

Endowment Committee (EC) – February 8, 2018 quarterly meeting

Attendees: Betty May Cleary (chair), Ernie Carlson, Michael Thoryn (secretary), Carrie Meyer, Jack Welch, Jack Rodgers, Carol Bertaut (Board Treasurer), Sara Deshler (Executive Director)

Discussion/Actions/Recommendations:

Buy/sell. Independent of the current market turndown, the Committee decided we were heavy on domestic stocks (68 percent) compared to our target of 50 percent. We will sell \$100,000 from Rydex S&P Equal Weight (RSP) and \$30,000 from Vanguard Money Market and buy \$65,000 of Templeton Emerging Markets, a bond fund, (TEI) and \$65,000 of Vanguard Intermediate-Term Bond Index Fund (VBIMX).

Payout. By the 13-quarter rolling average, the payout to the congregation in July 2018 would be about \$150,000. However, if we remove the HVAC loan from assets, the payout would be about \$100,000. In either case, we may be in danger of invading the principal, which is calculated to be \$1.7 million. The EC recommends a vote at the next congregational meeting (probably in June), to set principal not to be invaded at \$1 million.

Capital Campaign. The committee was asked to invest money raised for the Capital Campaign. There is now about \$500,000, including \$300,000 from the Keyes gift. We intend to put \$400,000 in the Vanguard Balance Index fund, a conservative fund with a 60/40 stock-bond makeup, and \$100,000 in the Vanguard Money Market Fund to protect funds needed in the very near term from market fluctuation.

Next meeting -- Thursday, April 12, 2018, time to be determined.

Background from the EC Charter on payout and EC principal:

The amount of the appropriation is to be determined as follows:

1. The fixed annual rate of allowable appropriation will be 5 percent of a 13-quarter rolling average of asset values as of the close of the calendar year (December 31). The rate may be increased only with the approval of a majority of Church members present at a duly constituted meeting.
2. The principal of the Endowment Fund is defined as \$1 million plus the sum of the gifts received since the Fund reached that amount (February 28, 1998). Principal

may not be invaded by the annual appropriation or by any additional amount without a two-thirds vote of Church members present at a duly constituted meeting. Determination of whether principal would be invaded by a 5 percent appropriation will be made on the basis of the valuation of the Fund at the close of its calendar year.

3. In the event the 5 percent appropriation would invade the principal of the Endowment Fund, the Trustees shall appropriate a lesser percentage that does not invade the principal.