

Meeting Minutes
Cornell Alumni Association of Greater Rochester, Inc.
Board Meeting

March 3, 2010

7:35 PM – 9:16 PM

At: Victor, NY

Attendance

Board and Committee members: Jack Clarcq, Thomas Helfrich, Sharon Cassidy, Chris Cassidy, William McCarthy and Nanette Nocon.

Others Present: William Wynne.

This Board Meeting of the Cornell Alumni Association of Greater Rochester, Inc. (“Club”) was called to order by President J. Clarcq. He welcomed those attending this evening’s meeting.

President J. Clarcq introduced Bill Wynne, who had been invited to the meeting. Since he participated in the Club’s Rochester Connection program last fall, he has been confirmed as the Executive Director of Cornell’s Cooperative Extension – Monroe County. He spoke later in this meeting.

President J. Clarcq and others commented on several matters, including Cornell University’s recent communications, participation in their new alumni program, local dues and upcoming training.

1. Clarcq noted that Evan Orem had sent J. Clarcq and T. Cummings a February 20, 2010 email resigning as the Club’s Webmaster, due to personal commitments. The Board acknowledged the resignation with regret. It was noted that he had not been a Board member, so there is no new Board vacancy. T. Cummings will again be filling the Webmaster’s duties until a replacement can be found. The Board will, at some point, also need to talk about website support, Facebook, Twitter and what we are doing in communications longer-term.

2. A report listing the Club’s 2009-2010 school year scholarships had been emailed to the Board by J. Clarcq on February 9, 2010. A total of \$9,000 in scholarships was awarded this year to 5 individuals (see Report). The Board thanked K. Kiniorski and her team for all their efforts.

3. M. Hillenbrand has said that Cornell will commit up to \$150 towards the Club’s CAAAN Accepted Students reception scheduled for April 12, 2010..

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4. J. Clarcq met with M. Hillenbrand and discussed several matters, which have been reported to the Board via several emails.

a. They discussed the new Cornell efforts and developments regarding the Club's operations and relationships with Cornell. Among other things, see J. Clarcq's February 22, 2010 email.

b. Tim Mahar will be replacing J. Cunningham as the Club's primary contact in Alumni Affairs.

c. In reading the Minutes from the Club's November 4, 2009 Board meeting, J. Cunningham had sent an email comment and question on February 8, 2010, indicating that Cornell had always said it would not support with local dues collection efforts.

C. Cassidy reported on the recent group meetings held by the CAAAN Committee at the Fairport Library. There were 22 students at the first meeting and 12 at the second (plus parents), so we met with 34 out of the 60 prospects/applicants from the Club's area. Light refreshments were served. It is felt that this was a successful effort, and next year we should try to do more at different schools, perhaps extending to the west side of Rochester.

Cornell had been asked to participate in the Arnett Library's Safe To Be Smart Program College Fair geared toward youths age 13-17, in Rochester on March 18, 2010. CAAAN and the Club wanted to participate, but we only had one volunteer to host our booth, which was not enough to cover things properly for three hours. It was felt that the primary reason for a lack of volunteers was that it was a weekday afternoon program.

S. Cassidy had emailed a March 2, 2010 Essay Contest Report, which she updated for the Board. An "Essay Contest Discussion March 3, 2010" highlighted the positives and negatives, and provided some ideas for discussion. She indicated we had received 388 essays (versus 296 last year), from 18 teachers (versus 11 last year), from 9 schools (versus 7 last year, with Penfield and Pittsford-Sutherland newly participating high schools). The essays were circulated anonymously to readers in batches of 5 or 10,

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along with grading guidelines. As previously agreed by the Board, each essay was read by one reader, with about 25 of the best scoring essays soon to be read by additional readers. We definitely need more readers so we can spread out the workload, which has fallen too much on a few people. There is a need for the Board to decide if it wants to continue the Essay Contest, and, if so, we will definitely need more readers. This will all need to be addressed as part of planning activities for next year.

C. Cassidy had emailed the Membership Committee's March 2, 2010 Report of 2009-2010 Membership Statistics. As of February 28, 2010, we had received 77 paid membership forms, which resulted in 20 new members and 57 renewed members, with \$1,339 in dues payments and \$965 in scholarship donations. Slightly more than 50% of the Board have now paid their dues to the Club.

Several items on the current 2009-2010 program schedule were reviewed:

1. L. Niland had distributed an extensive email Report on March 3, 2010.
2. T. Helfrich distributed a new Upcoming Events brochure on three programs scheduled this coming spring. A postal card has been prepared and will soon be mailed to area Cornellians.
3. See numerous email announcements & notes, mailers, and other distributed materials.

M. Argiropoulos had previously distributed the Statement of Cash Flows for 7/1/09 through 3/3/2010, which showed \$13,792 in income, \$15,551 in expenses, \$2,848 due to the Scholarship Fund, and a current operating balance of \$8,981. We owe Cornell reimbursement for about \$17,000 for scholarships for this and last year.

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This section of the Minutes reflects several Board and Scholarship Fund Oversight Committee (per By-Laws Article VII, Section 3) discussions about the investment of the Club's endowments, both at and between several Board meetings, plus at this meeting before and after the arrival of our investment advisor.

Nannette Nocon, CFP, ChFC, CIMA (Private Wealth Advisor, Nocon & Associates; Ameriprise Financial Services, Inc.), who has been the Club's Investment Advisor for some years, covered a great deal of information and answered many questions during the Board's discussions. Among the many items covered during this session and in separate email exchanges, the following seem most significant.

1. The Club has basically four separate investment funds, different historically in the ways created, primary objectives, current new funding source(s), and manner of spending. They are all aimed at awarding educational scholarships to students from the Club's "area," for use at Cornell, in a manner which we expect would not be taxable to the recipient for income tax purposes. The fair market value of the combined portfolio was \$296,323.

a. The Ethel Tasker Scholarship Fund is limited to Veterinary College students. It is generally awarded every third year to a Monroe County student and amounts to \$3000. It is coming up for a possible award in 2010-2011. It has typically had few applicants, even though it is not need-based. The Vet School posts an announcement letter, the Club gets the essays and applications, and the Club chooses any winner.

b. The General Scholarship Fund, which currently has about \$161,000 in assets, basically generates "what-comes-in-is-what-goes-out" scholarships that vary each year.

c. The Walter Todd Scholarship Fund, which is kept separate, currently has about \$48,000.

d. The Joe King Scholarship Fund is aimed at undergraduates, for an athletic scholar. Currently around \$21,000, it continues to grow with an annual fundraiser and spends less than it takes in each year.

2. The target allocation for the investment portfolio is a 60% equity and 40% bond split, at cost (the value when the assets are rebalanced). The assets are rebalanced toward that target whenever there is a major market change or otherwise several times each year. The equity portion has been a 20% International, 80% Domestic split. We have used covered calls funds in the past to generate additional income, with a maximum duration of one month before they expire.

3. N. Nocon suggested putting more of the equity portion into the international sector, which she expects to continue to provide growth opportunities in the next decade. Pending confirmation of any new or revised Club Investment Policy and Investment Guidelines, the Board indicated it would not object to an appropriately modest increased allocation to this sector.

Last October, N. Nocon had suggested investing in the Eaton Vance Tax-Managed Equity Income Fund and then satisfactorily answered some Board questions on the suitability of this type of fund in a tax-exempt portfolio. She reported that an investment had been made following approval by the Club's Scholarship Fund Oversight Committee (currently including the President, Treasurer, and At-Large Board member W. McCarthy).

The Board confirmed its historic policy that neither the Board nor the Scholarship Fund Committee is the investment advisor and it does not want to manage the day-to-day investments. We have confidence in our investment advisor's expertise and want to be able to continue to look to her to manage the assets within the mutually agreed framework. The investment manager is asked to do that, and to notify the Board promptly if she feels the markets have changed enough that our written Guidelines should be modified.

4. The Club's investment return has traditionally outperformed the market's rate of return. It has lost an average 0.8% per year for the last ten years, a return greatly distorted by the last few years' steep market drop-off. For the Club's funds, there are no specific, written performance benchmarks, minimum quality ratings, asset allocation, or concentration maximums.
5. Each year, the Club gives out the higher of 3.0% of the portfolio OR 50% of the previous year's dividends and interest income, plus any new contributions given to scholarships prior to award decision in the current year.
6. N. Nocon said that, in the past, Cornell has asked the Club to combine the Club's scholarship funds with Cornell's endowment. The Club has decided not to do this in the past, but she feels this is an option the Board should consider.
7. Copies of the monthly investment fund financial reports are provided directly to the President, Treasurer, and (to be added now per Board direction) an At-Large Board member with investment experience. When J. Clarcq, as follow-up to a previous Board discussion, asked N. Nocon to provide the reports in electronic form directly to the other Board members, she indicated she and her firm were concerned about privacy and compliance with Massachusetts law on confidentiality, and felt it was never prudent to send emails of the statement of accounts to a large distribution list. T. Helfrich emphasized that he felt that there was no question of any issue or problem with the advisor, but that he felt this information was needed to be distributed to the Board on a regular frequency if the Board is to fulfill its fiduciary duty to oversee the assets. (As these Minutes were drafted, the method of this distribution still needs to be worked-out.)
8. N. Nocon indicated that the Club voted in investment guidelines in 1986 which are indicated in items #2 and #5 as noted above.
9. Investments are purchased at net asset value (no commission on trades). The management fee in 2009 was \$1,240 on approximately \$290,000 in assets

10. These funds, which were established for the purpose of giving out scholarships, are not restricted (beyond the above) in how we give out the monies, so the Board could discuss them towards an internship instead of a scholarship. There were some proposals in this and other directions last fall, and the Board then decided to postpone discussion until later in the fiscal year. The Scholarship Committee, CAAAN Committee or others that might be interested should prepare a recommendation for the Board to consider in the future,

Bill Wynne spoke about Cornell University Cooperative Extension – Monroe County. Cornell Extension here currently reports to the Extension Director in Cornell University's College of Agriculture and Life Sciences. He has just been confirmed as that group's Executive Director, after serving as Interim Executive Director since 2008. He distributed several handouts. Among other things, he said:

1. They have no endowment, rely exclusively on public funding and are weathering the storms of financial support with difficulty. They are working on a deficit budget again this calendar year, with few reserves. They probably will continue to get less money from Monroe County and New York State. There will be even more competition for public and private funding in the future.
2. They hope to get more funding from the federal government through the U. S. Department of Agriculture and are competing for land grants that will be given to those groups that can actually move science and value into the practical extension applications. The government will be devoting about \$100 million to each of five areas – global food, food security, childhood obesity, environment and climate. They are looking for Requests for Proposal responses from wider areas (states and multi-state), so Cornell is looking to join with other organizations in this process.
3. Cornell Cooperative Extension could work with other groups in the future, not just Cornell University.
4. They work in a 60 year-old building, which is on Monroe County land (and reverts to the County if the group ceases to function).

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5. Beyond the major funding changes, there are big programming changes coming soon in the future. The organization is and will need to look at new ways of operating and new sources of funding. For example, it is now in Facebook, will issue a new brochure on June 9, 2010, and will kick-off their annual fund drive on March 11th at 8:00 AM, at the Dome.

(W. Wynne was excused at 9:11 PM.)

There was a renewed discussion about the possibility of W. Wynne serving on the Board. He had noted, during his remarks, that he was not a Cornell graduate. Therefore, he cannot serve as a regular member of the Board as per the By-Laws, Article 11 Membership, Section 5. It appears he could join the Club under one of two options, as a dues paying member or an Honorary Member. J. Clarcq was authorized to explore with him if he was interested in acting in some other capacity.

The Meeting Minutes of the Club's January 6, 2010 Board Meeting had been distributed. A correction was noted on Page 2, in the second paragraph and the report year will be changed to "2009-2010." As regards future Minutes, the Board will continue this policy, namely that, once any Minutes are distributed, any corrections should be brought to the attention of Secretary T. Helfrich, to be discussed at a future Board meeting only if consequential. Otherwise, without objection, in accordance with previous actions of the Board, those Meeting Minutes will be deemed approved unanimously on a motion duly made and seconded. Minutes from Board and Annual Meetings continue to be available for reading upon request .

The next regularly scheduled meeting of the Board will be held on Wednesday, May 5, 2010, at 7:30 PM, and will tentatively be hosted by T. Helfrich. The main topic will be to brainstorm 2010-2011 programming. Other Agenda items will include the results of the budget discussions for the remainder of this year and the next fiscal year, review and follow-up on the Club's Investment Policy and/or Investment Guidelines (which has since been postponed until the June Board meeting), and affirmation of the Club's indemnification of Board members in accordance with that section of the By-Laws.

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A future Board meeting thereafter is currently scheduled for June 2, 2010, in Victor, NY per the Schedule distributed by the President. Cornell's staffers T. Mahar and M. Hillenbrand have been invited to discuss the new Alumni Office programs and our questions about operations and participation.

There being no other business to come before the meeting, the Board adjourned.

Respectfully submitted,

Thomas G. Helfrich
Secretary

Attachments: As Distributed Previously & at Meeting