Total 10/31/17 D	Total 10/31/16 E
ASSETS					
CASH AND INVESTMENTS					
CASH					
WELLS FARGO BANK	(\$10,021)	\$165,409	\$43,298	\$198,687	\$633,872
BAY FEDERAL	\$6,157	\$0	\$1,290	\$7,446	\$7,445
SANTA CRUZ COUNTY BANK	\$10,620	\$196,364	\$0	\$206,984	\$206,794
MORGAN STANLEY NONENDOWED	\$663,805	\$2,067,915	\$70,829	\$2,802,549	\$2,849,481
BAY FEDERAL CREDIT UNION	\$22,700	\$150,000	\$0	\$172,700	\$172,269
LIGHTHOUSE BANK	\$17,064	\$233,000	\$0	\$250,064	\$250,601
MORGAN STANLEY GATES	\$15,249	\$52,059	\$0	\$67,308	\$67,130
SUBTOTAL CASH	\$725,574	\$2,864,748	\$115,417	\$3,705,738	\$4,187,591
INVESTMENTS					
DEUTSCHE ASSET AND WEALTH MANAGEMENT	\$0	\$0	\$0	\$0	\$22,791
MORGAN STANLEY TITLE V HOLDING	\$0	\$0	\$0	\$0	\$21,003
MORGAN STANLEY LONG TERM POOL	\$106,021	\$2,000	\$25,723,839	\$25,831,860	\$22,039,872
MORGAN STANLEY TITLE V	\$0	\$6	\$1,116,065	\$1,116,071	\$966,356
MORGAN STANLEY TITLE III	\$270	\$0	\$182,009	\$182,279	\$163,750
MORGAN STANLEY ESG	\$2,313	\$0	\$627,987	\$630,300	\$579,533
SUBTOTAL INVESTMENTS	\$108,604	\$2,006	\$27,649,899	\$27,760,509	\$23,793,306
TOTAL CASH AND INVESTMENTS	\$834,178	\$2,866,753	\$27,765,316	\$31,466,247	\$27,980,897
RECEIVABLES					
PLEDGES					
PLEDGES - UNRESTRICTED	\$5,782	\$0	\$0	\$5,782	\$15,503
PLEDGES - ANNUAL FUND	\$24,869	\$0	\$0	\$24,869	\$23,362
PLEDGES - RESTRICTED	\$0	\$120,842	\$21,875	\$142,717	\$794,106
ALLOWANCE FOR UNCOLLECTIBLE PLEDGES	(\$8,704)	\$0	\$0	(\$8,704)	(\$8,434)
SUBTOTAL PLEDGES	\$21,948	\$120,842	\$21,875	\$164,664	\$824,536
ACCOUNTS RECEIVABLE					
ACCOUNTS RECEIVABLE	\$250	\$304	\$0	\$554	\$0

Cabrillo College Foundation
Balance Sheet as of October 31, 2017
 With Comparative Totals as of October 31, 2016

	Operating 10/31/17 A	Nonendowed 10/31/17 B	Endowed 10/31/17 C	Total 10/31/17 D	Total 10/31/16 E
TOTAL ACCOUNTS RECEIVABLE	\$250	\$304	\$0	\$554	\$0
OTHER RECEIVABLES					
NOTES RECEIVABLE	\$10,925	\$0	\$0	\$10,925	\$0
ACCRUED INTEREST RECEIVABLE	\$2,622	\$0	\$0	\$2,622	\$0
SPLIT INTEREST AGREEMENTS	\$38,773	\$85,626	\$13,139	\$137,538	\$347,694
SUBTOTAL OTHER RECEIVABLES	\$52,320	\$85,626	\$13,139	\$151,085	\$347,694
TOTAL RECEIVABLES	\$74,518	\$206,773	\$35,014	\$316,304	\$1,172,230
FIXED ASSETS					
OFFICE EQUIPMENT	\$76,045	\$0	\$0	\$76,045	\$70,092
ACCUMULATED DEPRECIATION	(\$70,092)	\$0	\$0	(\$70,092)	(\$70,092)
TOTAL FIXED ASSETS (NET)	\$5,954	\$0	\$0	\$5,954	\$0
PREPAID EXPENSES	\$7,269	\$0	\$0	\$7,269	\$2,830
PREPAID RETIREMENT EXPENSE	\$30,607	\$0	\$0	\$30,607	\$27,399
DEFERRED OUTFLOWS - FY PERS EXPENSE	\$44,977	\$0	\$0	\$44,977	\$0
DEFERRED OUTFLOWS - PENSION INVESTMENTS	\$81,394	\$0	\$0	\$81,394	\$0
TOTAL ASSETS	\$1,078,896	\$3,073,526	\$27,800,329	\$31,952,752	\$29,183,356

Cabrillo College Foundation
Balance Sheet as of October 31, 2017
 With Comparative Totals as of October 31, 2016

	Operating 10/31/17 A	Nonendowed 10/31/17 B	Endowed 10/31/17 C	Total 10/31/17 D	Total 10/31/16 E
LIABILITIES AND NET ASSETS					
LIABILITIES					
PAYABLES AND ACCRUED EXPENSES					
ACCOUNTS PAYABLE	\$11,258	\$43,678	\$0	\$54,936	\$186,460
ACCRUED PTO	\$34,932	\$0	\$0	\$34,932	\$39,133
ACCRUED EXPENSES	\$40,824	\$0	\$0	\$40,824	\$31,294
PAYROLL WITHHOLDINGS	\$0	\$0	\$0	\$0	\$499
SECTION 125 WITHHOLDINGS	\$781	\$0	\$0	\$781	\$658
ACCRUED RETIREE MEDICAL BENEFITS	\$59,305	\$0	\$0	\$59,305	\$54,850
SUBTOTAL PAYABLES, ACCRUED EXPENSES	\$147,100	\$43,678	\$0	\$190,777	\$312,893
SCHOLARSHIPS AWARDED					
CAP SCHOLARSHIPS	\$0	\$31,997	\$470,605	\$502,602	\$501,350
ENDOWED SCHOLARSHIPS	\$0	\$0	\$0	\$0	\$1,534
ANNUAL SCHOLARSHIPS	\$0	\$84,252	\$0	\$84,252	\$95,021
SUBTOTAL SCHOLARSHIPS AWARDED	\$0	\$116,249	\$470,605	\$586,854	\$597,906
WES GRANTS PAYABLE					
WES GRANTS	\$0	\$0	\$34,260	\$34,260	\$30,552
SUBTOTAL WES GRANTS PAYABLE	\$0	\$0	\$34,260	\$34,260	\$30,552
OTHER LIABILITIES					
UNFUNDED PERS PENSION LIABILITY	\$336,966	\$0	\$0	\$336,966	\$247,461
DEFERRED REVENUE - PERS	\$40,294	\$0	\$0	\$40,294	\$65,392
DEFERRED OUTFLOWS - FY PERS EXPENSE	\$0	\$0	\$0	\$0	(\$45,176)
DEFERRED OUTFLOWS - PENSION INVESTMENTS	\$0	\$0	\$0	\$0	(\$42,938)
SUBTOTAL OTHER LIABILITIES	\$377,260	\$0	\$0	\$377,260	\$224,739
TOTAL LIABILITIES	\$524,360	\$159,927	\$504,865	\$1,189,151	\$1,166,090
NET ASSETS					
DESIGNATED-OPERATING RESERVE	\$290,617	\$0	\$0	\$290,617	\$228,839
DESIGNATED-EQUIPMENT	\$15,000	\$0	\$0	\$15,000	\$15,000
DESIGNATED-HURD TRIBUTE	\$294,302	\$0	\$0	\$294,302	\$294,302
DESIGNATED-RETIREE MEDICAL BENEFITS	\$47,023	\$0	\$0	\$47,023	\$41,337

Cabrillo College Foundation
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	Operating 10/31/17 A	Nonendowed 10/31/17 B	Endowed 10/31/17 C	Total 10/31/17 D	Total 10/31/16 E
UNDESIGNATED	(\$92,406)	\$0	\$0	(\$92,406)	(\$168,187)
NET ASSETS - NONENDOWED	\$0	\$2,913,600	\$0	\$2,913,600	\$3,542,083
NET ASSETS - ENDOWED	\$0	\$0	\$27,295,464	\$27,295,464	\$23,996,799
TOTAL NET ASSETS	\$554,536	\$2,913,600	\$27,295,464	\$30,763,600	\$27,950,174
TOTAL LIABILITIES AND NET ASSETS	\$1,078,896	\$3,073,526	\$27,800,329	\$31,952,752	\$29,116,264
BEGINNING BALANCE WITH CURRENT YEAR ADJUSTMENTS	\$646,942	\$2,894,942	\$26,087,469	\$29,629,353	\$27,358,994
NET SURPLUS/(DEFICIT)	(\$92,406)	\$18,658	\$1,207,995	\$1,134,247	\$591,180
ENDING NET ASSETS	\$554,536	\$2,913,600	\$27,295,464	\$30,763,600	\$27,950,174

Cabrillo College Foundation
Income Statement by Fund as of October 31, 2017
 With Comparative Totals as of October 31, 2016

	Operating 10/31/17 A	Nonendowed 10/31/17 B	Endowed 10/31/17 C	Total 10/31/17 D	Total 10/31/16 E
REVENUE					
EARNED INCOME					
INTEREST AND DIVIDENDS	\$11,227	\$113	\$158,358	\$169,698	\$174,424
UNREALIZED GAIN/LOSS ON SECURITIES	(\$102)	\$0	\$939,972	\$939,869	\$270,662
REALIZED GAINS/LOSSES	\$0	\$0	\$193,015	\$193,015	\$215,031
FEE INCOME	\$41,811	\$0	\$0	\$41,811	\$48,740
OPERATIONAL ENDOWMENT PAYOUT	\$14,057	\$0	\$0	\$14,057	\$14,030
ENDOWMENT MANAGEMENT FEE	\$96,277	\$0	\$0	\$96,277	\$82,152
TOTAL EARNED INCOME	\$163,271	\$113	\$1,291,344	\$1,454,728	\$805,041
CONTRIBUTED INCOME					
RESTRICTED CONTRIBUTIONS	\$0	\$420,687	\$213,472	\$634,160	\$687,644
ANNUAL FUND	\$1,268	\$0	\$0	\$1,268	\$6,158
PRESIDENT'S CIRCLE GIFTS	\$37,350	\$0	\$0	\$37,350	\$54,718
CAR DONATION PROGRAM	\$0	\$0	\$0	\$0	\$0
UNRESTRICTED GIFTS	\$1,394	\$0	\$0	\$1,394	\$1,798
INTERFUND CONTRIBUTIONS	\$0	(\$451)	\$451	\$0	\$0
IN KIND REVENUE	\$0	\$23,906	\$0	\$23,906	\$13,200
IN KIND REVENUE-RENT	\$4,440	\$0	\$0	\$4,440	\$5,448
TOTAL CONTRIBUTED INCOME	\$44,452	\$444,142	\$213,923	\$702,517	\$768,966
TOTAL REVENUE	\$207,722	\$444,256	\$1,505,267	\$2,157,246	\$1,574,007
EXPENSES					
SALARIES & WAGES					
SALARIES & WAGES	\$145,895	\$1,657	\$0	\$147,551	\$166,154
TOTAL SALARIES & WAGES	\$145,895	\$1,657	\$0	\$147,551	\$166,154
PAYROLL TAXES, BENEFITS					
PAYROLL TAXES, BENEFITS	\$73,424	\$150	\$0	\$73,573	\$76,569
TOTAL PAYROLL TAXES, BENEFITS	\$73,424	\$150	\$0	\$73,573	\$76,569
ADVERTISING	\$0	\$0	\$0	\$0	\$637
PRINTING	\$3,455	\$0	\$0	\$3,455	\$2,954
PHOTOS	\$1,175	\$0	\$0	\$1,175	\$1,200

Cabrillo College Foundation
Income Statement by Fund as of October 31, 2017
 With Comparative Totals as of October 31, 2016

	Operating 10/31/17 A	Nonendowed 10/31/17 B	Endowed 10/31/17 C	Total 10/31/17 D	Total 10/31/16 E
CONSULTANTS	\$29,698	\$0	\$0	\$29,698	\$22,736
FUNDRAISING/EVENTS/PUBLIC RELATIONS	\$15,113	\$0	\$0	\$15,113	\$14,747
OFFICE EQUIP & MAINTENANCE					
OFFICE EQUIPMENT	\$414	\$0	\$0	\$414	\$0
SOFTWARE MAINTENANCE	\$10,953	\$0	\$0	\$10,953	\$10,236
TOTAL OFFICE EQUIP & MAINTENANCE	\$11,368	\$0	\$0	\$11,368	\$10,236
BOOKS/PUBLICATIONS/MEMBERSHIPS	\$147	\$0	\$0	\$147	\$1,075
OFFICE SUPPLIES	\$3,539	\$0	\$0	\$3,539	\$1,604
POSTAGE & MAILING SERVICE	\$1,329	\$0	\$0	\$1,329	\$0
BOARD EXPENSES	(\$1,240)	\$0	\$0	(\$1,240)	(\$460)
OTHER EXPENSES					
MISCELLANEOUS	\$234	\$0	\$0	\$234	\$69
UNCOLLECTIBLE PLEDGES	\$6,720	\$5,035	\$100	\$11,855	\$14,915
MILEAGE & PARKING	\$45	\$0	\$0	\$45	\$37
INTERNET SERVICE	\$388	\$0	\$0	\$388	\$348
BANK CHARGES	\$1,664	\$0	\$0	\$1,664	\$1,122
INVESTMENT FEES	\$0	\$0	\$81,111	\$81,111	\$76,832
MANAGEMENT FEES	\$0	\$0	\$96,277	\$96,277	\$79,998
DIRECTOR/OFFICER LIABILITY INS	\$1,442	\$0	\$0	\$1,442	\$1,486
LIABILITY AND PROPERTY INSURANCE	\$1,294	\$0	\$0	\$1,294	\$1,345
TOTAL OTHER EXPENSES	\$11,786	\$5,035	\$177,489	\$194,310	\$176,151
IN KIND EXPENSE	\$0	\$23,906	\$0	\$23,906	\$13,200
IN KIND EXPENSE - RENT	\$4,440	\$0	\$0	\$4,440	\$5,448
PROJECT EXPENSES	\$0	\$318,377	\$0	\$318,377	\$408,047
CAF EXPENSES	\$0	\$0	\$118,684	\$118,684	\$18,030
SCHOLARSHIPS	\$0	\$76,474	\$1,100	\$77,574	\$64,500
TOTAL EXPENSES	\$300,128	\$425,598	\$297,273	\$1,022,999	\$982,827
 NET SURPLUS/(DEFICIT)	 (\$92,406)	 \$18,658	 \$1,207,995	 \$1,134,247	 \$591,180

Cabrillo College Foundation

Income Statement - Operating Budget as of 10/31/17

With Comparative Totals as of 10/31/16

	16-17 Actual 4 Months A	17-18 Actual 4 Months B	17-18 Budget 4 Months C	17-18 Actual To 17-18 Budget D	17-18 4 Mo. Actual and 8 Mos. Projected E	17-18 Annual Budget (Approved 5/10/16) F	Variance 17-18 4 Mos. Actual & 8 Mos. Projected to 17-18 Budget G
REVENUE							
EARNED INCOME							
INTEREST AND DIVIDENDS	\$9,604	\$11,227	\$7,800	\$3,427	\$23,400	\$23,400	\$0
UNREALIZED GAIN/LOSS ON SECURITIES	(\$2,441)	(\$102)	\$0	(\$102)	\$0	\$0	\$0
REALIZED GAINS/LOSSES	(\$82)	\$0	\$0	\$0	\$0	\$0	\$0
FEE INCOME	\$48,740	\$41,811	\$31,444	\$10,367	\$138,331	\$119,101	\$19,230
OPERATIONAL ENDOWMENT PAYOUT	\$14,030	\$14,057	\$14,232	(\$175)	\$14,057	\$14,232	(\$175)
ENDOWMENT MANAGEMENT FEE	\$82,152	\$96,277	\$90,970	\$5,308	\$363,879	\$363,879	\$0
TOTAL EARNED INCOME	\$152,004	\$163,271	\$144,446	\$18,825	\$539,667	\$520,612	\$19,055
CONTRIBUTED INCOME							
ANNUAL FUND	\$6,158	\$1,268	\$0	\$1,268	\$95,000	\$95,000	\$0
PRESIDENT'S CIRCLE GIFTS	\$54,718	\$37,350	\$61,000	(\$23,650)	\$321,000	\$321,000	\$0
UNRESTRICTED GIFTS	\$1,798	\$1,394	\$6,156	(\$4,762)	\$18,467	\$18,467	\$0
INTERFUND CONTRIBUTIONS	(\$141)	\$0	\$0	\$0	\$0	\$0	\$0
IN KIND REVENUE-RENT	\$5,448	\$4,440	\$5,448	(\$1,008)	\$13,320	\$16,344	(\$3,024)
TOTAL CONTRIBUTED INCOME	\$67,982	\$44,452	\$72,604	(\$28,152)	\$447,787	\$450,811	(\$3,024)
TOTAL REVENUE	\$219,986	\$207,722	\$217,050	(\$9,327)	\$987,454	\$971,423	\$16,031
EXPENSES							
SALARIES & WAGES							
SALARIES & WAGES	\$165,195	\$145,895	\$149,820	\$3,925	\$493,459	\$493,459	\$0
TOTAL SALARIES & WAGES	\$165,195	\$145,895	\$149,820	\$3,925	\$493,459	\$493,459	\$0
PAYROLL TAXES, BENEFITS							
PAYROLL TAXES, BENEFITS	\$76,439	\$73,424	\$78,488	\$5,065	\$237,965	\$237,965	\$0
TOTAL PAYROLL TAXES, BENEFITS	\$76,439	\$73,424	\$78,488	\$5,065	\$237,965	\$237,965	\$0
ADVERTISING	\$637	\$0	\$0	\$0	\$1,000	\$1,000	\$0
PRINTING	\$2,954	\$3,455	\$16,800	\$13,345	\$19,100	\$19,100	\$0
PHOTOS	\$1,200	\$1,175	\$1,500	\$325	\$3,400	\$3,400	\$0
CONSULTANTS	\$22,736	\$29,698	\$35,933	\$6,235	\$71,950	\$71,950	\$0
FOOD	\$0	\$0	\$100	\$100	\$300	\$300	\$0

Cabrillo College Foundation
Income Statement - Operating Budget as of 10/31/17
 With Comparative Totals as of 10/31/16

	16-17 Actual 4 Months A	17-18 Actual 4 Months B	17-18 Budget 4 Months C	17-18 Actual To 17-18 Budget D	17-18 4 Mo. Actual and 8 Mos. Projected E	17-18 Annual Budget (Approved 5/10/16) F	Variance 17-18 4 Mos. Actual & 8 Mos. Projected to 17-18 Budget G
FUNDRAISING/EVENTS/PUBLIC RELATIONS	\$14,747	\$15,113	\$18,347	\$3,234	\$50,026	\$50,026	\$0
OFFICE EQUIP & MAINTENANCE							
OFFICE EQUIPMENT	\$0	\$414	\$393	(\$21)	\$1,180	\$1,180	\$0
SOFTWARE MAINTENANCE	\$10,236	\$10,953	\$10,986	\$33	\$10,953	\$10,986	\$33
TOTAL OFFICE EQUIP & MAINTENANCE	\$10,236	\$11,368	\$11,379	\$12	\$12,133	\$12,166	\$33
BOOKS/PUBLICATIONS/MEMBERSHIPS	\$1,075	\$147	\$500	\$353	\$1,501	\$1,501	\$0
OFFICE SUPPLIES	\$1,604	\$3,539	\$2,126	(\$1,413)	\$6,379	\$6,379	\$0
POSTAGE & MAILING SERVICE	\$0	\$1,329	\$3,341	\$2,012	\$10,023	\$10,023	\$0
BOARD EXPENSES	(\$460)	(\$1,240)	\$723	\$1,963	\$2,170	\$2,170	\$0
OTHER EXPENSES							
MISCELLANEOUS	\$69	\$234	\$150	(\$84)	\$450	\$450	\$0
UNCOLLECTIBLE PLEDGES	\$14,815	\$6,720	\$11,083	\$4,363	\$33,250	\$33,250	\$0
MILEAGE & PARKING	\$37	\$45	\$182	\$136	\$545	\$545	\$0
INTERNET SERVICE	\$348	\$388	\$360	(\$27)	\$1,081	\$1,081	\$0
IT HOSTING SERVICE	\$0	\$0	\$0	\$0	\$9,005	\$4,602	(\$4,403)
BANK CHARGES	\$1,122	\$1,664	\$2,500	\$836	\$7,500	\$7,500	\$0
INVESTMENT FEES	\$49	\$0	\$0	\$0	\$0	\$0	\$0
DIRECTOR/OFFICER LIABILITY INS	\$1,486	\$1,442	\$1,442	\$0	\$4,327	\$4,327	\$0
LIABILITY AND PROPERTY INSURANCE	\$1,345	\$1,294	\$1,295	\$1	\$3,885	\$3,885	\$0
TOTAL OTHER EXPENSES	\$19,270	\$11,786	\$17,013	\$5,226	\$60,043	\$55,640	(\$4,403)
IN KIND EXPENSE - RENT	\$5,448	\$4,440	\$5,448	\$1,008	\$16,344	\$16,344	\$0
TOTAL EXPENSES	\$321,080	\$300,128	\$341,519	\$41,391	\$985,793	\$981,423	(\$4,370)
NET SURPLUS/(DEFICIT)	(\$101,095)	(\$92,406)	(\$124,469)	\$32,064	\$1,661	(\$10,000)	\$11,661

CABRILLO COLLEGE FOUNDATION
November 30, 2017 Condensed Narrative
Updated December 19, 2017

(1) Balance Sheet

- **Total Assets:**
Total assets of \$32.4M are \$2.9M over prior year due to positive investment results, receipt of pledge payments and higher contributed income.
- **Receivables:**
Total pledges receivable are \$641K less than prior year. Pledges receivable will continue to decline until new pledges or bequests are received.
- **Liabilities:**
Liabilities of \$1.2M are consistent with prior year with the exception of CalPERS Deferred Outflows. There is a \$126K variance on both the asset and liability side due to the year-end adjustment to move the balances to asset accounts from liability accounts.
- **Net Assets:**
Total net assets of \$31.2M are \$3.1M over prior year.

(2) Income Statement

- **Revenue:**
Earned income as of November 30, 2017 of \$1.8M is \$600K over the prior year balance of \$1.2M. Contributed income of \$1.1M is comparable to last year.
- **Surplus/Deficit:**
As of November 30, 2017, the Cabrillo College Foundation has a \$1.6M surplus; \$883K higher than prior year.

(3) Operational Budget to Actual

- **Revenue:**
Operating revenue of \$330k is \$5K unfavorable vs budget. This is due to the timing of President's Circle donations.
- **Expenses:**
Operating expenses of \$379,452 are \$41K favorable vs projection. The largest variance is \$11K under projection for Consultants expense.
- **Surplus/Deficit:**
The operating fund deficit is \$49K. This is \$35K better than projected primarily due to \$24K in earned income variances.

(4) Investment Report

The November 30, 2017 investment performance report was not available from Morgan Stanley at the time this packet was e-mailed. Brian Sharpes will provide a report prior to the January 4, 2018 Finance Committee meeting.

Cabrillo College Foundation
Balance Sheet as of November 30, 2017
 With Comparative Totals as of November 30, 2016

	Operating 11/30/17 A	Nonendowed 11/30/17 B	Endowed 11/30/17 C	Total 11/30/17 D	Total 11/30/16 E
ASSETS					
CASH AND INVESTMENTS					
CASH					
WELLS FARGO BANK	\$38,899	(\$41,539)	\$292,688	\$290,048	\$369,796
BAY FEDERAL	\$6,157	\$0	\$1,290	\$7,446	\$7,445
SANTA CRUZ COUNTY BANK	\$10,620	\$196,364	\$0	\$206,984	\$206,794
MORGAN STANLEY NONENDOWED	\$771,662	\$2,069,921	\$73,142	\$2,914,725	\$2,854,092
BAY FEDERAL CREDIT UNION	\$22,700	\$150,000	\$0	\$172,700	\$172,269
MORGAN STANLEY GIFT RECEIPT	\$1,010	\$1,646	\$0	\$2,657	\$0
LIGHTHOUSE BANK	\$17,064	\$233,000	\$0	\$250,064	\$250,601
MORGAN STANLEY GATES	\$15,249	\$15,207	\$0	\$30,456	\$67,131
SUBTOTAL CASH	\$883,362	\$2,624,599	\$367,119	\$3,875,080	\$3,928,127
INVESTMENTS					
MORGAN STANLEY TITLE V HOLDING	\$0	\$0	\$0	\$0	\$21,004
MORGAN STANLEY LONG TERM POOL	\$0	\$0	\$25,817,720	\$25,817,720	\$22,684,617
MORGAN STANLEY TITLE V	\$0	\$0	\$1,125,819	\$1,125,819	\$970,969
MORGAN STANLEY TITLE III	\$0	\$0	\$183,983	\$183,983	\$164,617
MORGAN STANLEY ESG	\$2,313	\$0	\$875,702	\$878,015	\$577,718
SUBTOTAL INVESTMENTS	\$2,313	\$0	\$28,003,224	\$28,005,538	\$24,418,924
TOTAL CASH AND INVESTMENTS	\$885,675	\$2,624,599	\$28,370,344	\$31,880,618	\$28,347,050
RECEIVABLES					
PLEDGES					
PLEDGES - UNRESTRICTED	\$6,111	\$0	\$0	\$6,111	\$14,822
PLEDGES - ANNUAL FUND	\$24,672	\$0	\$0	\$24,672	\$26,030
PLEDGES - RESTRICTED	\$0	\$142,602	\$21,630	\$164,232	\$795,776
ALLOWANCE FOR UNCOLLECTIBLE PLEDGES	(\$8,704)	\$0	\$0	(\$8,704)	(\$9,143)
SUBTOTAL PLEDGES	\$22,080	\$142,602	\$21,630	\$186,311	\$827,485
ACCOUNTS RECEIVABLE					
ACCOUNTS RECEIVABLE	\$250	\$1,043	\$0	\$1,293	\$723

Cabrillo College Foundation
Balance Sheet as of November 30, 2017
 With Comparative Totals as of November 30, 2016

	Operating 11/30/17 A	Nonendowed 11/30/17 B	Endowed 11/30/17 C	Total 11/30/17 D	Total 11/30/16 E
TOTAL ACCOUNTS RECEIVABLE	\$250	\$1,043	\$0	\$1,293	\$723
OTHER RECEIVABLES					
NOTES RECEIVABLE	\$10,925	\$0	\$0	\$10,925	\$0
ACCRUED INTEREST RECEIVABLE	\$2,622	\$0	\$0	\$2,622	\$0
SPLIT INTEREST AGREEMENTS	\$38,773	\$85,583	\$13,139	\$137,496	\$337,656
SUBTOTAL OTHER RECEIVABLES	\$52,320	\$85,583	\$13,139	\$151,042	\$337,656
TOTAL RECEIVABLES	\$74,650	\$229,229	\$34,769	\$338,647	\$1,165,864
FIXED ASSETS					
OFFICE EQUIPMENT	\$75,944	\$0	\$0	\$75,944	\$70,092
ACCUMULATED DEPRECIATION	(\$70,092)	\$0	\$0	(\$70,092)	(\$70,092)
TOTAL FIXED ASSETS (NET)	\$5,853	\$0	\$0	\$5,853	\$0
PREPAID EXPENSES	\$6,585	\$0	\$0	\$6,585	\$2,122
PREPAID RETIREMENT EXPENSE	\$29,147	\$0	\$0	\$29,147	\$26,145
DEFERRED OUTFLOWS - FY PERS EXPENSE	\$44,977	\$0	\$0	\$44,977	\$0
DEFERRED OUTFLOWS - PENSION INVESTMENTS	\$81,394	\$0	\$0	\$81,394	\$0
TOTAL ASSETS	\$1,128,280	\$2,853,828	\$28,405,113	\$32,387,220	\$29,541,182

Cabrillo College Foundation
Balance Sheet as of November 30, 2017
 With Comparative Totals as of November 30, 2016

	Operating 11/30/17 A	Nonendowed 11/30/17 B	Endowed 11/30/17 C	Total 11/30/17 D	Total 11/30/16 E
LIABILITIES AND NET ASSETS					
LIABILITIES					
PAYABLES AND ACCRUED EXPENSES					
ACCOUNTS PAYABLE	\$7,096	\$13,119	\$0	\$20,215	\$433,002
ACCRUED PTO	\$34,932	\$0	\$0	\$34,932	\$18,097
ACCRUED EXPENSES	\$51,344	\$0	\$0	\$51,344	\$39,117
PAYROLL WITHHOLDINGS	\$0	\$0	\$0	\$0	\$2,017
SECTION 125 WITHHOLDINGS	\$1,025	\$0	\$0	\$1,025	\$699
ACCRUED RETIREE MEDICAL BENEFITS	\$59,305	\$0	\$0	\$59,305	\$54,850
SUBTOTAL PAYABLES, ACCRUED EXPENSES	\$153,701	\$13,119	\$0	\$166,820	\$547,783
SCHOLARSHIPS AWARDED					
CAP SCHOLARSHIPS	\$0	\$31,997	\$463,177	\$495,174	\$501,350
ENDOWED SCHOLARSHIPS	\$0	\$0	\$0	\$0	\$1,534
ANNUAL SCHOLARSHIPS	\$0	\$84,252	\$0	\$84,252	\$95,021
SUBTOTAL SCHOLARSHIPS AWARDED	\$0	\$116,249	\$463,177	\$579,426	\$597,906
WES GRANTS PAYABLE					
WES GRANTS	\$0	\$0	\$35,010	\$35,010	\$29,236
SUBTOTAL WES GRANTS PAYABLE	\$0	\$0	\$35,010	\$35,010	\$29,236
OTHER LIABILITIES					
UNFUNDED PERS PENSION LIABILITY	\$336,966	\$0	\$0	\$336,966	\$247,461
DEFERRED REVENUE - PERS	\$40,294	\$0	\$0	\$40,294	\$65,392
DEFERRED OUTFLOWS - FY PERS EXPENSE	\$0	\$0	\$0	\$0	(\$45,176)
DEFERRED OUTFLOWS - PENSION INVESTMENTS	\$0	\$0	\$0	\$0	(\$42,938)
SUBTOTAL OTHER LIABILITIES	\$377,260	\$0	\$0	\$377,260	\$224,739
TOTAL LIABILITIES	\$530,961	\$129,368	\$498,187	\$1,158,515	\$1,399,664
NET ASSETS					
DESIGNATED-OPERATING RESERVE	\$290,617	\$0	\$0	\$290,617	\$228,839
DESIGNATED-EQUIPMENT	\$15,000	\$0	\$0	\$15,000	\$15,000
DESIGNATED-HURD TRIBUTE	\$294,302	\$0	\$0	\$294,302	\$294,302
DESIGNATED-RETIREE MEDICAL BENEFITS	\$47,023	\$0	\$0	\$47,023	\$41,337

Cabrillo College Foundation
Balance Sheet as of November 30, 2017
 With Comparative Totals as of November 30, 2016

	Operating 11/30/17 A	Nonendowed 11/30/17 B	Endowed 11/30/17 C	Total 11/30/17 D	Total 11/30/16 E
UNDESIGNATED	(\$49,623)	\$0	\$0	(\$49,623)	(\$167,826)
NET ASSETS - NONENDOWED	\$0	\$2,724,460	\$0	\$2,724,460	\$3,302,027
NET ASSETS - ENDOWED	\$0	\$0	\$27,906,428	\$27,906,428	\$24,360,746
TOTAL NET ASSETS	\$597,230	\$2,724,460	\$27,906,428	\$31,228,207	\$28,074,426
TOTAL LIABILITIES AND NET ASSETS	\$1,128,280	\$2,853,828	\$28,404,615	\$32,387,220	\$29,474,090
 BEGINNING BALANCE WITH CURRENT YEAR ADJUSTMENTS	 646,942	 \$2,894,942	 \$26,087,469	 \$29,629,353	 \$27,358,994
 NET SURPLUS/(DEFICIT)	 (\$49,623)	 (\$170,482)	 \$1,818,958	 \$1,598,854	 \$715,432
 ENDING NET ASSETS	 \$597,230	 \$2,724,460	 \$27,906,428	 \$31,228,207	 \$28,074,426

Cabrillo College Foundation
Income Statement by Fund as of November 30, 2017
 With Comparative Totals as of November 30, 2016

	Operating 11/30/17 A	Nonendowed 11/30/17 B	Endowed 11/30/17 C	Total 11/30/17 D	Total 11/30/16 E
REVENUE					
EARNED INCOME					
INTEREST AND DIVIDENDS	\$12,748	\$162	\$190,455	\$203,365	\$205,297
UNREALIZED GAIN/LOSS ON SECURITIES	\$39	\$0	\$1,225,877	\$1,225,915	\$570,061
REALIZED GAINS/LOSSES	\$0	\$0	\$212,087	\$212,087	\$234,640
FEE INCOME	\$50,412	\$0	\$0	\$50,412	\$48,949
OPERATIONAL ENDOWMENT PAYOUT	\$14,057	\$0	\$0	\$14,057	\$14,030
ENDOWMENT MANAGEMENT FEE	\$96,277	\$0	\$0	\$96,277	\$82,152
TOTAL EARNED INCOME	\$173,533	\$162	\$1,628,419	\$1,802,115	\$1,155,129
CONTRIBUTED INCOME					
RESTRICTED CONTRIBUTIONS	\$0	\$495,976	\$471,455	\$967,431	\$725,968
ANNUAL FUND	\$1,968	\$0	\$0	\$1,968	\$18,205
PRESIDENT'S CIRCLE GIFTS	\$146,356	\$0	\$0	\$146,356	\$136,060
CAR DONATION PROGRAM	\$0	\$0	\$0	\$0	\$0
UNRESTRICTED GIFTS	\$2,423	\$0	\$0	\$2,423	\$2,128
INTERFUND CONTRIBUTIONS	\$0	(\$451)	\$451	\$0	\$0
IN KIND REVENUE	\$0	\$24,386	\$0	\$24,386	\$16,751
IN KIND REVENUE-RENT	\$5,550	\$0	\$0	\$5,550	\$6,810
TOTAL CONTRIBUTED INCOME	\$156,297	\$519,911	\$471,906	\$1,148,114	\$905,923
TOTAL REVENUE	\$329,830	\$520,073	\$2,100,325	\$2,950,228	\$2,061,051
EXPENSES					
SALARIES & WAGES					
SALARIES & WAGES	\$181,893	\$2,703	\$0	\$184,596	\$208,688
TOTAL SALARIES & WAGES	\$181,893	\$2,703	\$0	\$184,596	\$208,688
PAYROLL TAXES, BENEFITS					
PAYROLL TAXES, BENEFITS	\$92,338	\$358	\$0	\$92,696	\$93,133
TOTAL PAYROLL TAXES, BENEFITS	\$92,338	\$358	\$0	\$92,696	\$93,133
ADVERTISING	\$0	\$0	\$0	\$0	\$712
PRINTING	\$16,430	\$0	\$0	\$16,430	\$16,488
PHOTOS	\$1,575	\$0	\$0	\$1,575	\$1,600

Cabrillo College Foundation
Income Statement by Fund as of November 30, 2017
 With Comparative Totals as of November 30, 2016

	Operating 11/30/17 A	Nonendowed 11/30/17 B	Endowed 11/30/17 C	Total 11/30/17 D	Total 11/30/16 E
CONSULTANTS	\$33,615	\$0	\$0	\$33,615	\$28,500
FUNDRAISING/EVENTS/PUBLIC RELATIONS	\$17,170	\$0	\$0	\$17,170	\$18,344
OFFICE EQUIP & MAINTENANCE					
OFFICE EQUIPMENT	\$474	\$0	\$0	\$474	\$100
DEPRECIATION EXPENSE	\$101	\$0	\$0	\$101	\$0
SOFTWARE MAINTENANCE	\$10,953	\$0	\$0	\$10,953	\$10,236
TOTAL OFFICE EQUIP & MAINTENANCE	\$11,529	\$0	\$0	\$11,529	\$10,336
BOOKS/PUBLICATIONS/MEMBERSHIPS	\$147	\$0	\$0	\$147	\$1,075
OFFICE SUPPLIES	\$3,621	\$0	\$0	\$3,621	\$3,766
POSTAGE & MAILING SERVICE	\$2,708	\$0	\$0	\$2,708	\$1,941
BOARD EXPENSES	(\$610)	\$0	\$0	(\$610)	(\$240)
OTHER EXPENSES					
MISCELLANEOUS	\$234	\$0	\$0	\$234	\$83
UNCOLLECTIBLE PLEDGES	\$6,920	\$5,325	\$260	\$12,505	\$23,673
MILEAGE & PARKING	\$192	\$0	\$0	\$192	\$96
INTERNET SERVICE	\$492	\$0	\$0	\$492	\$436
IT HOSTING SERVICE	\$290	\$0	\$0	\$290	\$0
BANK CHARGES	\$1,940	\$330	\$0	\$2,270	\$1,349
INVESTMENT FEES	\$0	\$0	\$62,548	\$62,548	\$76,832
MANAGEMENT FEES	\$0	\$0	\$96,277	\$96,277	\$79,998
DIRECTOR/OFFICER LIABILITY INS	\$1,803	\$0	\$0	\$1,803	\$1,857
LIABILITY AND PROPERTY INSURANCE	\$1,617	\$0	\$0	\$1,617	\$1,681
TOTAL OTHER EXPENSES	\$13,487	\$5,655	\$159,085	\$178,227	\$186,004
IN KIND EXPENSE	\$0	\$24,386	\$0	\$24,386	\$16,751
IN KIND EXPENSE - RENT	\$5,550	\$0	\$0	\$5,550	\$6,810
PROJECT EXPENSES	\$0	\$580,979	\$0	\$580,979	\$668,581
CAF EXPENSES	\$0	\$0	\$119,182	\$119,182	\$18,030
SCHOLARSHIPS	\$0	\$76,474	\$3,100	\$79,574	\$65,100
TOTAL EXPENSES	\$379,452	\$690,555	\$281,367	\$1,351,375	\$1,345,619

Cabrillo College Foundation
Income Statement by Fund as of November 30, 2017
With Comparative Totals as of November 30, 2016

NET SURPLUS/(DEFICIT)

<u>(\$49,623)</u>	<u>(\$170,482)</u>	<u>\$1,818,958</u>	<u>\$1,598,854</u>	<u>\$715,432</u>
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Cabrillo College Foundation

Income Statement - Operating Budget as of 11/30/17

With Comparative Totals as of 11/30/16

	16-17 Actual 5 Months A	17-18 Actual 5 Months B	17-18 Budget 5 Months C	17-18 Actual To 17-18 Budget D	17-18 5 Mo. Actual and 7 Mos. Projected E	17-18 Annual Budget (Approved 5/10/16) F	Variance 17-18 4 Mos. Actual & 8 Mos. Projected to 17-18 Budget G
REVENUE							
EARNED INCOME							
INTEREST AND DIVIDENDS	\$11,835	\$12,748	\$9,750	\$2,998	\$23,400	\$23,400	\$0
UNREALIZED GAIN/LOSS ON SECURITIES	(\$3,495)	\$39	\$0	\$39	\$0	\$0	\$0
REALIZED GAINS/LOSSES	(\$82)	\$0	\$0	\$0	\$0	\$0	\$0
FEE INCOME	\$48,949	\$50,412	\$34,680	\$15,732	\$138,331	\$119,101	\$19,230
OPERATIONAL ENDOWMENT PAYOUT	\$14,030	\$14,057	\$14,232	(\$175)	\$14,057	\$14,232	(\$175)
ENDOWMENT MANAGEMENT FEE	\$82,152	\$96,277	\$90,970	\$5,308	\$363,879	\$363,879	\$0
TOTAL EARNED INCOME	\$153,389	\$173,533	\$149,632	\$23,901	\$539,667	\$520,612	\$19,055
CONTRIBUTED INCOME							
ANNUAL FUND	\$18,205	\$1,968	\$0	\$1,968	\$95,000	\$95,000	\$0
PRESIDENT'S CIRCLE GIFTS	\$136,060	\$146,356	\$171,000	(\$24,645)	\$321,000	\$321,000	\$0
UNRESTRICTED GIFTS	\$2,128	\$2,423	\$7,695	(\$5,271)	\$18,467	\$18,467	\$0
INTERFUND CONTRIBUTIONS	(\$141)	\$0	\$0	\$0	\$0	\$0	\$0
IN KIND REVENUE-RENT	\$6,810	\$5,550	\$6,810	(\$1,260)	\$13,320	\$16,344	(\$3,024)
TOTAL CONTRIBUTED INCOME	\$163,063	\$156,297	\$185,505	(\$29,208)	\$447,787	\$450,811	(\$3,024)
TOTAL REVENUE	\$316,452	\$329,830	\$335,137	(\$5,307)	\$987,454	\$971,423	\$16,031
EXPENSES							
SALARIES & WAGES							
SALARIES & WAGES	\$205,974	\$181,893	\$187,274	\$5,381	\$493,459	\$493,459	\$0
TOTAL SALARIES & WAGES	\$205,974	\$181,893	\$187,274	\$5,381	\$493,459	\$493,459	\$0
PAYROLL TAXES, BENEFITS							
PAYROLL TAXES, BENEFITS	\$92,757	\$92,338	\$99,985	\$7,648	\$237,965	\$237,965	\$0
TOTAL PAYROLL TAXES, BENEFITS	\$92,757	\$92,338	\$99,985	\$7,648	\$237,965	\$237,965	\$0
ADVERTISING	\$712	\$0	\$0	\$0	\$1,000	\$1,000	\$0
PRINTING	\$16,488	\$16,430	\$17,900	\$1,470	\$19,100	\$19,100	\$0
PHOTOS	\$1,600	\$1,575	\$2,000	\$425	\$3,400	\$3,400	\$0
CONSULTANTS	\$28,500	\$33,615	\$44,733	\$11,118	\$71,950	\$71,950	\$0
FOOD	\$0	\$0	\$125	\$125	\$300	\$300	\$0

Cabrillo College Foundation
Income Statement - Operating Budget as of 11/30/17
 With Comparative Totals as of 11/30/16

	16-17 Actual 5 Months A	17-18 Actual 5 Months B	17-18 Budget 5 Months C	17-18 Actual To 17-18 Budget D	17-18 5 Mo. Actual and 7 Mos. Projected E	17-18 Annual Budget (Approved 5/10/16) F	Variance 17-18 4 Mos. Actual & 8 Mos. Projected to 17-18 Budget G
FUNDRAISING/EVENTS/PUBLIC RELATIONS	\$18,344	\$17,170	\$20,347	\$3,177	\$50,026	\$50,026	\$0
OFFICE EQUIP & MAINTENANCE							
OFFICE EQUIPMENT	\$100	\$474	\$492	\$17	\$1,180	\$1,180	\$0
DEPRECIATION EXPENSE	\$0	\$101	\$0	(\$101)	\$0	\$0	\$0
SOFTWARE MAINTENANCE	\$10,236	\$10,953	\$10,986	\$33	\$10,953	\$10,986	\$33
TOTAL OFFICE EQUIP & MAINTENANCE	\$10,336	\$11,529	\$11,478	(\$51)	\$12,133	\$12,166	\$33
BOOKS/PUBLICATIONS/MEMBERSHIPS	\$1,075	\$147	\$625	\$478	\$1,501	\$1,501	\$0
OFFICE SUPPLIES	\$3,766	\$3,621	\$2,658	(\$963)	\$6,379	\$6,379	\$0
POSTAGE & MAILING SERVICE	\$1,941	\$2,708	\$4,176	\$1,468	\$10,023	\$10,023	\$0
BOARD EXPENSES	(\$240)	(\$610)	\$904	\$1,514	\$2,170	\$2,170	\$0
OTHER EXPENSES							
MISCELLANEOUS	\$83	\$234	\$188	(\$46)	\$450	\$450	\$0
UNCOLLECTIBLE PLEDGES	\$23,573	\$6,920	\$13,854	\$6,934	\$33,250	\$33,250	\$0
MILEAGE & PARKING	\$96	\$192	\$227	\$35	\$545	\$545	\$0
INTERNET SERVICE	\$436	\$492	\$450	(\$41)	\$1,081	\$1,081	\$0
IT HOSTING SERVICE	\$0	\$290	\$0	(\$290)	\$9,005	\$4,602	(\$4,403)
BANK CHARGES	\$1,349	\$1,940	\$3,125	\$1,185	\$7,500	\$7,500	\$0
INVESTMENT FEES	\$49	\$0	\$0	\$0	\$0	\$0	\$0
DIRECTOR/OFFICER LIABILITY INS	\$1,857	\$1,803	\$1,803	\$0	\$4,327	\$4,327	\$0
LIABILITY AND PROPERTY INSURANCE	\$1,681	\$1,617	\$1,619	\$2	\$3,885	\$3,885	\$0
TOTAL OTHER EXPENSES	\$29,124	\$13,487	\$21,266	\$7,779	\$60,043	\$55,640	(\$4,403)
IN KIND EXPENSE - RENT	\$6,810	\$5,550	\$6,810	\$1,260	\$16,344	\$16,344	\$0
TOTAL EXPENSES	\$417,185	\$379,452	\$420,282	\$40,830	\$985,793	\$981,423	(\$4,370)
NET SURPLUS/(DEFICIT)	(\$100,733)	(\$49,623)	(\$85,146)	\$35,523	\$1,661	(\$10,000)	\$11,661



Foundation

MEMORANDUM

Officers

President

Leola Lapidés

Vice President

William Ow

Secretary

Owen Brown

Chief Financial Officer

Alan Aman

Past President

Stephen Snodgrass

Community Representatives

Claire Biancalana

Carrie Birkhofer

Linda Burroughs

Ceil Cirillo

Linda Downing

Lee Duffus

David Heald

Charles Montoya

Kelly Nesheim

Amy Newell

Carlos Palacios

June Padilla Ponce

Patty Quillin

Maria Esther Rodriguez

Gun Ruder

Kate Terrell

College Trustee Representatives

Rachael Spencer

Gary Reece

Donna Ziel

College Staff Representatives

Laurel Jones

President

Victoria Lewis

VP Administrative Services

Kathleen Welch

VP Instruction

Suzanne Gochis

VP Student Services

Enrique Buelna

Faculty Representative

Executive Director

Eileen Hill

DATE: December 20, 2017
TO: Finance and Investments Committee
FROM: Alan Aman
SUBJECT: Morgan Stanley Graystone Consulting Contract

Outside Review of Contract

Michael Robins, Cabrillo's Director of Purchasing, Contracts, Risk Management & Auxiliary Services reviewed the contract. His notes were as follows:

I would call your attention to the provisions in Clause 7 (Termination/Share Conversion), and most especially the following section to be very familiar with in the event of a transition to a new financial management firm and/or custodian:

"Upon termination, it shall be Client's exclusive responsibility to issue instructions in writing regarding any assets held in the Account. Client is responsible for providing Graystone Consulting with the name of another custodian at the time the Agreement is terminated if MSSB is providing custody services and Client chooses not to maintain custody of the Account with MSSB."

I would also call attention to the requirements in the clause 15 Arbitration section. This is fully acceptable, but something to be mindful of in case you move into arbitration.

Erin E. Stagg, Attorney for School and College Legal Services of California was contracted to review the contract. Attached is her marked up contract and her notes were as follows:

The Investment Consultant Contract is, not surprisingly, very one-sided in favor of Graystone. Given that this appears to be their form contract used with all Institutional Services accounts, it is unlikely that any substantive revisions will be accepted.

Thus, for our purposes, the marked-up PDF that I have attached will direct the Foundation's attention to some of the particular obligations specifically assigned to

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www.cabrillo.edu/associations/foundation

Please remember Cabrillo College Foundation in your will

the Foundation or representations made by the Foundation, the express exceptions and limitations to the scope of services, and the disclosures regarding potential conflicts of interest. Based on my review, it is important for the Foundation to be aware of these provisions as it proceeds with this Agreement.

A gentle reminder that the attached document should be treated as confidential and disclosure should be limited to preserve the attorney-client privilege.

The comments made were in regards to:

- Graystone does not review invoices paid to Advisors
- Assigns responsibility to the Foundation to monitor Sweep Bank in order to determine the extent of FDIC insurance coverage
- Conflicts of interest
- Governing Law (page 11), “generally, our office recommends California for choice of law provisions”

Recommended Motion


The Finance and Investments Committee approves the Morgan Stanley Graystone Consulting Contract with Cabrillo College Foundation.

Graystone Consulting Institutional Services Agreement


The undersigned (“Client” or “you”) Cabrillo College Foundation, having opened an account or accounts (the “Account”) with Morgan Stanley Smith Barney LLC (“MSSB”, “we” or “us”) through its Graystone Consulting business unit (“Graystone”), hereby retains Graystone, under the terms and conditions set forth herein, to perform the services set forth below and in the respective Exhibits attached.

1. Consulting Services

Graystone Consulting shall perform all of the following consulting services:

A. Assistance in the Preparation of Investment Objectives and Policies. Graystone Consulting shall assist the Client in Client’s review, evaluation and preparation of investment policies and objectives for the account. As set forth in “Performance Reporting” below, Graystone Consulting shall assist the Client in developing benchmarks for the performance of the account. Graystone also will provide the performance of the total account so as to assist the Client with the ability to determine progress toward investment objectives. Graystone has been retained as a non-discretionary investment consultant. Accordingly, **the Client shall be responsible for monitoring compliance with their investment policies and guidelines.** 


B. Asset Allocation. Graystone Consulting shall review Account asset allocation and recommend any changes deemed appropriate by Graystone Consulting from time to time.

C. Performance Reporting. Graystone Consulting shall provide Client with a periodic Performance Evaluation Report (a “Report”) of the Account and of the portion of the Account managed by each Advisor, Exchange Traded Fund or Index Fund (collectively referred to hereinafter as “ETF”) who may be retained by Client or Graystone Consulting for the Account. The Advisor or ETF may or may not be affiliated with MSSB. The Report shall show historical performance and asset allocation of the Account, and of the portion of the Account managed by each Advisor. The Report will be based solely on information requested by Graystone Consulting and (i) provided by Client, or (ii) provided by the custodian of the assets in the Account, at Client’s direction, or (iii) (if MSSB is the custodian) shown on the records maintained by MSSB as custodian. **In circumstances where MSSB is not the custodian, Graystone Consulting shall not be responsible for the accuracy of the information supplied by the custodian, including the valuation of securities and other investments, or for any reports derived from such information.** 

D. Identification of Investment Advisors. Graystone Consulting shall assist Client with identifying investment advisors which have historically performed in a manner generally consistent with Client’s investment policies and objectives.

Graystone Consulting shall identify such investment advisors from the universe of managers that have been profiled, reviewed and approved for inclusion in Graystone Consulting’s Manager Assessment Program (“MAP”) and MSSB’s Consulting and Evaluation Services Program (“CES”) (collectively “Advisors”). Client understands that Graystone Consulting and MSSB do not evaluate and make no representations concerning any Advisor chosen by Client outside of those Programs including, but not limited to any Advisor Client selects through MSSB’s Investment Management Services Program (“IMS”), nor shall Graystone Consulting or MSSB assume any liability for any loss, claim, damage or expense attributable to Client’s selection of any Advisor outside of those Programs, including but not limited to any Advisor Client selects through IMS.

E. Investment Options. While certain of the (i) ETFs, (ii) Funds (as defined below) or (iii) Advisors (collectively “Investment Products”) available under this Agreement may be affiliated with MSSB, there will likely be affiliated and unaffiliated investment options available for selection. Some investment options may be available in more than one MSSB program and each program may offer Investment Products and other features that are not available in other programs. Additional information about this Program is contained in the applicable Morgan Stanley ADV brochure for Graystone Consulting.

F. Fund Search. MSSB shall assist Client with identifying mutual funds and other commingled funds (“Funds”) that are generally consistent with the Client’s investment policies and objectives. MSSB shall identify such Funds from the universe of Funds that have been profiled, reviewed and approved by MSSB’s Global Investment Manager Analysis Group (“GIMA”). **Client understands that MSSB does not evaluate, will not recommend, and makes no representations concerning, any Fund chosen by Client outside of those covered by GIMA, nor shall MSSB assume any liability for any loss, claim, damage or expense attributable to Client’s selection of any Fund outside of those covered by GIMA.** 

Client acknowledges that neither MSSB nor any of its affiliates can be the designated Broker of Record for the Client, and **MSSB and its affiliates will also not be responsible for collecting 12b-1 fees, shareholder servicing fees and/or selling fees or “loads” on behalf of the Client.**

G. Identification of Exchange Traded Funds and Index Funds. Graystone Consulting shall assist Client with identifying ETFs that are consistent with Client’s investment policies and objectives. Graystone Consulting shall, identify such ETFs from the universe of ETFs that have been approved for inclusion in MSSB’s ETF Program. Client understands that Graystone Consulting and MSSB do not evaluate and make no



representations concerning any ETF chosen by Client outside of that Program, nor shall Graystone Consulting or MSSB assume any liability for any loss, claim, damage or expense attributable to Client's selection of any ETF outside of that Program.

H. Advisor Review. Graystone Consulting shall conduct a periodic review of each current Advisor. Such review will include, among other factors, historical composite investment performance as provided by the Advisor, methodology, organization and personnel. For Advisors that participate in CES, such review shall consist of a research-based evaluation of the Advisor and the factors described above.

In the event that Graystone Consulting makes a determination that an Advisor or ETF previously recommended to, and chosen by Client, is no longer approved for MAP, CES or the ETF Program ("Unapproved Manager"), Graystone Consulting will notify Client. It shall be Client's option to change or retain the Unapproved Manager. In the event that Client wishes to continue to retain an Unapproved Manager, all terms of Sections 1(D) (F) & (G) shall be null and void with respect to such Unapproved Manager, and Graystone Consulting will (i) make no further representations concerning the Unapproved Manager, (ii) not assume any further liability for any loss, claim, damage or expense attributable to Client's determination and (iii) not continue to review or make any recommendations regarding such Unapproved Manager. However, Client shall continue to pay Graystone Consulting the Fee described in Section 4 below.

Investment products sold through Graystone Consulting and MSSB are not insured by the FDIC; are not a deposit or other obligation of a depository institution; are not guaranteed by a depository institution; and are subject to investment risks, including the possible loss of the principal amount invested.

2. Trading and Execution Services

Client has appointed each Advisor as its agent and attorney-in-fact to buy and sell securities or other investments for the Account at Client's risk. Client hereby agrees to indemnify and hold Graystone Consulting, MSSB, and its officers, directors, agents, employees and affiliates harmless from all loss, cost, indebtedness and liabilities arising there from. In all such purchases and sales, Graystone Consulting is authorized to follow the instructions of the Advisor in every respect concerning the Account and, except as herein otherwise provided, the Advisor is authorized to act for Client in the same manner and with the same force and effect as Client might or could do with respect to such purchases and sales as well as with respect to all other things necessary or incidental thereto, except that the Advisor is not authorized to withdraw any money, securities or other property either in the name of Client or otherwise. This authorization is a continuing one and shall remain in full force and effect until terminated in writing. The termination of this authorization shall constitute a termination of this Agreement.

In the absence of written instructions to the contrary from Client, transactions for the purchase and/or sale of securities and other investments shall be placed by the Advisor with brokers or dealers, including MSSB or its affiliates, as the Advisor in its sole discretion deems appropriate. Where transactions are effected through MSSB or its affiliates, they may act, in the absence of instructions to the contrary, on an agency or principal basis, to the extent permitted by law and subject to applicable restrictions, and will be entitled to compensation for its or their services.

In connection with transactions effected for the Account, Client authorizes the Advisor to establish and trade Accounts in Client's, MSSB's or the Advisor's name with members of national or regional securities exchanges and the Financial Industry Regulatory Authority, Inc. including "omnibus" accounts established for the purpose of combining orders from more than one client.

Client consents that some or all executions for the Account may be aggregated with executions effected for other clients of MSSB and be subsequently allocated to the Account at an average price, and that MSSB may from time to time and at its discretion act as principal (to the extent permitted by law) with respect to aggregated orders that result in allocations to the Account at an average price. Client's confirmations will identify when a transaction was effected at an average price and the average price at which it was effected, and if so, whether MSSB acted as principal or agent for the transaction. Client may only rescind this consent by written instruction to MSSB.

Client hereby grants MSSB and its affiliates the authorization to effect "agency cross" transactions (i.e. transactions in which MSSB, or any person controlling, controlled by or under common control with MSSB, acts as broker for the party or parties on both sides of the transaction) with respect to the Account to the extent permitted by law. Client acknowledges that (i) MSSB or its affiliates may receive compensation from the other party to such transactions (ii) as such, MSSB will have a potentially conflicting business of loyalties and responsibilities and (iii) this consent to "agency cross" transactions can be revoked at any time by written notice to MSSB.

In no event will Graystone Consulting, MSSB or its affiliates be obligated to effect any transaction for Client which they believe would be violative of any applicable state or federal law, rule or regulation, or of the rules or regulations of any regulatory or self-regulatory body.

3. Custody Services and Valuation

A. MSSB Will Act as Custodian

Unless Client instructs MSSB not to maintain custody, MSSB will maintain custody of all cash, securities and other assets held in the Account. MSSB will credit the Account with dividends and interest paid on securities held in the Account and with the

GRAYSTONE CONSULTING INSTITUTIONAL SERVICES AGREEMENT
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principal paid on called or matured securities in the Account. Client warrants that any securities delivered to MSSB are free of any encumbrances, including constructive liens. MSSB shall provide at least each calendar quarter a statement of all assets in the Account in MSSB custody.

Client authorizes MSSB and Graystone Consulting to deduct any and all fees when due from the assets contained in the Account, including fees charged by an Advisor, and pay them to the Advisor on behalf of Client. If required pursuant to the terms of the investment management agreement entered into between Client and the Advisor, MSSB or Graystone Consulting will debit the Advisor's fee from the Account upon MSSB's or Graystone Consulting's receipt of an invoice from the Advisor.

MSSB and Graystone Consulting will pay the amount shown to be due on the invoice and will not verify the rate, computation, or timing of the Advisor's fee or the value of the assets used in this connection.



For accounts where MSSB is the custodian, in computing the fair market value of any security or other investment in the Account, a security listed on a national securities exchange shall be valued, as of the valuation date, at the closing composite price (the consolidated tape price). Generally, the prices of bonds, particularly municipal bonds, are obtained from third-party quotation services, whose prices are based either on closing prices, the most recent trades of round lots of \$1 million, the mean between the bid and asking price of these lots, or a matrix based on interest rates for similar securities. As such, pricing may not reflect round lot/odd lot differentials (Odd lots are anything smaller than \$1 million and can be as small as \$5,000 or \$10,000.) On average, odd lot prices are lower than round lot prices. Accounts which are charged an asset-based fee should note that such fees are based upon round lot valuations. Where prices are not available from quotation services, MSSB may use such prices that in MSSB's judgment best reflect the market prices of the securities. In either case, MSSB does not guarantee the accuracy of such prices. These prices should not be considered firm bids or offers, and may be subject to fluctuations due to lot size and market conditions. Any other securities or investments in the Account shall be valued in a manner determined in good faith by MSSB, in its sole discretion, to reflect market value. Any such valuation should not be considered a guarantee of any kind whatsoever with respect to the value of the assets in the Account.

a. Sweep Investments

All uninvested cash and allocations to cash in your Account will automatically "sweep" into interest-bearing bank deposit accounts ("Deposit Accounts") established under a Bank Deposit Program (the "Bank Deposit Program") and/or money market mutual funds including but not limited to those managed by Morgan Stanley Investment Management Inc., or another one of our affiliates (each, a "Money Market Fund" and, together with Deposit Accounts, "Sweep Investments"). Allocations to

cash that are part of an overall asset allocation will be limited to investments in either Deposit Accounts or an alternative Money Market Fund (if available). Uninvested cash and allocations to cash including assets invested in Sweep Investments are included in the Fee calculation hereunder.

The Bank Deposit Program is the default Sweep Investment for all accounts. As discussed below, uninvested cash balances will sweep into the Bank Deposit Program unless you affirmatively elect an alternative, if available for your Account.

You further acknowledge that MSSB may with 30 days written notice (i) make changes to these sweep terms; (ii) make changes to the terms and conditions of any available sweep investment; (iii) change, add or delete the products available as a sweep option; (iv) transfer your sweep investment from one sweep product to another.

b. The Bank Deposit Program

Through the Bank Deposit Program, Deposit Accounts are established for you at one or more of the following banks (individually and collectively, the "Sweep Banks"): (i) Morgan Stanley Bank, N.A. and/or (ii) Morgan Stanley Private Bank, National Association. The Sweep Banks are affiliated with MSSB. The Sweep Banks pay interest on the Deposit Accounts established under the Bank Deposit Program. Your deposits at the Sweep Banks will be insured by the Federal Deposit Insurance Corporation ("FDIC") up to applicable limits, in accordance with FDIC rules, and subject to aggregation of all the accounts (including, without limitation, certificates of deposit) that you hold at the Sweep Banks in the same capacity. Bank deposits held through the Bank Deposit Program are not covered by SIPC or excess coverage.

If the Bank Deposit Program is your Sweep Investment, you authorize us, as your agent, to establish the Deposit Accounts for you, and to make deposits into, withdrawals from and transfers among the Deposit Accounts.

Terms of the Bank Deposit Program are further described in the Bank Deposit Program Disclosure Statement, which will be provided to you upon your first investment in the Bank Deposit Program. You may also obtain the Bank Deposit Program Disclosure Statement as well as current interest rates applicable to your Account, by contacting your MSSB financial advisor ("Financial Advisor") or through MSSB's web site at <http://www.morganstanley.com/wealth/services/bankdepositprogram.asp>. You acknowledge and understand that we may amend the list of Sweep Banks at any time with 30 days written notice to you. If you are participating in the Bank Deposit Program, please read the Bank Deposit Program Disclosure Statement carefully.

You acknowledge (i) that you are responsible to monitor the total amount of deposits you have at each Sweep Bank in order

to determine the extent of FDIC insurance coverage available to you, and (ii) that MSSB is not responsible for any insured or uninsured portion of your deposits at any of the Sweep Banks.



Unless otherwise specifically disclosed to you in writing, such as in connection with the Bank Deposit Program noted above, investments and services offered through MSSB are not insured by the FDIC, are not deposits or other obligations of, or guaranteed by, the Sweep Banks, and involve investment risks, including possible loss of the principal invested.

c. Money Market Funds

We may, in our sole discretion, offer Money Market Funds as Sweep Investments. The Money Market Funds may or may not be affiliated with MSSB. You understand that purchases and redemptions of Money Market Fund shares may be effected only through MSSB and that you may not directly access the Money Market Fund.

If a Money Market Fund is your Sweep Investment, you authorize us, as your agent, to make investments in, and redemptions from, the Money Market Fund.

Each of these Money Market Funds is a separate investment with different investment objectives. Their fees, expenses, minimum investment requirements, dividend policies and procedures may vary. Before you invest in any Money Market Fund, read its prospectus carefully. Money Market Fund shares are neither insured nor protected by the FDIC. Investment in any money market fund is a purchase of securities issued by the money market fund, not a bank deposit.

Certain of the Money Market Funds described above have minimum investment requirements. In addition, MSSB may require a minimum initial investment to activate some or all of the Sweep Investments. If you do not meet the minimum initial investment, uninvested cash and allocations to cash in eligible Accounts will remain uninvested or be invested in the Bank Deposit Program.

In addition, certain of the Money Market Funds have minimum balance requirements. For eligible Accounts, if your investment falls below the minimum balance requirement, MSSB may redeem and reinvest all of your shares in the Bank Deposit Program. Once your sweep option has been changed, we will not automatically change it back to your previous Sweep Investment even if you meet the minimum initial investment and/or balance requirements. You must contact your Financial Advisor to do so. However, if a pattern develops of falling below the minimum balance requirement, we may preclude you from investing in that Sweep Investment in the future.

We may offer other money market funds as a non-sweep investment choice. You may purchase shares in these money market funds by giving specific orders for each purchase to your

Financial Advisor. However, uninvested cash in your Account will not be swept into these money market funds.

d. Alternatives to the Bank Deposit Program

All accounts that are eligible can choose from among certain Sweep Investments as alternatives to the Bank Deposit Program.

Please contact your Financial Advisor for more information about choosing an alternative Sweep Investment. In addition, you may obtain information with respect to the current yields and interest rates on the available Sweep Investments by contacting your Financial Advisor or through MSSB's web site at <http://www.morganstanley.com/wealth/services/bankdepositprogram.asp>.

The above provisions may not apply if you are not a U.S. resident. If you are not a U.S. resident, please contact your Financial Advisor to determine whether the Bank Deposit Program or a Money Market Fund will be your default Sweep Investment.

e. Miscellaneous

You acknowledge that the rate of return on a default Sweep Investment may be higher or lower than the rate of return available in other Sweep Investments. Neither MSSB nor any affiliate is responsible to you if the default Sweep Investment has a lower rate of return than the other available Sweep Investments or causes any tax consequences resulting from your investment in the default Sweep Investment. We may, in our sole discretion determine and change the Sweep Investments available in your account. We may, at any time, discontinue offering any available Sweep Investment and, upon notice to you, cease offering your Sweep Investment. If we cease offering your Sweep Investment and you do not select a new Sweep Investment, your new Sweep Investment will be the default Sweep Investment as designated by us for such account.

Generally, temporary "sweep" transactions of all uninvested cash balances, allocations to cash and cash equivalents, if any, in the Account will commence, to the extent permitted by applicable law, on the next business day, with dividends credited to the client on the second business day. (If cash is deposited after normal business hours, the deposit may be credited on our recordkeeping system, for purposes of the preceding sentence, as having been received on the following business day.) (For certain accounts — namely accounts established as Basic Security Accounts that have less than \$1,000 in the Sweep Investment — amounts awaiting investment will sweep weekly.)

Neither MSSB nor any affiliate will be responsible for any losses resulting from a delay in the investment of cash balances.

You authorize us to invest your funds in your Sweep Investment and to satisfy debits in your Account by redeeming shares or

withdrawing funds, as applicable, from your Sweep Investment. Upon any such sale, gains on your position may be taxable.

You may change your Sweep Investment to another Sweep Investment, if available for your Account, by contacting your Financial Advisor. You agree that upon selection of a new Sweep Investment we may, as applicable, sell your shares in, or withdraw your funds from, your current Sweep Investment and, as applicable, purchase shares or deposit funds in your new Sweep Investment. There may be a delay between the time we sell shares or withdraw funds from your current Sweep Investment and the time we purchase shares or deposit funds in your new Sweep Investment. You may not earn interest or dividends during the time your funds are not invested.

f. Conflicts of Interest Regarding Sweep Investments

If your Sweep Investment is a Money Market Fund, as available, then the Account, as well as other shareholders of the Money Market Fund, will bear a proportionate share of the other expenses of the Money Market Fund in which the Account’s assets are invested.

If your Sweep Investment is a Money Market Fund, you understand that Morgan Stanley Investment Management Inc. (or another MSSB affiliate) may receive an investment management fee for managing the Money Market Fund and that Morgan Stanley Distributors Inc., or another one of our affiliates, may receive compensation in connection with the operation and/or sale of shares of the Money Market Fund, which may include a distribution fee pursuant to Rule 12b-1 under the Investment Company Act of 1940, to the extent permitted by applicable law.

You understand that the Fee will not be reduced by the amount of the Money Market Fund management fee or any shareholder servicing and/or distribution or other fees we or our affiliates may receive in connection with the assets invested in the Money Market Fund. For additional information about the Money Market Fund and applicable fees, you should refer to each Money Market Fund’s prospectus.

If your Sweep Investment is the Bank Deposit Program, you should be aware that, the Sweep Banks will pay MSSB an annual account-based flat fee for the services performed by MSSB with respect to the Bank Deposit Program. MSSB and the Sweep Banks will review such fee annually and, if applicable, mutually agree upon any changes to the fee to reflect any changes in costs incurred by MSSB. Your Financial Advisor will not receive a portion of the fee. Affiliates of MSSB may receive a financial benefit in the form of credit allocations made for financial reporting purposes. The amount of this benefit will vary and will be based on the average daily deposit balances in the Deposit Accounts at each Sweep Bank. Generally, these benefits will increase as more funds are deposited through the Bank Deposit Program. No separate charges, fees or commissions will be

imposed on your Account as a result of or otherwise in connection with the Bank Deposit Program.

In addition, MSSB, the Sweep Banks and their affiliates receive other financial benefits in connection with the Bank Deposit Program. Through the Bank Deposit Program, each Sweep Bank will receive a stable, cost-effective source of funding. Each Sweep Bank intends to use deposits in the Deposit Accounts at the Sweep Bank to fund current and new businesses, including lending activities and investments. The profitability on such loans and investments is generally measured by the difference, or “spread,” between the interest rate paid on the Deposit Accounts at the Sweep Banks and other costs of maintaining the Deposit Accounts, and the interest rate and other income earned by the Sweep Banks on those loans and investments made with the funds in the Deposit Accounts. The income that a Sweep Bank will have the opportunity to earn through its lending and investing activities is expected to be greater than the fees earned by us and our affiliates from managing and distributing the money market funds available to you as a sweep investment.

B. MSSB Will Not Act as Custodian

In the event Client retains a custodian other than MSSB, Client shall advise Graystone Consulting of the name and address of the custodian and of Client’s account number at the custodian. Fees of a custodian other than MSSB shall be paid by Client and are not included in the fees set forth in this Agreement.

MSSB will NOT maintain custody, and the Graystone Consulting Fee will be billed to Client. Please sign below if applicable.

Client’s Signature _____

Date _____

MSSB will NOT maintain custody, and the Graystone Consulting Fee will be billed to the outside custodian: Please sign below if applicable.

Client’s Signature _____

Date _____

4. Fees

Client shall pay Graystone Consulting for its services hereunder a fee as set forth in Exhibit A, which is attached to, and made a part of, this Agreement. The fees payable hereunder may be modified or changed by Graystone Consulting. Graystone Consulting increases the fee, it will do so after Client’s written consent or upon written notice to Client. Clients will also be notified of any decreases to their fees. The new fee will become

effective unless Client notifies Graystone Consulting in writing to terminate the Agreement. Graystone Consulting shall not be compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of Client. Notwithstanding the foregoing sentence, Graystone Consulting may be compensated based upon the total value of the Account as of definite dates.

Fees and commissions charged may be negotiated. Such fees and commissions may differ based upon a number of factors, including, but not limited to, the type of Account, the size of the Account, the historical or projected nature of trading for the Account, and the number and range of advisory and client-related services to be provided by Graystone Consulting to the Account.

A portion of the fee or commissions charged in connection with the Account is paid to financial advisors and other employees of MSSB and its affiliates in connection with the provision of supplemental and client-related services. Such payments are made for the duration of this Agreement.

If an open or closed-end mutual fund or an exchange traded fund is utilized by MSSB as an Investment Product, any such Fund may pay its own separate investment advisory fees and other expenses to the fund manager or other service provider. In addition, an open end mutual fund may charge distribution or servicing fees. In both cases, these fees or expenses will be in addition to the Fee paid by Client on the Account.

For clients other than Plan clients, MSSB receives payments and fees for recordkeeping and related services. Please see Item 4.C of the MSSB ADV Brochure for this program or contact your Financial Advisor for a more detailed description of such payments.

We have a conflict of interest in offering these Funds as Investment Products because (as outlined above) we will earn more money in a Client's non-Retirement plan Account from investments in Funds than other Investment Products. This compensation to us will not be shared with the Financial Advisor. Furthermore, affiliates of MSSB serve as the investment advisor or other service provider for certain Funds offered in the Program and earn investment management fees for providing investment advisory services to such Funds (or earn other fees for providing other services). As a result, we have a potential conflict of interest in recommending these Funds over others.



The rates and terms and conditions of these arrangements can be changed at any time. For more information, please refer to the applicable MSSB ADV Brochure which is available at www.morganstanley.com/ADV or to the document "Mutual Fund Share Classes and Compensation", which is available at <http://www.morganstanley.com/wealth/investmentsolutions/p>

dfs/MF_share_classes.pdf. Both these documents are also available from your Financial Advisor upon request.

5. Client Authority

If this Agreement is entered into by a Trustee or other fiduciary, such Trustee or other fiduciary represents that the terms of this Agreement are authorized by the governing instruments of, and/or laws and regulations applicable to Client, the services to be provided under this Agreement are within the scope of the services and investments authorized by the governing instruments of, and/or laws and regulations applicable to Client, and that said Trustee or fiduciary is duly authorized to enter into this Agreement. If Client is a corporation, the signatory on behalf of Client represents that the execution of this Agreement has been duly authorized by all necessary and appropriate corporate action. Client undertakes to advise Graystone Consulting of any event which might affect Client's authority to participate in, or the propriety of, this Agreement.

A. The Client represents that neither it nor another person who has an ownership interest in or authority over this Account knowingly owns, operates or is associated with a business that uses, at least in part, the Internet to receive or send information that could be seen as placing, receiving or otherwise knowingly transmitting a bet or wager.

B. The Client understands that, in order to open and continue to provide services to the account, MSSB is required to obtain certain information from the Client. If this information is not provided by you fully or in a timely manner, MSSB may suspend trading in your account until the information is provided and/or terminate the Account. The Client will deliver to MSSB, in writing, all of the information that MSSB or a Advisor may require or reasonably request to perform their duties hereunder without violating or causing any violation of applicable law.

USA PATRIOT ACT NOTICE: IMPORTANT INFORMATION ABOUT OUR PROCEDURES FOR OPENING A NEW ACCOUNT OR ESTABLISHING A NEW CUSTOMER RELATIONSHIP.

C. You further understand that to help the government fight the funding of terrorism and money laundering activities, federal law may require all financial institutions to obtain, verify and record information that identifies each individual or institution that opens an account or establishes a customer relationship with MSSB. Therefore, before entering into a new client relationship with you, MSSB will ask for your name, address, date of birth (as applicable) and other identification information. If all required documentation or information is not provided, MSSB may be unable to open an account or maintain a relationship with you.

D. The Client represents that neither it nor any person who has a material ownership interest in or authority over, the Account is or has been a Politically Exposed Person or an immediate family member or close associate of a senior political figure. If you, any other owner of, or any authorized person on the Account is or has been such a figure you are required to disclose that to MSSB

GRAYSTONE CONSULTING INSTITUTIONAL SERVICES AGREEMENT
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and to provide the necessary information required by law to open and/or to service your Account. For legal entities where a Politically Exposed Person is a board member or other key controller, such as a chief executive officer, you agree to disclose that fact to MSSB and to provide the necessary information required by law to open and/or to service your Account. By signing this Agreement you also represent that this Account will not be used for any transactions that would violate or cause MSSB or any other person to violate, any economic or trade sanctions applicable to either you or MSSB, including without limitation any prohibited transactions with, or for the benefit of, any Sanctions Target. For these purposes, "Sanctions Target" includes any person, entity or country that is the subject of any sanctions issued, administered or enforced by, as applicable: (1) the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), including, but not limited to, any person or entity designated on OFAC's Specially Designated Nationals and Blocked Persons List; (2) the United Nations Security Council; (3) the European Union; or (4) HM Treasury (United Kingdom). For the purposes of this paragraph, a "Politically Exposed Person" is a senior official in the executive, legislative, administrative, military or judicial branch of a foreign government (whether elected or not) or a major foreign political party, or a senior executive of a foreign government-owned corporation or a corporation or business entity or other entity formed by, or for the benefit of, such a figure; "immediate family" includes, but is not limited to, parents, siblings, children, and in-laws; "close associate" means a person who is widely and publicly known to maintain an unusually close relationship with a senior political figure, including a person in a position to conduct substantial domestic and international financial transactions on behalf of such a figure.

6. Proxies and Other Legal Notices

Graystone Consulting shall not take any action or render any advice with respect to the voting of proxies solicited by, or with respect to, the issuers of any securities held in the Account, nor shall it be obligated to render any advice or take any action on behalf of Client with respect to securities or other investments held in the Account, or the issuers thereof, which become the subject of any legal proceedings, including bankruptcies. Client hereby expressly retains the right and obligation to vote any proxies or take action relating to securities held in the Account; provided, however, Client may delegate said rights and obligations an Advisor or other properly authorized agent.

7. Termination of Agreement; Share Conversion

This Agreement may be terminated at any time upon written notice by either party to the other and termination will become effective upon receipt of such notice. Such termination will not, however, affect the liabilities or obligations of the parties incurred, or arising from transactions initiated, under this Agreement prior to such termination, including the provisions regarding arbitration, which shall be deemed to survive any expiration or termination of the Agreement. Upon the

termination of this Agreement, Graystone Consulting shall not be under any obligation whatsoever to recommend any action with regard to, or to liquidate, the securities or other investments in the Account. Graystone Consulting retains the right, however, to complete any transactions open as of the termination date and to retain amounts in the Account sufficient to effect such completion. Upon termination, it shall be Client's exclusive responsibility to issue instructions in writing regarding any assets held in the Account. Client is responsible for providing Graystone Consulting with the name of another custodian at the time the Agreement is terminated if MSSB is providing custody services and Client chooses not to maintain custody of the Account with MSSB.

Client authorizes MSSB (without notice to Client) to convert shares of any Fund in the Account to a share class of the same Fund which is a load-waived or no-load share class such as an Institutional share or Financial Intermediary share, or to a share class that is available only to investment advisory clients (collectively, an "Investment Advisory Share"), to the extent available. Upon termination of this Agreement for any reason or the transfer of Fund shares out of the Account into another account including a MSSB retail brokerage account, Client hereby authorizes MSSB to convert any Investment Advisory shares to the corresponding Fund's appropriate non-Investment Advisory share class, or to redeem the Investment Advisory Shares. Client acknowledges that the appropriate non-Investment Advisory Share class generally has higher operating expenses than the corresponding Investment Advisory Share class, which may negatively impact investment performance.

8. Potential Conflicts of Interest

Client understands that MSSB is affiliated with Morgan Stanley & Co LLC ("MS&Co") (formerly known as "Morgan Stanley & Co Incorporated") and thus MSSB has a conflict of interest to recommend MS&Co affiliated mutual funds or other investment products.



Client understands that MSSB, each Advisor and their affiliates may perform, among other things, investment banking, research, brokerage, and investment advisory services for other clients. Client recognizes that Graystone Consulting and each Advisor may give advice and take action in the performance of their duties to such clients (including those who may also be participants in the Graystone Consulting Institutional Services Program) which may differ from advice given, or in the timing and nature of action taken, with respect to Client. Moreover, MSSB or any of its affiliates may advise or take action with respect to itself or themselves differently than with respect to Client.

Nothing in this Agreement shall be deemed to impose on Graystone Consulting, any Advisor or any of their affiliates any obligation to recommend any investment advisor or to purchase or sell, or recommend for purchase or sale, for Client any

securities or other investments which Graystone Consulting, any Advisor or any of the affiliates may recommend, purchase or sell, or recommend for purchase or sale, for its or their own account, or for the account of any other client, nor shall anything on this Agreement be deemed to impose upon Graystone Consulting, any Advisor or any of their affiliates any obligation to give Client the same advice as may be given to any other clients.

Client further understands that any Advisor may from time to time and as it deems advisable, consistent with applicable law, effect securities transactions with or through MSSB for the accounts of other clients and that MSSB may earn brokerage commissions or other compensation in connection with those transactions. The MSSB Financial Advisor also could receive a financial benefit from any Advisor through referrals of clients to the MSSB Financial Advisor by such Advisor. MSSB, its affiliates, employees, including any MSSB Financial Advisor, also may invest with any Advisor.

MSSB may have trading, investment banking or other business relationships with an Advisor, including an Advisor recommended to clients. By reason of its investment banking or other activities, MSSB and its affiliates may from time to time acquire confidential information and information about corporations and other entities and their securities. Client acknowledges and agrees that MSSB will not be free to divulge to Client or any Advisor, or to act upon, such information with respect to its or their activities, including its or their activities with respect to this Agreement.

Moreover, the amount of compensation received by MSSB may be greater if the Account is managed by an Advisor affiliated with MSSB, rather than an unaffiliated advisor. As a result, MSSB could have a financial incentive to recommend an affiliated advisor over an unaffiliated advisor.

In Graystone Consulting and other investment advisory programs, non-retirement account cash balances are invested in affiliated money market funds. Please see the section on “Custody Services and Valuation” above, for information on conflicts of interest regarding Sweep Investments.

As indicated in the section on “Fees” above, in accounts of non-Plan Clients MSSB may receive from Funds and their affiliates recordkeeping and sub-transfer agency fees (which include shareholder sub-accounting and networking fees), for recordkeeping, sub-transfer agency and other services provided by MSSB to the Funds or their service providers. A portion of these fees may represent revenue sharing if and to the extent that they exceed what the mutual fund would otherwise have paid for such services. The amount of sub-transfer agency fees may change from time to time. Please see the most recent applicable MSSB ADV Brochure for more information.

With respect to non-Plan Clients, MSSB or its affiliates earn greater compensation from mutual funds than from separate

accounts. At times, a manager may believe that it is in a Client’s interest to maintain assets in cash, particularly for defensive purposes in volatile markets. The above-described Bank Deposit Program revenue and fees for money market funds, sub-transfer agency fees for accounts of non-Plan Clients and revenue sharing payments create a potential for a conflict of interest to the extent that the additional payments could influence MSSB to recommend or select (a) a mutual fund or ETF, instead of a separate account investment product, or (b) a manager that favors cash balances.

Please note that the Financial Advisor does not receive any of the Bank Deposit Program revenue, fees from money market funds, sub-transfer agency fees or revenue sharing payments described herein. By signing this Agreement, Client acknowledges this potential conflict of interest and consents to the use of the Bank Deposit Program, the money-market funds or the Funds as investment vehicles for the Account to the extent permitted by law and to the resulting payment of additional compensation to MSSB and/or its affiliates.

Certain investment management firms (including managers of mutual funds and/or ETFs) do other business with MSSB and its affiliates.

9. Liability of MSSB

Client acknowledges that an investment advisor’s past performance is not necessarily indicative of future performance. MSSB makes no representations or warranty under this Agreement with respect to the present or future level of risk or volatility in the Account, or any Advisor’s future performance or activities. Client understands that Graystone Consulting will perform no discretionary trading acts with respect to the Account, that pursuant to this Agreement Graystone Consulting shall effect only such transactions as it is instructed to by Client or any Advisor, and that the Advisor is solely responsible for the management of Client’s portfolio. Accordingly, Client understands that Advisor, not Graystone Consulting, is Client’s investment advisor with respect to each transaction.

10. Non-assignability

This Agreement shall not be assignable by Graystone Consulting without the prior consent of Client. This Agreement and its terms shall be binding upon Client’s successors, administrators, heirs, executors, committee and/or conservators.

11. Governing Law

This Agreement, including the arbitration provision contained herein, is made and shall be construed under the laws of the State of New York without reference to the choice of law or conflict of laws provisions thereof. This choice of law clause shall not govern the choice of statutes of limitations applicable to claims and controversies described in the arbitration provision, and the statute of limitations applicable to any such claim or

controversy shall be that which would be applied by the federal district court for the district in which Client resides. If Client does not reside in the United States, the statute of limitations shall be that which would be applied by the courts in the state where the MSSB office servicing Client's account(s) is located.

12. Entire Agreement and Amendment

Client may execute a client agreement (the "Client Agreement") with MSSB. This Agreement and the Client Agreement (if applicable) represent the entire agreement between the parties with regard to the services described herein and therein. This Agreement (including language on fees and other charges) may be amended by either of the following methods: (a) MSSB unilaterally amending the Agreement by giving you written notice of the amendment, or (b) MSSB signing a written amendment in cases where you request or agree to the change.

This Agreement and the Client Agreement (if applicable) supersede all previous agreements and understandings between the parties hereto with respect to the subject matter hereof. Notwithstanding the terms of the Client Agreement, the terms of this Agreement shall govern with respect to the fees and advisory services described herein.

13. Severability

If any provision of this Agreement shall be held or made invalid by a statute, rule, regulation, decision of the tribunal or otherwise, the remainder of the Agreement shall not be affected thereby and, to this extent, the provisions of the Agreement shall be deemed to be severable.

14. Miscellaneous

Graystone Consulting reserves the right to refuse to accept or renew this Agreement in its sole discretion and for any reason.

In connection with the services being provided to Client under this Agreement, Graystone Consulting and each Advisor shall be entitled to rely on the financial and other information provided by Client to Graystone Consulting, in writing from time to time. Client agrees to inform Graystone Consulting promptly in writing of any material change in Client's circumstances which might affect the manner in which Client's assets should be invested or the services provided by Graystone Consulting to Client under this Agreement. Client will provide Graystone Consulting with any such information as Graystone Consulting shall reasonably request.

MSSB represents that it is registered as an investment advisor under the Investment Advisers Act of 1940.

For the purpose of referring to this Agreement, the date of this Agreement shall be the date of acceptance by Graystone Consulting.

Client acknowledges that MSSB may withhold any tax to the extent required by law, and may remit such taxes to the appropriate government authority.

All written communication to Graystone Consulting pursuant to this Agreement shall be sent to Graystone Consulting at the address referenced below, unless Graystone Consulting designates otherwise in writing. All written communication to Client shall be sent to the address referenced below, unless Client designated otherwise in writing.

As used herein, reference to persons in the masculine gender shall include persons of the feminine gender. References in the singular shall, as and if appropriate, include the plural.

If you elect to use a third party custodian, you acknowledge that, notwithstanding anything to the contrary in any agreement between you and such custodian, the authority of MSSB to instruct the custodian with respect to disbursing or transferring funds and securities in your account is limited to instructing the custodian in connection with the purchase and sale of securities in your account and, if applicable, the payment of the MSSB fees.

All paragraph headings are for convenience of reference only, do not form part of this Agreement and shall not affect in any way the meaning or interpretation of this Agreement.

All information, recommendations and advice furnished to Client pursuant to the Institutional Services Program shall be treated as confidential by Client.

If MSSB maintains custody, all or a portion of the Account may be held in cash or cash equivalents including securities issued by money market mutual funds. Client authorizes MSSB to automatically deposit or "sweep" all free credit balances in the Account into such money market mutual funds.

Client understands that Graystone Consulting may choose not to accept this Agreement until such time as Client delivers the securities and other investments that will comprise the Account into MSSB's custody. Client assets will remain in the form delivered prior to the acceptance of the contract by Graystone Consulting. Collection and processing of the required documentation may delay the acceptance of the contract.

Client acknowledges receipt of a copy of this Agreement (including all Exhibits checked below), and of the applicable Morgan Stanley ADV brochure. Notwithstanding anything to the contrary herein, Client shall have the right to terminate this Agreement without penalty within five business days after entering into, and acceptance by Graystone Consulting of, this Agreement.

15. Arbitration

This Agreement contains a predispute arbitration clause. By signing an arbitration agreement the parties agree as follows:

- All parties to this Agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.
- Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.
- The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.
- The arbitrators do not have to explain the reason(s) for their award unless, in an eligible case, a joint request for an explained decision has been submitted by all parties to the panel at least 20 days prior to the first scheduled hearing date.
- The panel of arbitrators may include a minority of arbitrators who were or are affiliated with the securities industry.
- The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.
- The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this Agreement.

You agree that all claims or controversies, whether such claims or controversies arose prior, on or subsequent to the date hereof, between you and MSSB and/or any of its present or former officers, directors, or employees concerning or arising from (i) any account maintained by you with MSSB individually or jointly with others in any capacity; (ii) any transaction involving MSSB or any predecessor or successor firms by merger, acquisition or other business combination and you, whether or not such transaction occurred in such account or accounts; or (iii) the construction, performance or breach of this or any other agreement between you and us, any duty arising from the business of MSSB or otherwise, shall be determined by arbitration before, and only before, any self-regulatory organization or exchange of which MSSB is a member. You may elect which of these arbitration forums shall hear the matter by sending a registered letter or other written communication addressed to Morgan Stanley Smith Barney LLC at 1633 Broadway 26th Floor, New York New York 10019, Attn: Legal and Compliance Division. If you fail to make such election before the expiration of five (5) days after receipt of a written request from MSSB to make such election, MSSB shall have the right to choose the forum.

No person shall bring a putative or certified class action to arbitration, nor seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action; or who is a member of a putative class

who has not opted out of the class with respect to any claims encompassed by the putative class action until: (i) the class certification is denied; (ii) the class is decertified; or (iii) the person is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this Agreement except to the extent stated herein.

The statute of limitations applicable to any claim, whether brought in arbitration or in a court of competent jurisdiction shall be that which would be applied by the courts in the state in which you reside or if you do not reside in the United States, the statute of limitations shall be that which would be applied by the courts in the state where the MSSB office servicing your Account is located.

16. Attachments

The following Exhibit(s) are attached to, and made a part of, this Agreement:

- ☐ Exhibit A. Asset Based Fee
- ☐ Exhibit B. Advisor Letter
- ☐ Exhibit C. Alternative Investments
- ☐ Exhibit D. Select UMA

**YOUR CONSENT TO ELECTRONIC
DELIVERY OF ADV BROCHURES, PRIVACY
NOTICES AND OTHER DOCUMENTS**

- a. **Electronic delivery:** By signing below, you authorize us to deliver any type of document relating to your existing and future investment advisory accounts and relationships with MSSB (including MSSB's ADV brochures and privacy notices), instead of paper copies, either by email to an email address you give us, by giving you a CD-ROM to read on a computer, or by referring you to a website. Your consent to Electronic Delivery in the previous sentence does not apply to delivery of documents such as account statements, trade confirmations and tax documents (such as 1099 forms). If you would like to have these documents delivered electronically, please visit www.morganstanley.com/online/edelivery or contact your Financial Advisor.
- b. **Website address:** MSSB's ADV brochures and privacy notices, and the Advisors' profiles, for your Account are available now at www.morganstanley.com/ADV. Please review them.
- c. **Your computer access:** You acknowledge that you have access to a computer which can access these documents (including PDF software, available free of charge at Adobe's website www.adobe.com, and a CD-ROM drive), and that you may incur costs accessing or printing the documents (e.g. online provider fees and printing costs). We are not liable for these costs or any computer problems (including viruses) you incur in accessing the documents.
- d. **How to get paper copies:** This consent remains in place until you give written notice to your Financial Advisor that you are revoking it. You may also, without revoking this consent, ask your Financial Advisor for a paper copy of any document that we deliver electronically under this consent.
- e. **Other document deliveries:** Sometimes we may deliver paper copies of documents relating to an account. Also, some documents that we can deliver electronically are not covered by this consent and have separate procedures for enrollment and unenrollment in electronic delivery and for obtaining paper copies.

Proxies and Waivers. Graystone Consulting shall NOT be obligated to take any action or render any advice with respect to the voting of proxies with respect to issuers of securities held in the Account or the taking of any action relating to such Issuers which become the subject of any legal proceedings including bankruptcies.

By initialing below, I delegate all proxy voting rights to each Advisor and designate such Advisor to receive all proxies including proxy soliciting material and related material including interim reports, annual reports and any other issuer mailings ("Related Material").

PROXY WAIVER: (Client may initial): _____

Client who fails to initial above shall be solely responsible for voting all proxies, and expressly retains such right and obligation.

Trade Confirmation: To the extent permitted by law do you want to receive confirmation of transactions on or with your monthly statement instead of individual trade confirmations following each transaction. You will not pay a different fee if you select this option. Selecting this option is not a condition to entering into (or continuing to participate in) the Program.

You may choose to receive from us, at no additional cost, trade confirmations for any period in which you elected not to receive individual trade confirmations. You can also revoke your authorization at any time by giving us written notice in accordance with this Agreement.

☐ Yes ☐ No

Representative Client List. Graystone Consulting publishes materials which, in addition to describing the nature of its investment advisory services, may also provide a representative listing of Graystone Consulting's institutional clients ("Representative Client List"). Such a listing will generally provide the name of the Client, but will not provide any specific Account information. By signing below, Client consents to the inclusion of its name on Graystone Consulting's Representative Client List.

Client's Signature _____

This Agreement may be executed in counterparts and shall be binding on the parties hereto as if executed in one document.

Note: This Agreement contains a pre-dispute arbitration clause which is located in Section 15 on page 10 of this Agreement.

BY SIGNING THIS AGREEMENT, THE UNDERSIGNED CLIENT ACKNOWLEDGES: (A) RECEIPT OF A COPY OF THE AGREEMENT; (B) RECEIPT AND REVIEW OF THE APPLICABLE MORGAN STANLEY ADVS AND PRIVACY NOTICES; (C) THAT CLIENT CONSENTS TO ELECTRONIC DELIVERY OF ADV BROCHURES, PRIVACY NOTICES AND OTHER DOCUMENTS, AS PROVIDED ABOVE.

AGREED to this _____ day of _____, _____

Title of Account: Cabrillo College Foundation

By: _____

By: _____

By: _____

Address: _____

ACCEPTED as of the _____ day of _____, _____

MORGAN STANLEY SMITH BARNEY LLC through its **GRAYSTONE CONSULTING** business unit

By: _____

Robert J. Mandel, Executive Director
Director of Graystone Consulting
2000 Westchester Avenue 2nd Floor
Purchase, New York 10577

Exhibit A
to
Institutional Services Agreement
Asset Based Fee

Client shall pay Graystone for its services quarterly (on a calendar quarter basis) in advance an annual fee as a percent of the market value of the Account based on the following schedule (the “Fee”). The Fee includes all fees or charges of Graystone and MSSB (including brokerage commissions, compensation to MSSB Financial Advisors and MSSB custodial charges) except certain costs or charges associated with the Account or certain securities transactions, including dealer mark-ups or mark-downs, auction fees, certain odd-lot differentials, exchange fees, transfer taxes, electronic fund and wire transfer fees; charges imposed by custodians other than MSSB; fees imposed in connection with Financial Management Accounts; certain fees in connection with custodial, trustee and other services rendered by a MSSB affiliate; SEC fees on securities trades; any other charges mandated by law; and certain fees in connection with the establishment or administration or termination of retirement or profit sharing plans or trust accounting. In addition, brokerage commissions and other fees and charges imposed because an Advisor chooses to effect securities transactions for the Account with or through a broker-dealer other than MSSB will be separately charged to the Account. The Fee does not include any fees or charges of any affiliated or unaffiliated advisor retained by Client or Graystone Consulting. If an affiliate of MSSB (including MS&Co.) is a member of the underwriting syndicate from which a security is purchased, MSSB or its affiliate may indirectly benefit from such purchase.

The initial Fee shall be due in full on the date the Account is opened at Graystone Consulting (the “opening date”) and shall be based on the market value of the Account on that date. The initial Fee payment will cover the period from the opening date through the last business day of the next full calendar quarter and shall be pro-rated accordingly. Thereafter, the Fee shall be paid quarterly in advance based on the Account’s market value on the last business day of the previous calendar quarter and shall become due the following business day.

Additional assets received into the Account during any period may be charged a pro-rata fee based on the number of days remaining in the billing period as against the total number of days in the billing period. No adjustments will be made to the Fee for appreciation or depreciation in the market value of securities held in the Account, or with respect to partial withdrawals by Client, during any billing period for which such Fee is charged. In the event this Agreement is terminated by either party prior to the end of a billing period, a pro-rata refund of the Fee will be made.

In computing the market value of any securities or other investments in the Account, securities listed on any national securities exchange shall be valued, as of the valuation date, at the composite closing price (at the consolidated trade price). Any other securities or investments in the Account shall be valued in a manner determined in good faith by MSSB, in its sole discretion, to reflect market value. Any such valuation should not be considered a guarantee of any kind whatsoever with respect to the value of the assets in the Account.

FEE SCHEDULE

Account Asset Value	Annual Graystone Fee to Client
On all assets up to \$35MM*	0.35%
On all assets between \$35MM - \$50MM	0.30%
On all assets over \$50MM	0.25%

*Excludes all brokerage assets

Exhibit B

to Institutional Services Agreement (Fee-based accounts only)

INVESTMENT ADVISOR NAME

Cabrillo College Foundation

CLIENT NAME

INVESTMENT ADVISOR ADDRESS

ACCOUNT NUMBER

To Whom It May Concern:

We have entered into an Investment Advisory Agreement (“Agreement”) with Morgan Stanley Smith Barney LLC (“MSSB”), through its Graystone Consulting business (“Graystone Consulting”) to provide our account(s) with investment consulting and execution services. These services are outlined in our Agreement with Graystone Consulting.

Under the fee arrangement with Graystone Consulting, there are no separate or additional commission charges for transactions executed at MSSB. In light of the inclusion of execution and other services in the fee charged under our Agreement with Graystone Consulting, we hereby direct you to execute transaction orders for our account(s) through MSSB.

We understand that as a fiduciary you are obligated to execute transactions in a most efficient and beneficial manner on our behalf. If, in your sole judgment, MSSB is unable or unwilling to do so, or is not competitive in its pricing, you are hereby instructed and directed by us to use the services of another broker-dealer who can provide “best execution.”

It is understood and agreed that this letter of direction is to become part of our investment advisory agreement with you, and will remain in effect until revoked in writing.

You will be required to attest to your receipt of this letter and acknowledgement of your obligations set forth herein in Graystone Consulting’s INVESTMENT ADVISOR CERTIFICATION.

Sincerely yours,

CLIENT SIGNATURE AND TITLE

CLIENT SIGNATURE AND TITLE

DATE

To the Client: Please sign and return this Exhibit to your Financial Advisor.

Exhibit C
to
Graystone Consulting Institutional Services Agreement
Alternative Investments

The undersigned have executed an Institutional Services Agreement (“Agreement”) with Morgan Stanley Smith Barney, LLC (“MSSB”) through its Graystone Consulting (“Graystone Consulting”) business unit, dated _____, which is hereafter incorporated by reference as if fully set forth herein. In furtherance of that Agreement, the undersigned agree to the following terms and conditions of this Addendum.


1. Additional Consulting Services provided by Graystone Consulting with respect to Alternative Investments.

- (a) Graystone Consulting shall provide Client with a periodic review showing historical performance of each of Client’s holdings of one or more alternative investment vehicles offered to clients by Morgan Stanley Smith Barney LLC Alternative Investments, and identified below (“Alternative Investment”).

Client hereby consents to having each Alternative Investment, or its sponsor, investment manager or administrator, if applicable, provide MSSB with the following information concerning Client’s ownership in the Alternative Investment: (i) copies of any communications sent to Client including, but not limited to, capital account statements, monthly and/or quarterly Client materials, and any other Client materials that the manager and/or the administrator of the Alternative Investment or any of their affiliates provide to Client relating to such Alternative Investment in the format provided to the Client and at the same time or promptly after such information has been provided to the Client; and (ii) copies of any redemption requests provided by Client promptly after the receipt of such request. Client understands and acknowledges that the performance information provided in a periodic review is based upon information provided to Graystone Consulting by the Alternative Investment, or its sponsor, investment manager or administrator, and that Graystone Consulting does not independently verify such information. Graystone Consulting shall not be liable for any misstatement or omission made by an Alternative Investment, or its sponsor, investment manager or administrator, for any loss, liability, claim, damage or expense arising out of such misstatement or omission.

- (b) Graystone Consulting shall assist Client with identifying and evaluating Alternative Investment(s) for the investment of funds held in the Account. Graystone Consulting or an affiliate shall review, or shall cause to be reviewed, each Alternative Investment that Client selects and may or may not, in its sole discretion, create and make available a written report of such review. Graystone Consulting shall assist Client in selecting

Alternative Investments based on information conveyed to Graystone Consulting in writing by Client and such additional information as is reasonably required by Graystone Consulting.

- (c) Client represents that it is  an “accredited investor” as defined in Regulation D of the U.S. Securities Act of 1933, as amended and (ii) a “qualified purchaser” as defined in the Investment Company Act of 1940, as amended. Both parties agree that Client shall be solely responsible for determining whether to invest in, subscribing and qualifying for a participation interest in each Alternative Investment Client selects for the Account.
- (d) In the case of Alternative Investments that permit redemptions, if Graystone Consulting makes a determination that a particular Alternative Investment previously subscribed to by Client is no longer an appropriate investment (“Terminated Alternative Investment”) for Client, Graystone Consulting or an affiliate shall propose, or cause to be proposed, a replacement Alternative Investment for the Account pursuant to Section 1(b) above. Depending upon the specific circumstances, client may or may not have the option to change or continue to participate in the Terminated Alternative Investment. However, in the event Client is permitted and wishes to continue to participate in the Terminated Alternative Investment, all terms of Section 1(b) above shall be null and void, and Graystone Consulting will (i) make no further representations concerning the Terminated Alternative Investment and (ii) not continue to provide any proposal or services regarding such Terminated Alternative Investment. However, Client shall continue to pay Graystone Consulting the Fee contained in the Agreement in recognition of the services provided by Graystone Consulting in connection with the Client’s continued participation therein, such as reporting and the periodic review described in Section 1(e), unless Client’s investment is redeemed when the Alternative Investment terminates.
- (e) In the case of Alternative Investments that do not permit redemptions, Client should be aware that such investments may not be liquidated at the time of Client’s choosing due to restrictions imposed by the terms of the investment and the lack of a secondary market. These funds may restrict the liquidation or termination of the investment for periods of several years or for the life of the investment. Client hereby undertakes to review the offering materials for such illiquid investments in which the Client invests pursuant to this Agreement, in particular the terms of any restrictions on the premature termination or liquidation of Client’s investment. Client hereby holds MSSB, Graystone Consulting, and their officers, affiliates, agents, or directors, harmless for any liability,

GRAYSTONE CONSULTING INSTITUTIONAL SERVICES AGREEMENT
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loss or damages resulting from the imposition of a “lock-up”, or liquidation restriction, by any Alternative Investments for the Account. However, Client shall continue to pay Graystone Consulting the Fee contained in the Agreement in recognition of the services provided by Graystone Consulting in connection with the Client’s continued participation therein, such as reporting and the periodic review described in Section 1(a), unless Client’s investment is redeemed when the Alternative Investment terminates.

Client represents and warrants that the information provided to Graystone Consulting in connection with Alternative Investments is accurate and complete and acknowledges that Graystone Consulting has no responsibility to ensure that such information is accurate and remains current.

2. Further Authorizations applicable when MSSB acts as Custodian for the Account. As a condition for facilitating a subscription in each Alternative Investment, Client understands that the subscription amount must be available in the Account no later than three (3) business days prior to the last business day of the calendar month in which the subscription will be effective in accordance with the following:

- (a) If the subscription in the Alternative Investment is not accepted for any reason, the subscription amount will be returned to Client without interest to the Account from which the monies were originally debited.
- (b) Client agrees that MSSB is authorized to debit the Account for the amount of any capital contribution or other payment required to be made by Client in relation to each Alternative Investment for which the Client subscribes on the dates such amounts are due (without any further action required on the part of Client except as described in sub-paragraph (c) below). Client also agrees that MSSB is also authorized to receive distribution or redemption proceeds when paid for further credit to the Account.
- (c) Client hereby agrees to deposit sufficient available funds in the Account by the dates specified by MSSB in an amount equal to the applicable capital contribution or other required payment related to each Alternative Investment. Client acknowledges that no overdraft facility will be available to fund any such amounts.

3. Fees. The Fee charged to Client pursuant to this Agreement shall not include any fees or charges for services in connection with Client’s participation in any Alternative Investment not listed herein, for which Client shall be separately and solely responsible.

Client acknowledges and agrees that the market value of the Account shall be calculated based upon then then-currently information provided to Graystone Consulting by the Alternative Investment, or its sponsor, investment manager or administrator, and that Graystone Consulting does not independently verify such

information. Graystone Consulting shall not be liable for any mistake or miscalculation made by an Alternative Investment, its sponsor, investment manager or administrator in valuing client’s investment in the Alternative Investment, or any loss, liability, claim, damage or expense arising out of such mistake or miscalculation. The Fee shall not be charged on capital committed, but not yet funded. Client acknowledges that the payment of the Fee will impact Client’s overall return on investments, including Alternative Investments, held in the Client’s account.

Client acknowledges and agrees that MSSB, in connection with its brokerage business, may enter into separate selling or participation agreements with certain Alternative Investments, their sponsors or their managers which Client selects for use with the Account. For the sale of Alternative Investments to MSSB brokerage clients, MSSB may receive compensation from such Alternative Investments, their sponsors or their managers. Client also acknowledges and agrees that MSSB may receive a portion of the management fee paid by Client to an Alternative Investment manager with respect to Account assets invested in such Alternative Investment. In the event that MSSB shares in the management fee or other compensation, paid by the Client, from the Alternative Investments, their sponsors or their managers under separate agreement, Graystone Consulting shall credit a Graystone Consulting account in the name of the Client by a corresponding amount in a one to one ratio.

Client acknowledges and agrees that MSSB may conduct other business with Alternative Investments, their sponsors or their managers including brokerage arrangements under which MSSB and its agents may receive additional compensation. Graystone Consulting does not participate in or receive additional compensation from such brokerage arrangements.

Client understands and acknowledges that when MSSB also acts as placement agent for Alternative Investments that such investments are available to MSSB brokerage clients on a non-advisory (“placement”) basis. When an Alternative Investment is purchased on a placement basis, different terms and conditions, including different fee arrangements, may apply to those MSSB clients.

4. Further Liability of Graystone Consulting, its officers, affiliates, agents, or directors. Client acknowledges that an investment’s past performance is not necessarily indicative of future performance. Graystone Consulting makes no representations or warranty under this Agreement with respect to the present or future level of risk or volatility in the Account, or any Alternative Investment Product’s future performance or activities. Client understands that Graystone Consulting will perform no discretionary trading acts with respect to the Alternative Investment.

Name(s) of Alternative Investments:

This Addendum may be executed in counterparts and shall be binding on the parties hereto as if executed in one document.

Note: The Agreement contains a pre-dispute arbitration clause which is located in Section 15 on page 10 of the Agreement.

AGREED to this ____ day of _____, _____

Title of Account: Cabrillo College Foundation

By: _____

By: _____

By: _____

(If more than one, all principals to the account must sign. If any signatory is a fiduciary, the capacity in which the fiduciary is acting must also be indicated.)

Address: _____

ACCEPTED as of the ____ day of _____, _____

MORGAN STANLEY SMITH BARNEY LLC through its **GRAYSTONE CONSULTING** business unit

By: _____

Robert J. Mandel, Executive Director
Director of Graystone Consulting
2000 Westchester Avenue 2nd Floor
Purchase, New York 10577

Exhibit D
to
Graystone Consulting Institutional Services Agreement
Select UMA®

The undersigned have executed an Institutional Services Agreement (“Agreement”) with Morgan Stanley Smith Barney, LLC (“MSSB”) through its Graystone Consulting (“Graystone”) business unit, dated _____, which is hereafter incorporated by reference as if fully set forth herein. In furtherance of that Agreement, the undersigned agree to the following terms and conditions of this Addendum.

1. Select UMA®. You shall utilize the Select UMA® Program pursuant to the terms and conditions of the Agreement and this Addendum.

(a) The Select UMA® Program is a unified managed account program in which MSSB acts as investment advisor, assisting you in reviewing investment objectives and selecting a portfolio (“Portfolio”) to be implemented by MSSB’s Private Portfolio Group (“PPG”), acting as an overlay manager. For purposes of this Addendum, services performed by PPG will be referred to as being performed by MSSB. References to MSSB in this section may include PPG or other MSSB business areas that perform services for your account.

You may choose either a “Single SMA Strategy” or a “Multi-Style” Select UMA account. A Single SMA Strategy Select UMA account utilizes only one investment product and that investment product shall be a SMA; while a Multi-Style Select UMA account utilizes multiple investment products.

Your account may comprise some or all of the following investment products, which may or may not be affiliated with MSSB: (i) mutual funds, (ii) ETFs, and (iii) SMAs managed by a third party or an affiliated Manager. Such accounts may be invested directly by such Manager or by MSSB based on a model portfolio provided by the Manager.

MSSB selects and approves each investment product based on a variety of factors, and then provides ongoing due diligence and monitoring of those investment products. In order to construct the Portfolio in a Multi-Style Select UMA Account, MSSB and you will first select an asset allocation investment model from among investment models predefined by MSSB (or, if you select the “custom” version of the model, by you or by your Financial Advisor). If the model is predefined by MSSB, MSSB is responsible for setting the asset allocation of the model and adjusting the asset allocation from time to time as MSSB deems appropriate. This may include adding asset classes to any model at any time MSSB determines it is appropriate to do so with an

appropriate investment product. MSSB may, in its sole discretion, change the classification of any security or class of securities as it deems appropriate.

Single SMA Strategy Select UMA accounts shall not use asset allocation investment models, but shall instead invest in only one investment product, and that investment product shall be a SMA. For Single SMA Strategy Select UMA accounts, Morgan Stanley will assist the client in selecting a suitable SMA investment product.

Unless you have selected the “Financial Advisor Discretion” or “Firm Discretion” option, you authorize MSSB, at MSSB’s option, to handle a change in the asset class that a Manager or investment product is included (an “Asset Class Change”) in one of the following two ways:

i. MSSB may notify you, in advance, of the Asset Class Change. Such notification may include an appropriate Manager or investment product (the “Change Default Product”) that is in the asset class that you have selected. If you do not select a different Manager or Investment Product (or change to a different model) prior to a date specified by MSSB in the notice of Asset Class Change, MSSB will change the Manager or Investment Product to the Change Default Product.

ii. Alternatively, MSSB may (without notifying you) leave you in the investment product that is subject to the Asset Class Change, and MSSB will change your asset allocation investment model to reflect the Asset Class Change.

In the event of either (i) or (ii) above, MSSB will provide you with a confirmation of the new investment product or asset allocation investment model, as applicable.

Each of these models represents a different asset allocation appropriate for a different investment objective/risk tolerance. You may select from the “tactical,” “strategic” or “custom” version of the model and you must advise your Financial Advisor of your choice. Generally speaking, it is anticipated that MSSB will change the asset allocation of the tactical version more frequently than that of the strategic version. If you select the “custom” version, you will define the model by setting the asset allocation for the model and adjusting the asset allocation from time to time as you deem appropriate. Once you have selected the model, you and MSSB will construct the Portfolio by populating each asset class comprising the model with

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Graystone Consulting is a business of Morgan Stanley Smith Barney LLC.

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investment products. If an investment product utilized in your account is terminated for any reason, MSSB will notify you and ask you to select a new available investment product. If you do not do so within the time frame prescribed in our notice and if the notice identifies a proposed replacement investment product, that replacement investment product will be utilized for your account.

You authorize each Manager, as investment advisor to you, to exercise discretion to select securities for your account by (i) delivering a model portfolio to MSSB, which MSSB will implement (subject to any reasonable restrictions accepted by MSSB); or (ii) (in the case of a Manager that executes such transitions itself instead of delivering instructions to MSSB) implementing its investment decisions directly. You acknowledge and agree that any Manager may delegate any or all of its functions to an affiliated or unaffiliated firm that meets MSSB's due diligence standards, provided that Manager shall remain liable for the performance of all its obligations in its agreement with MSSB.

MSSB offers a Financial Advisor Discretion ("FA Discretion") version of the Select UMA® Program. In the FA Discretion version, MSSB will exercise discretion (a) to select and change your Managers or investment products; (b) (if you have the custom version of the model) to define and adjust the model as described above; (c) (if you do not have the custom version of the model) to select a strategic or tactical asset allocation investment model (predefined by Morgan Stanley) for your Select UMA account and change from one strategic or tactical model to another; and (d) to select between the strategic, tactical, custom and Single SMA Strategy versions of Select UMA and to change from one version to another. As described above, by signing this Agreement you delegate discretionary authority to MSSB and the Financial Advisor to select investment products and set or adjust your asset allocation for your Select UMA® account(s).

MSSB also offers a Firm Discretion version of the Select UMA® Program. In the Firm Discretion version, by signing this Agreement you delegate discretionary authority to MSSB or an affiliate to select (and change) Managers or investment products for you. These services will be performed by a professional investment management team employed by MSSB or an affiliate. We will restrict selection of investment products to the type of investment product designated by you, and only those investments will be utilized to populate the asset classes comprising the model. MSSB shall exercise this discretion at any time that MSSB determines that it is appropriate to do so, in light of your investment objectives for the account as stated in your Investor Profile, or as otherwise communicated to MSSB by you. If you select Firm Discretion, you may not select a "custom" version of the model or FA Discretion, and your account does

not qualify for tax management services (as described below and in greater detail in the Select UMA® ADV Brochure).

"Investing with Impact Investment Products" are investment products that seek to limit their underlying investments to investments in socially responsible firms or enterprises ("Impact Investments"). The Manager of any SMA or any mutual fund or ETF in the account (not you, MSSB or any affiliate) will determine in its sole judgment whether any underlying investments are Impact Investments. MSSB will determine in its reasonable judgment whether an investment product is an Investing with Impact Investment Product. The performance of Investing with Impact Investment Products will differ from that of non-Investing with Impact Investment Products. If you have selected an Investing with Impact Firm Discretion option, you will only be permitted to select the Strategic Asset Allocation Model (you will not be permitted to select the Tactical or Custom Asset Allocation Models). The asset allocation investment models pre-defined by MSSB for clients who make this selection will be different from the models pre-defined by MSSB for other Select UMA® clients. This is because there are no Investing with Impact Investment Products for some asset classes. If you make this selection, (a) MSSB will restrict its selection of investment products to Investing with Impact Investment Products (in the event that such a product is removed from the portfolio and no replacement product that qualifies as an Investing with Impact Investment Product is available, MSSB reserves the right to utilize a non-Investing with Impact Investment Product as a replacement); (b) MSSB may select any type of Investing with Impact Investment Product (mutual fund, ETF or SMA); and (c) the Sweep Investment (as hereinafter defined) will not necessarily be an Impact Investment.

You also grant us, or a Manager selected by you or us, the authority to invest and reinvest all of the assets in the account in securities of any kind. You also agree that in certain strategies, Managers may be granted responsibility by MSSB to implement some or all investment decisions directly by placing orders for the execution of transactions. Notwithstanding the provisions of this paragraph, you understand that decisions to purchase or sell securities (other than mutual fund or ETF investment products) shall generally be made by Managers, and not by you, MSSB or any affiliate.

(b) **Models.** In Multi-Style Select UMA®, you will choose a Strategic Asset Allocation Model, a Tactical Asset Allocation Model or a Custom Allocation Model. Single SMA Strategy Select UMA accounts shall not use asset allocation investment models, but shall instead invest in only one investment product, and that investment product shall be a SMA.

An asset allocation model is a set of investment guidelines that will guide you and your Financial Advisor in populating your account with a mix of investment products that is most suitable relative to your investment objectives and risk tolerance.

The Strategic Asset Allocation Model is based on the current recommendations of MSSB's GIC. The GIC publishes different models to suit investors' objectives and risk tolerance levels.

The Tactical Asset Allocation Model is a version of the GIC models that is adjusted for certain shorter-term factors that the GIC deems to be of current importance.

If you do not desire the Strategic Asset Allocation Model or Tactical Asset Allocation Model, you may work with your Financial Advisor to construct a Custom Allocation Model. With a Custom Allocation Model, either you or your Financial Advisor will determine an initial asset allocation that is specifically designed for you. You or your Financial Advisor may or may not utilize GIC recommendations in constructing a Custom Allocation Model. If you have elected FA Discretion, your Financial Advisor will make changes to your Custom Allocation Model over time. If you have chosen to make decisions concerning your model yourself, you must communicate any changes to your Financial Advisor in order to make such changes.

Changes to Strategic Asset Allocation Model or Tactical Asset Allocation Model may be made by the GIC at any time. Such changes are likely to require that adjustments be made to the mix of investment products in your account, which may entail tax consequences.

(c) Overlay Management and Portfolio Implementation.

MSSB's Private Portfolio Group ("PPG") serves as overlay manager for the Select UMA® Program. If you select an SMA as an investment product, PPG will take a suggested portfolio of securities provided by a Manager that has been retained on your behalf and will effect transactions in your account so that your account will reflect the model that you have chosen or that has been chosen for you by your Financial Advisor or by MSSB. PPG will also effect transactions in mutual fund or ETF shares to the extent that such investment products are to be used in your account. PPG will also rebalance your account to the agreed upon allocation on a periodic basis in its discretion.

You pay an additional fee to MSSB for overlay management and portfolio implementation services particular to the Select UMA®, as set forth in your account documentation.

(d) Sub-Managers. Third party or affiliated Managers may be chosen to provide day-to-day portfolio management services with respect to any SMA portion of your account. Such Managers may be referred to as Sub-Managers. As a general rule,

a Sub-Manager will determine, in its discretion, which securities should be bought and sold for your account. The Sub-Manager will then deliver instructions to place such purchases to PPG, who will effect the transactions in your account. In some cases, a Sub-Manager will execute such transactions itself instead of delivering instructions to PPG. We refer to this as an "Executing Sub-Manager." If approved by MSSB, Sub-Managers may execute transactions directly or delegate such execution to a third party that meets MSSB's due diligence standards.

(e) Engaging or Changing Sub-Managers (for clients not utilizing Firm or FA Discretion). Generally, we will not assign an investment product or model to your account without your consent. MSSB will notify you and ask you to identify models or investment products for a particular asset class. If your account falls below the minimum for an investment product or model or if a Manager terminates its relationship with MSSB, we will notify you of that and suggest a replacement investment product or model. MSSB may (without further consent from you) transfer your assets to another appropriate investment product or model, which investment product or model has a minimum investment for which the account qualifies. If you do not notify us of your intentions in this regard, you will be deemed to have accepted our suggested replacement and we will implement the change in your account. If your account includes an investment product in MSSB's GIS Program and that product is terminated for any reason, we may replace it with another GIS investment product. Changes in investment products and models may result in increased Manager fees and may generate a taxable event. The implementation of any changes to your investment product or model may take several business days, during which time your account may remain invested in its then-current investments and may not be actively managed. Your account will continue to be charged fees during any such transition periods.

2. Fees. You will verbally agree with MSSB on the amount of the fee payable to each Manager. Additional information about these fees is set forth in each Manager's ADV Brochure, which will be provided to you. MSSB shall receive an overlay management fee for this service as set forth in the Select UMA® ADV Brochure, which is in addition to the Fee charged pursuant to the Agreement.

3. Miscellaneous. You understand that we will provide you with the Select UMA® ADV Brochure and privacy notice ("Privacy Notice"), and if appropriate, the applicable ADV Brochure and Privacy Notice for each Manager for the advisory program that you select, as required by applicable law. MSSB will provide you with periodic account statements and other reports. You are responsible for reviewing all such statements

and reports, and reporting any inaccuracies to your Financial Advisor.

Please note that MSSB, the Managers in its advisory programs, and Morgan Stanley & Co. and their respective affiliates may give different advice, take different action, receive more or less compensation, or hold or deal in different securities for any other party, client or account, including their own accounts or those of their affiliates, from the advice given, actions taken, compensation received or securities held or dealt for a client.

As disclosed in the Select UMA® ADV Brochure, MSSB's investment advisory accounts may be subject to certain guidelines such as guidelines relating to economic sector and security diversification, approval of securities (including mutual funds and ETFs) that may be purchased for accounts, and asset-mix parameters. Limitations may also exist related to the types of transactions (e.g., covered options writing, protective put buying, purchases of puts, calls and LEAPs) that may be conducted. Securities that you currently own may not be compatible with MSSB's investment advisory programs. At the time you instruct MSSB to open an investment advisory account, if you wish to fund your investment advisory account with securities; you will discuss with your Financial Advisor the compatibility of your

This Addendum may be executed in counterparts and shall be binding on the parties hereto as if executed in one document.

Note: The Agreement contains a pre-dispute arbitration clause which is located in Section 15 on pages 9 and 10 of the Agreement.

AGREED to this ____ day of _____,

Title of Account: Cabrillo College Foundation

By: _____

By: _____

By: _____

(If more than one, all principals to the account must sign. If any signatory is a fiduciary, the capacity in which the fiduciary is acting must also be indicated.)

Address: _____

securities with the advisory program you have selected. In the event that your securities are incompatible with MSSB's investment advisory platform, MSSB may sell your incompatible securities in its discretion when the investment advisory account is opened, or at any time thereafter. Such sales could result in realized losses or adverse tax consequences. You acknowledge and accept the foregoing.

You authorize MSSB to accept instructions concerning your account, including withdrawal instructions, from the person(s) signing this Agreement and any other authorized person ("Authorized Individual"). Subject to MSSB's policies, if MSSB receives conflicting instructions, or reasonably believes instructions from one Authorized Individual might conflict with the wishes of another Authorized Individual, MSSB may do any of the following: (i) choose which instructions to follow and which to disregard, (ii) suspend all activity relating to your account until written instructions signed by all Authorized Individuals are received, (iii) terminate your account or (iv) take other legal action.

ACCEPTED as of the ____ day of _____

MORGAN STANLEY SMITH BARNEY LLC through its GRAYSTONE CONSULTING business unit

By: _____

Robert J. Mandel, Executive Director
Director of Graystone Consulting
2000 Westchester Avenue 2nd Floor
Purchase, New York 10577



Foundation

MEMORANDUM

Officers

President

Leola Lapides

Vice President

William Ow

Secretary

Owen Brown

Chief Financial Officer

Alan Aman

Past President

Stephen Snodgrass

Community Representatives

Claire Biancalana

Carrie Birkhofer

Linda Burroughs

Ceil Cirillo

Linda Downing

Lee Duffus

David Heald

Charles Montoya

Kelly Nesheim

Amy Newell

Carlos Palacios

June Padilla Ponce

Patty Quillin

Maria Esther Rodriguez

Gun Ruder

Kate Terrell

College Trustee Representatives

Rachael Spencer

Gary Reece

Donna Ziel

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Suzanne Gochis

VP Student Services

Enrique Buelna

Faculty Representative

Executive Director

Eileen Hill

DATE: December 20, 2017

TO: Finance and Investments Committee

FROM: Eileen Hill

SUBJECT: Investment Consultant Fees

Attached are two documents outlining the estimated costs at Morgan Stanley Graystone Consulting versus UBS. The investment consultant fee remains the same. There was no custody fee charged at UBS nor is there a custody fee charge at Morgan Stanley. The savings will be in the individual investment manager fees. Investment managers have individual contracts with Morgan Stanley/Graystone Consulting, thus investment manager fees are not included in the Morgan Stanley/Graystone Consulting contract.

	Morgan Stanley/Graystone	UBS/Sharpes Group
Investment Consultant Fee	0.35	0.35
Investment Manager Fee	0.16	0.28
Fund/ETF Internal Expense Ratio*	0.20	0.20
Custodian Fee	0.00	0.00
Total	0.71	0.83

*Does not take into account underlying fund expense ratios within the International Small Cap and Institutional Liquid Alternatives Portfolio, as we were just trying to hone in on the areas where we anticipated changes.

Cabrillo College Foundation - Previous Firm

Asset Manager	Total Value (\$)	Portfolio Allocation (%)	Previous Firm Consulting Fee (%)	Investment Manager Fee (%)	Expense Ratio (%)	Total Expense (%)	Total Annual Expense (\$)
Equity	\$17,977,075	74.65%				0.76%	\$137,343
Domestic	\$9,143,000	37.97%				0.55%	\$50,287
Parametric	\$9,143,000	37.97%	0.35%	0.20%	0.00%	0.55%	\$50,287
International	\$8,834,075	36.68%				0.99%	\$87,056
Accuvest	\$1,274,900	5.29%	0.35%	0.50%	0.00%	0.85%	\$10,837
Brandes International	\$2,852,000	11.84%	0.35%	0.50%	0.00%	0.85%	\$24,242
International Small Cap	\$2,382,175	9.89%	0.35%	0.00%	1.05%	1.40%	\$33,350
Brandes Global Mid	\$133,600	0.55%	0.35%	0.75%	0.00%	1.10%	
Hansberger	\$2,191,400	9.10%	0.35%	0.50%	0.00%	0.85%	\$18,627
Fixed Income	\$3,995,800	16.59%				0.48%	\$18,980
Breckinridge	\$3,995,800	16.59%	0.35%	0.125%	0.00%	0.48%	\$18,980
Alternative Investments	\$2,108,500	8.76%				2.00%	\$42,170
Institutional Liquid Alternatives Portfolio	\$2,108,500	8.76%	0.35%	0.50%	1.15%	2.00%	\$42,170
Total	\$24,081,375	100.00%				0.82%	\$198,493
Previous Firm Consulting Fees		0.35%					
Investment Manager Fees		0.28%					
Fund / ETF Internal Expense Ratios		0.20%					
Total Expenses		0.83%					

As of 12/12/2017. Sources: Morgan Stanley, MorningStar Direct, fund prospectuses

Brian Sharpes, Managing Director - Private Wealth Advisor, Brian.Sharpes@MSGGraystone, 1333 N. California Blvd, Ste. 133, Walnut Creek, CA, (925) 746-2919

Please see important disclosures on last page. Please note information contained herein has been obtained from sources considered to be reliable, but we do not guarantee their accuracy, or timeliness, and any such information may be incomplete or condensed.

Cabrillo College Foundation - Graystone

Asset Manager	Total Value (\$)	Portfolio Allocation (%)	Graystone Consulting Fee (%)	Investment Manager Fee (%)	Expense Ratio (%)	Total Expense (%)	Total Annual Expense (\$)
Equity	\$17,977,075	74.65%				0.67%	\$119,758
Domestic	\$9,143,000	37.97%				0.39%	\$35,658
iShares Core S&P 500	\$9,143,000	37.97%	0.35%	0.04%	0.00%	0.39%	\$35,658
International	\$8,834,075	36.68%				0.95%	\$84,100
Accuvest	\$1,274,900	5.29%	0.35%	0.38%	0.00%	0.73%	\$9,307
Brandes International	\$2,852,000	11.84%	0.35%	0.45%	0.00%	0.80%	\$22,816
International Small Cap	\$2,382,175	9.89%	0.35%	0.00%	1.05%	1.40%	\$33,350
Brandes Global Mid	\$133,600	0.55%	0.35%	0.45%	0.00%	0.80%	
Hansberger	\$2,191,400	9.10%	0.35%	0.50%	0.00%	0.85%	\$18,627
Fixed Income	\$3,995,800	16.59%				0.48%	\$18,980
Breckinridge	\$3,995,800	16.59%	0.35%	0.125%	0.00%	0.48%	\$18,980
Alternative Investments	\$2,108,500	8.76%				1.50%	\$31,628
Institutional Liquid Alternatives Portfolio	\$2,108,500	8.76%	0.35%	0.00%	1.15%	1.50%	\$31,628
Total	\$24,081,375	100.00%				0.71%	\$170,365
Graystone Consulting Fees		0.35%					
Investment Manager Fees		0.16%					
Fund / ETF Internal Expense Ratios		0.20%					
Total Expenses		0.71%					

As of 12/12/2017. Sources: Morgan Stanley, MorningStar Direct, fund prospectuses

Brian Sharpes, Managing Director - Private Wealth Advisor, Brian.Sharpes@MSGGraystone, 1333 N. California Blvd, Ste. 133, Walnut Creek, CA, (925) 746-2919

Please see important disclosures on last page. Please note information contained herein has been obtained from sources considered to be reliable, but we do not guarantee their accuracy, or timeliness, and any such information may be incomplete or condensed.

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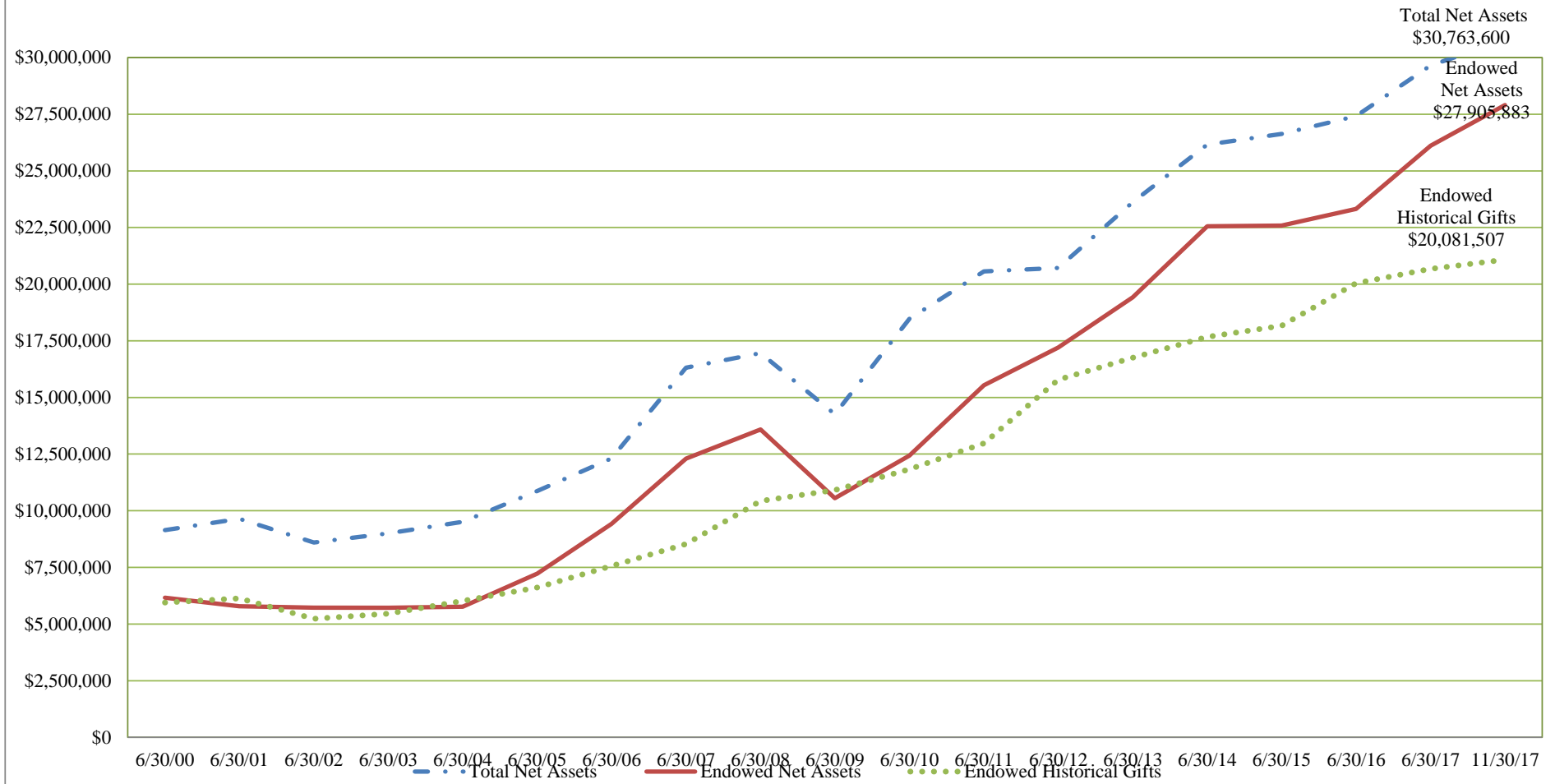
Although the statements of fact, data and pricing contained in this report have been obtained from, and are based upon sources, including third-party sources, that Morgan Stanley believes to be reliable, we do not guarantee their accuracy, or timeliness, and any such information may be incomplete or condensed.

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This report may show the consolidated performance of some, but not necessarily all, of your Morgan Stanley accounts. In addition, it may include the full performance history of your accounts or just the performance of your accounts since inception in their current Morgan Stanley programs. In some cases, it may show the combined performance of brokerage accounts and advisory accounts. Accounts included in this report may have had different investment objectives, been subject to different rules and restrictions, and incurred different types of fees, mark –ups, commissions, and other charges. Benchmarks included in consolidated reports may not be the ones primarily associated with the investment objectives of the account(s), and may be used for informational purposes only. Accordingly, the performance results for this portfolio may blend the performance of assets and strategies that may not have been available in all of your accounts at all times during the reporting period.

It is important that you understand the combination of accounts and account histories that are included in this report. Upon your request, performance information can be obtained for other accounts you may have at Private Wealth Management or Morgan Stanley, but which are not shown here.

Cabrillo College Foundation
Total Net Assets, Endowed Net Assets, and Endowed Historical Gifts
June 30, 2000 to November 30, 2017



Total Net Assets highest level was \$30,763,600 as of November 30, 2017

Endowed Net Assets highest level was \$27,905,883 as of November 30, 2017

Endowed Historical Gifts highest level was \$21,081,507 as of November 30, 2017



Foundation

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Officers

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Vice President

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Owen Brown

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Faculty Representative

Executive Director

Eileen Hill

DATE: December 20, 2017

TO: Finance and Investments Committee

FROM: Eileen Hill

SUBJECT: Environmental, Social, and Governance (ESG) Investments

Background

On January 14, 2016, the Finance and Investments Committee approved changing the Statement of Investment Policy to include Environmental, Social, and Governance Investments (ESG). This provides an opportunity for donors wishing to take into consideration Environmental, Social, and Corporate Governance (ESG) issues when making investment decisions about their endowment funds.

ESG investments seek positive change through different investment practices and includes investments that have intentional and measureable social/environmental impact in addition to financial return. ESG focuses on positive inclusion of companies seeking to make a positive impact on environmental, social and corporate governance issues. Due to the nature of positive screening, ESG portfolios tend to employ active management rather than the more passive negative screening and indexing of Socially Responsible Investments (SRI). For more detailed information, attached is the Socially Responsible Landscape provided by Brian Sharpes on February 9, 2016.

The Cabrillo College Foundation opened its ESG portfolio on May 18, 2016 with an initial investment of \$531,675. To date, the ESG Endowment portfolio has \$878,015.



Socially Responsible Landscape

History & Trends

Brian J. Sharpes, CIMA®

Senior Institutional Consultant

Managing Director – Investments

UBS Institutional Consulting Group

(925) 746-0278

brian.sharpes@ubs.com

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555 California Street, 32nd Floor
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UBS Institutional Consulting
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Socially Responsible Landscape

Trends – SRI

- SRI can be traced back to John Wesley, who in the 18th century laid out the central tenet of socially responsible investing: **do no harm**. Wesley said that investors should avoid industries like tanning or chemical production, which can harm the health of workers, and those that produce guns, liquor, or tobacco.
- SRI has been the driving force behind various divestment movements, including the divestment movement that led to the end of the apartheid government in South Africa in the 1970s, and the divestment of fossil fuels beginning in the 2000s.
- SRI trends have expanded to include even more screens—including those that exclude companies who produce or engage in animal testing, military equipment and weapons, violations of human rights, unfair labor relations, gambling, and adult entertainment.



Sources: Environmental News Network, Ceres, Calvert Investments , Spring Water Asset Management

Socially Responsible Landscape

Trends – ESG










- ESG is an extension of the SRI approach. ESG retains the exclusionary screening methods of SRI, but places greater emphasis on **positive selection**—investing in those companies actively pursuing a positive impact.
- One of the most popular investment methods among ESG managers is **best-in-class**—selecting those companies who have displayed superior performance in the areas of environmental, social, and corporate governance relative to their industry peers.
- ESG investors stress the importance of engagement with the companies in which they invest, participating in dialogues with each company to ensure progress.
- Due to the nature of positive screening, ESG portfolios tend to employ active management rather than the more passive negative screening and indexing of SRI.



Sources: The Forum for Sustainable and Responsible Investment, Novethik, Invest SA

Socially Responsible Landscape

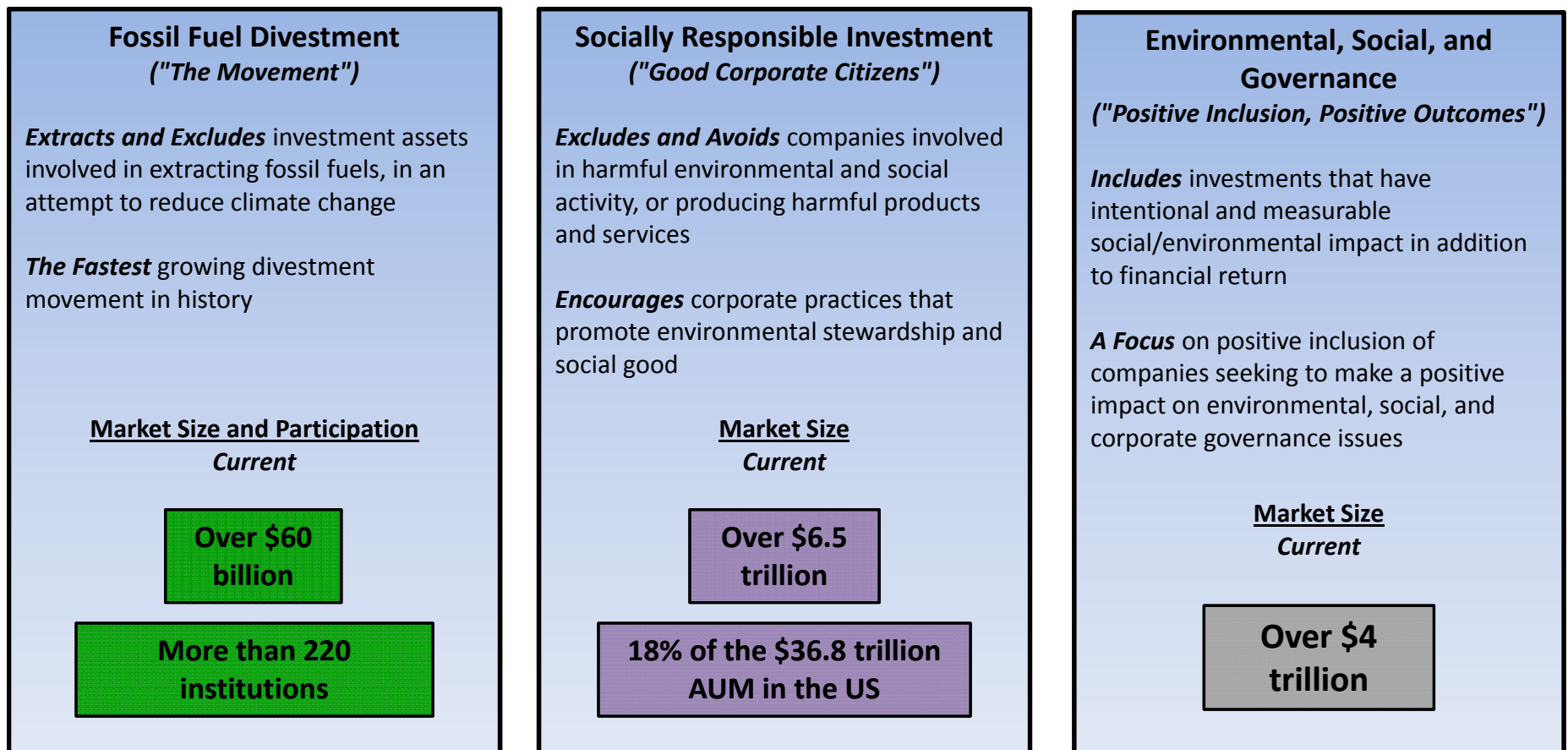
The Evolution of Responsible Investing

	"Sin Stocks"	1900s
	Shareholder Activism	1960s
	Environment	1970s
	South Africa	1980s
	Product Safety, Workplace & Consumer Protection	1990s
	Corporate Scandals & the Financial Crisis	2000s
	Fossil Fuel Divestment	2010s
	SRI	
	ESG	

Socially Responsible Landscape

Definitions and Objectives

Fossil Fuel Divestment, SRI, and ESG all seek positive change through different investment practices. Below is a short summary of the three approaches.



Source: The Guardian, Arabella Advisors, The Forum for Sustainable and Responsible Investment, Ceres



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Executive Director

Eileen Hill

DATE: December 20, 2017

TO: Finance and Investments Committee

FROM: Eileen Hill

SUBJECT: UPMIFA

Background

The Uniform Prudent Management of Institutional Funds Act, or UPMIFA, was enacted in 2006 to replace the Uniform Management of Institutional Funds Act (UMIFA). Like UMIFA, UPMIFA provides guidance on investment decision and endowment expenditures for nonprofit and charitable organizations.

Key guidelines of UPMIFA

- a. The law only applies to permanently restricted gifts made by donors. It does not apply to charitable trusts, donor advised funds or to endowment funds established by a charitable institution itself from previously unrestricted funds.
- b. Assets are to be invested prudently in diversified investments that seek growth as well as income.
- c. Investing and spending will be at a rate that will preserve the purchasing power of the principal over the long term.
- d. Prudence in incurring investment costs, authorizing "only costs that are appropriate and reasonable".
- e. Allows the charity to modify a restriction on funds under \$25K and over 20 years old without going to court.

Cabrillo College Foundation Statement of Investment Policy

The Cabrillo College Foundation Statement of Investment Policy has been developed to incorporate UPMIFA guidelines into our endowment management practices and provides the framework for us to adhere to the guidelines under UPMIFA.

6500 Soquel Drive • Aptos • CA • 95003 • 831-479-6338 • foundation@cabrillo.edu
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Please remember Cabrillo College Foundation in your will

UNIFORM PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT

From the National Association of College and University Business Officers (NACUBO)

A SUMMARY

At its annual meeting in July 2006, the National Conference of Commissioners on Uniform State Laws (NCCUSL) approved the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and recommended it for enactment by the legislatures of the various states. UPMIFA is designed to replace the existing Uniform Management of Institutional Funds Act (UMIFA), which was approved by NCCUSL in 1972 and has since been enacted in 47 states. UMIFA was a pioneering statute, providing uniform and fundamental rules for the investment of funds held by charitable institutions and the expenditure of funds donated as “endowments” to those institutions. Those rules supported two general principles: 1) that assets would be invested prudently in diversified investments that sought growth as well as income, and 2) that appreciation of assets could prudently be spent for the purposes of any endowment fund held by a charitable institution. These two principles have been the twin lodestars of asset management for endowments since UMIFA became the law of the land in nearly all U.S. jurisdictions, UPMIFA continues these fundamental principles as a needed upgrade of UMIFA. Both investment in assets and expenditure for charitable purposes have grown exponentially in the 35 years since UMIFA was drafted; asset management theory and practice have also advanced. UPMIFA, as an up-date and successor to UMIFA, establishes an even sounder and more unified basis for charitable fund management than UMIFA has done.

INVESTMENT

In 1972, UMIFA represented a revolutionary advance over prevailing practices which imposed upon endowments the limited investment opportunities available for managing trust assets – even endowments not organized as trusts. By stating the first prudent investor rule in statutory law, UMIFA allowed endowments to invest in any kind of assets, to pool endowment funds for investment purposes, and to delegate investment management to other persons (e.g., professional investment advisors), as long as the governing board of the charitable institution exercised ordinary business care and prudence in making these decisions. A range of factors guided the exercise of prudence.

UPMIFA incorporates the experience gained in the last 35 years under UMIFA by providing even stronger guidance for investment management and enumerating a more exact set of rules for investing in a prudent manner. It requires investment “in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.” It requires prudence in incurring investment costs, authorizing “only costs that are appropriate and reasonable.” Factors to be considered in investing are expanded to include, for example, the effects of inflation. UPMIFA emphasizes that investment decisions must be made in relation to the overall resources of the institution and its charitable purposes. No investment decision may be made in isolation, but must be made in light of the fund’s entire portfolio, and as a part of an investment strategy “having risk and return objectives reasonably suited to the fund and to the institution.” A charitable institution must diversify assets as an affirmative obligation unless “special circumstances” dictate otherwise. Assets must be reviewed within a reasonable time after they come into the possession of the institution in order to conform them to the investment strategy and objectives of the fund. Investment experts, whether in-house or hired for the purpose, are held to a standard of care consistent with that expertise.

UMIFA initiated the era of modern portfolio management for charitable institutions. UPMIFA provides the standards and guidelines that subsequent experience tells us are the most appropriate for the purpose. Charitable institutions will have more precise standards to guide them. Courts will have more precise standards with which to measure prudence in the event of a challenge. The result should be more money for programs supported by charitable funds, including endowments.

EXPENDITURE

UMIFA initiated the concept of total return expenditure of endowment assets for charitable program purposes, expressly permitting prudent expenditure of both appreciation and income and replacing the old trust law concept that only income (e.g., interest and dividends) could be spent. Thus, asset growth and income could be appropriated for program purposes, subject to the rule that a fund could not be spent below “historic dollar value.”

UPMIFA builds upon UMIFA’s rule on appreciation, but it eliminates the concept of “historic dollar value.” UPMIFA, instead, provides better guidance on prudence and makes the need for a floor on spending unnecessary. UPMIFA states that the institution

“may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines to be prudent for the uses, benefits, purposes and duration for which the endowment fund is established.” Seven criteria guide the institution in its yearly expenditure decisions: “1) duration and preservation of the endowment fund; 2) the purposes of the institution and the endowment fund; 3) general economic conditions; 4) effect of inflation or deflation; 5) the expected total return from income and the appreciation of investments; 6) other resources of the institution; and, 7) the investment policy of the institution.” These standards mirror the standards that apply to investment decision-making, thus unifying both investment and expenditure decisions more concretely.

UPMIFA includes an optional provision that allows states to enact another kind of safeguard against excessive expenditure. If a state does not want to rely solely upon the rule of prudence provided in UPMIFA, the state may adopt a provision that creates a rebuttable presumption of imprudence if an institution expends an amount greater than seven percent of fair market value of a fund, calculated in an averaging formula over three years. While the seven percent rule is likely not to be necessary, it is available for those states that may be uncomfortable with the general standards.

RELEASE OR MODIFICATION OF RESTRICTIONS

UPMIFA recognizes and protects donor intent more broadly than UMIFA did, in part by providing a more comprehensive treatment of the modification of restrictions on charitable funds. Sometimes a restriction imposed by a donor becomes impracticable or wasteful or may impair the management of a fund. The donor may consent to release the restriction, if the donor is still alive and able to do so, but if the donor is not available the charity can ask for court approval of a modification of the restriction. The trust law doctrines of cy pres (modifying a purpose restriction) and deviation (modifying a management restriction) probably already apply to charitable funds held by nonprofit corporations. UPMIFA makes this clear. Under UMIFA, the only option with respect to a restriction was release of the restriction. UPMIFA instead authorizes a modification that a court determines to be in accordance with the donor’s probable intention. If the charity asks for court approval of a modification, the charity must notify the state’s chief charitable regulator and the regulator may participate in the proceeding.

UPMIFA adds a new provision that allows a charity to modify a restriction on a small (less than \$25,000) and old (over 20 years old) fund without going to court. If a restriction has become impracticable or wasteful, the charity may notify the state charitable regulator, wait 60 days, and then, unless the regulator objects, modify the restriction in a manner consistent with the charitable purposes expressed in any documents that were part of the original gift.

CONCLUSION

UPMIFA reflects and incorporates the 35 years of experience that has accumulated under the original UMIFA. Rather than changing institutional investment or expenditure practices, it brings them up to date and unifies them across a broad range of charitable funds. The better charitable institutions manage investments and prudently control expenditures, the more money they should have for program purposes.



Foundation

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Eileen Hill

DATE: December 20, 2017

TO: Finance and Investments Committee

FROM: Nancy Machado

SUBJECT: 2018-19 Budget Timeline

The following is the schedule for the 2018-19 Cabrillo College Foundation budget process:

Week of January 8, 2018 Nancy Machado requests information required for starting the budget process

Week of January 22, 2018 Eileen Hill and Nancy Machado to review information and determine if further information is needed

Week of January 29, 2018 Eileen Hill and Nancy Machado to compare prior year trends to 2018-19 plan

Week of February 19, 2018 Nancy Machado provides Eileen Hill with draft of 2018-19 Budget. Eileen Hill reviews, recommends changes and approves final 2018-19 Budget

March 15, 2018 Send recommended Budget to Finance Committee

March 29, 2018 Finance Committee reviews 2018-19 Budget and makes recommendation to Executive Committee

April 12, 2018 Send recommended Budget to Executive Committee

April 19, 2018 Executive Committee reviews 2018-19 Budget and makes recommendations to Board of Directors

April 26, 2018 Send recommended Budget to Board of Directors

May 8, 2018 Board of Directors approve 2018-19 Budget

July 2, 2017 Nancy Machado enters approved 2018-19 Budget into accounting database

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Please remember Cabrillo College Foundation in your will

Cabrillo College

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Executive Director

Eileen Hill

MEMORANDUM

DATE: December 20, 2017

TO: Finance and Investments Committee

FROM: Eileen Hill

SUBJECT: Impact Investing – New Way Homes

With the current housing crisis in Santa Cruz County, businesses are struggling more to attract and retain employees with families moving out of the region and traffic worsening with longer commutes. Pay for most jobs has only kept pace with inflation while rent has increased dramatically.

New Way Homes believes that part of the solution is building several thousand units of lower-cost, high density, high quality units, mostly for rent, in downtowns and other central locations.

Some Key New Way Home Goals:

- Fund the creation of new affordable housing units for low and very low income households beyond that being created by government subsidy.
- Create environmentally and financially sustainable rental housing rented at below current market rates.
- Through collaborations with other funding sources, mission-driven developers, and local jurisdictions, be a key part of creating sufficient supply to end the rapid rise in median rent in our region.
- Adding to local economic growth by reducing the percentage of their income that households in the region pay for housing.

Investing with New Way Homes may be an innovative financial investment for the Cabrillo College Foundation with the potential to provide affordable housing units to current or new Cabrillo College employees.

2017-18 Cabrillo College Foundation Committee Meetings and Events

Updated 12/19/2017

BOARD OF DIRECTORS

Tuesdays, 12:00-2:00 pm

Sesnon House Room 1804

New Member Orientation

September 12, 2017, 10:00-11:45am

(Sesnon House Room 1824)

Walking Tour for Full Board:

September 12, 2017, 11:00-11:45am

Meetings:

September 12, 2017

November 14, 2017

February 13, 2018

May 8, 2018

AUDIT

10:00-11:00 am

Sesnon House Room 1824

~~October 13, 2017~~

October 19, 2017

June 2018 TBD

EXECUTIVE

9:00-10:00 am

Sesnon House Room 1824

August 30, 2017 - Room 1804

October 16, 2017

January 18, 2018

April 19, 2018

FINANCE & INVESTMENTS

Thursdays, 8:30-9:30 am

Sesnon House Room 1824

~~August 10, 2017~~

October 5, 2017

January 4, 2018

March 29, 2018

(8:30 – 10:00 am)

CABRILLO ADVANCEMENT PROGRAM (CAP)

Sesnon House Room 1824

February 2018 TBD

May 2018 TBD

Rescheduled/Cancelled

* New Event/Date change

EXCLUSIVE EVENTS FOR PRESIDENT'S CIRCLE MEMBERS

Lunch with CC President

\$5,000 + Members

March 2018 TBD

Sandy Lydon Historical Tour

\$1,000 + Members

April 21, 2018

Winemakers Dinner

Pino Alto, Sesnon House

\$2,500+ Members

May 17, 2018

6:00 – 9:00 pm

**Cabrillo Stage Play, Beauty and the
Beast, and PC Reception**

\$1,000+ Members

July 13, 2018

5:30 pm

Sesnon House

FACULTY GRANTS

Sesnon House Room 1824

November 15, 2017

NOMINATING

Sesnon House Room 1824

February 2018 TBD

PRESIDENT'S CIRCLE

Sesnon House Room 1824

September 21, 2017 5:30 – 7:30 pm

(kick-off party)

October 26, 2017 8:30-10:30am

Signing Meeting (Drop-in)

WOMEN'S EDUCATIONAL SUCCESS (WES)

Sesnon House Room 1804

May 12, 2017 11:00am – 12:00 pm

September 15, 2017 – Post Event

Horticulture Center

EVENT DATES

**Women's Educational Success
Lunch**

September 15, 2017

11:30 am - 1:30 pm

Horticulture Center

**Shadowbrook Reception
(PC Prospects)**

October 18, 2017

5:30 – 7:00 pm

Shadowbrook Restaurant

Heritage Club Lunch

*November 8, 2017

12:00 – 1:30 pm

Sesnon House

President's Holiday Party

December 1, 2017

5:30 pm

Sesnon House

President's Circle

New Prospects Reception

January 30, 2018

5:30 – 7:30 pm

Ella's at the Airport

Faculty and Staff Grants Reception

January 22, 2018

4:00-6:00pm

Sesnon House

Samper 4th Grade Experience

March, 2018 TBD

**Cabrillo Advancement Program
(CAP) Ceremony**

March 6, 2018

6:00 – 8:00 pm

Crocker Theater

**High Achiever Scholarship
Ceremony**

April, 2018 TBD

Sesnon House

**American Dream Scholarship
Ceremony**

May/June 2018 TBD

Samper Recital Hall

2017-18 Cabrillo College Foundation Committee Roster – Updated 11/9/2017

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Carrie Birkhofer
Owen Brown, Secretary
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Brooke Casipit
Ceil Cirillo
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Tasha Sturm
Laura Thurman
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Rachael Spencer
Staff: Caitlin Bonura