

**Herbert Herff Trust
Board of Directors Meeting**

Board Members Present:

Board Members		<u>In Attendance</u>
Richard A. Spell	President	Yes
John Hartney	Vice-President	Yes
Fred A. Towler	Secretary	Yes
Raajkumar Kurapati	Treasurer	Yes
Tim Argo		Yes
Dr. M. David Rudd	UofM President	
Holly Ford	AVP, UMF & ASF	Yes
Steve McDaniel	Retained Legal Counsel	Yes

A quorum was present, and President Spell, called the Herbert Herff Trust Board meeting to order at 3:53PM. (Started immediately following the Auxiliary Services Foundation Board Meeting)

I. Approval of Minutes –

Minutes from August 18, 2021 – EXHIBIT E

Rick Spell, ASF President

MOTION TO APPROVE: Mr. Towler

SECOND: Mr. Kurapati

MOTION CARRIED

II. Herff Trust Quarterly Update

Jonathan Lyons, Raymond James

President Spell gave the floor to Jonathan Lyons, of Raymond James. Mr. Lyons shared, the overall portfolio is up a almost 8%. Mr. Lyons then stated we had a volatile 3rd quarter and as such, the portfolio was down -.4% for the quarter compared to the static benchmark being down -.13%. According to Mr. Lyons, the federal reserve has continued to provide the liquidity necessary for recovery and will continue through Q4. He stated there is a probability of a couple of rate hikes in 2022 due to higher inflation.

Mr. Lyons also anticipates the supply chain bottlenecks will likely improve in the next six months, which will provide some relief to the issues they have caused, and subsequently provide price relief.

Currently the portfolio is in line with the investment policy statement, according to Mr. Lyons. There is still a somewhat higher allocation to cash as we await scholarship distribution. The end of October was the bogey based upon previous years for a larger distribution, as well as higher interest rates and equity opportunities. Currently, there has not been a distribution for scholarships.

Mr. Kurapati interjected and said he would follow-up with the appropriate office at the University to find out why this distribution hadn't taken place yet.

Mr. Lyons updated the board stating Lighthouse Diversified liquidated in October and proceeds were reallocated through the portfolio.

In addition, he shared, Ironwood and Sustainable Woodlands will liquidate in 2022 and the ASF should be receiving a check for the valuation in May of 2022.

Raymond James was able to further discount their fee starting June 9 from 23 bps to 16bps. Based on the current account values the total average weighted fees for the account are 30 bps. Which will go down more once we are out of Lighthouse and Sustainable Woodlands. Before the recent changes made, total average weighted fees were 65bps.

Mr. Lyons stated they are anticipating interest rates going up and don't want to put money back into fixed-income until the 10-year Treasury gets back to the 1.8% – 2% at which point they would recommend putting more money to work in the fixed-income allocation.

III. Other Business

Rick Spell, ASF President

President Spell asked if there was any additional business. No one had additional business. President Spell then asked Mr. McDaniel if the Herff Trust Bylaws would need to be adjusted. Mr. McDaniel stated he hasn't had much involvement with the legal documentation for the Herff Trust and it has been limited to what has been tied into the Auxiliary Services Foundation alignment. President Spell committed to having a discussion with Raaj to determine if there was a need to outline Bylaws and Officers for the Herff Trust and would circle back with the Board based on what materializes from those conversations.

IV. Adjourn

Rick Spell, ASF President

Mr. Spell called for a motion to adjourn. Mr. Hartney made the motion to adjourn and Mr. Argo gave the second. All Board Members were in favor, the motion carried and the meeting adjourned.

MOTION TO ADJOURN: Mr. Hartney
SECOND: Mr. Argo
MOTION CARRIED

ACTION: Identify a way to express appreciation for Tom Kadien's many contributions to the University.