

LAKE-SUMTER COMMUNITY COLLEGE FOUNDATION, INC.

Finance/Investment Committee Meeting South Street

Wednesday, June 3, 2009

8:30 a.m. – Foundation Conference Room

Present: Mike Bucher, Jennifer Hill, Bob McKee, Carolyn Richardson and Mike Sleaford

Absent: Karen Bent, Dr. Chuck Mojock, and Tim Morris

Staff: Rosanne Brandeburg, Sonja Sanders

Guest: Dick Scott

South Street

Advisors: Tom Carhart via Conference Call

Call to Order: Jennifer Hill welcomed everyone and called the meeting to order at 8:30 a.m.

South Street Advisors

Investment Update:

Tom Carhart reported that the portfolio is active and there has been a recovery in the equity market over the past 3 months. This has essentially caused us to break even with positive returns year-to-date. Through April the returns were slightly positive .18% mainly due to the fact that the equities outperformed the market due to cap reserves in the portfolio. We have also been underweighted in financial stocks. Even with the rally over the past 2 months in financial stocks both are down 10-15% this year. Another reason the portfolio has a slight gain is we outperformed in the fixed income component. We made a switch from US Treasuries into Corporate Bonds.

The most recent asset allocation has been increased in U.S. Equities from 25% to 40%. This purchase was funded primarily through the sale US Treasuries, Securities and one Corporate Bond. This is the level we will stay at for now unless Tom sees evidence that the US economy is starting to emergence from a recession. He feels comfortable holding equity weighting around 40%. He does feel the financial market has stabilized. He feels that in certain areas there has been no improvement in demand to retail sales, auto sales, and mixed reports in housing market although it appears to be stabilizing at lower levels.

When equities were increased he repurchased BHP Billiton an Austrian Mining Co. mainly because there have been an improvement in demand in the materials area. He also added a company called NALCO which handles water treatment chemicals and systems. They are benefiting from growing demand from overseas. Overall he is still maintaining a very defensive position to cyclical stocks mainly pharmaceutical companies and consumer staple companies. He does not think we will see a sharp recovery from this recession and thinks the corporate earnings growth is going to be relatively lack luster over the next 6-9 months.

Tom reported on changes in the portfolio. He shifted some money out of some of the more defensive stocks such as Coventry Health, Molson Coors, Dunn & Bradstreet, and United Health Group. He has added Amphenol Corp, BHP Billiton, and NALCO Holding. He has also increased the equity weighting in the portfolio buying across the board in holdings as opposed to specific areas.

Encouraged by these signs of stabilization, he has taken a less defensive approach in the U.S. equity market as the risk of investing in common stocks has moderated. In this regard, he recently raised the equity weighting in our portfolio by 16.0 to 20.0 percentage points. The recent shift still leaves the portfolio underinvested to their target weighting. He views this recent move as part of a protracted bottoming process rather than the beginning of a new bull market for equities. For this reason, while he added certain cyclical stocks such as BHP Billiton to the portfolio, he has maintained his defensive healthcare and consumer staple positions as well because of his ongoing view that deleveraging the U.S. economy will result in a muted and protracted recovery from the recession.

In the fixed income strategy he sees values currently in the 10-Year U.S. Treasury note with its yield close to 3.2 percent at current price levels. Under the Treasury purchase program, he believes that the Federal Reserve is committed to holding the yield on the 10-Year U.S. Treasury note for non-taxable clients.

The meeting took a 10 minutes recess and reconvened at 9:20 a.m.

**FINANCE/INVESTMENT COMMITTEE MEETING
FIRST NATIONAL BANK OF MOUNT DORA**

Wednesday, June 3, 2009

9:30 a.m. – Foundation Conference Room

First National Bank of Mount Dora:

John Pease via Conference Call

First National Bank of Mount Dora

Investment Update:

John Pease reported the performance in the portfolio through April 30 is up 1.89% and the benchmark is down 1.43%. Most of this performance came in during the month of April and May looks even better.

The stock portfolio is why we have done so well on the short-term. We have had a tremendous pop in stock since the bottom of March 9. Stocks are up now about 3% versus being down 2.5% for the year. The one-year, three-year is still lagging the market.

So far May will be up about 11.5% for the year. The S&P is up about 5.5% for the year.

He reported to the committee that the portfolio is highly liquid and we are sitting on about \$850,000 in cash from the sale of some stocks.

In the fixed income portion of the portfolio we are at 36% and 32% in equities, 10% in CD's, and the remainder in money market accounts.

Going forward, John says they will work slowly at getting back into the market. The economy is still predicted to bottom in the fourth quarter. The forecast basically for the year is to end where they are right now. He does not see a lot more growth for this year. He does see buying opportunities. The strategy will be to buy when the market is declining and weed out the ones they feel are not performing. He does not feel the stock portfolio will get over 45%. For 2010 he feels he will get back to 55% in stocks.

The Conference Call ended at 9:55 a.m.

Once the conference call ended, the Finance Committee then discussed the financials that the Foundation needs to operate. Rosanne made everyone aware that we need to have some funds transferred from our investments into our operating fund for specific programs. She also reported that we have the PALS/441 Center funds in our account and once we remove these funds we are operating in the deficit. Bob McKee asked Rosanne how much does she feels we need to draw out from both investors to fund these specific programs she announced \$400,000. After a lengthy discussion it was decided that Rosanne and Sonja will create a spreadsheet to show the committee how the funds requested will be used. Mike Sleaford made a motion for Tom Carhart, South Street Advisors to transfer \$150,000 and John Pease, First National Bank of Mt. Dora will transfer \$250,000. In addition, when the Foundation's CD matures on July 8, with CenterState Bank in the amount of \$59,143 these funds need to be moved to the Foundation's operating account with USB. Mike Bucher seconded and motion carried. Mike Sleaford suggested that we move the PALS/441 Center funds as of May 30 into a separate money market account. The committee agreed unanimously.

Following the conference call, the committee discussed the 2008 Audit Report and 990. The only finding found:

Rosanne Brandeburg reported to the Finance Committee that a meeting was held with auditor Pat Sykes and she reported that everything went well with the audit. Pat reported that there is a finding listed in the audit that will always be placed there because we do not have a Certified Public Accountant or anyone with sufficient knowledge to prepare the GAAP statement. She reported the finding and it is attached:

FINDING: For the year ended December 31, 2008, there was no one on staff with sufficient knowledge to prepare GAAP-based financial statements. As a result, certain adjustments were required to be made to the accounting records subsequent to the start of the audit process.

RESPONSE: The Foundation's accounting staff is quite capable of processing daily transactions. The Foundation has contracted with a third party to assist in account reconciliation and required GAAP basis transactions. The Foundations size prohibits its hiring staff with the specialized knowledge for preparing the end of year financial statements and will continue to allow the auditing firm to complete the task.

After review a motion was made by Mike Sleaford to recommend that the Audit and 990 be sent to the LSCC Foundation Board for approval, seconded by Mike Bucher and motion carried.

Adjourn:

The meeting adjourned at 10:40 a.m.

Recording secretary,
Claudia Morris