

## BOARD OF FINANCE AND ADMINISTRATION

### Meeting Agenda

Wednesday, January 17, 2018

#### Attendance:

Yes	No		Yes	No	
■		Annette Abel, <i>Staff Liaison</i>	■		Paula Northwood, <i>Staff Liaison</i>
■		Todd Aldrich (2019)	■		Gary O'Brien (2019)
■		Jen Glaeser (2020), <i>Secretary</i>	■		Eric Olsen (2018), <i>Chair</i>
	■	Jill Hennesen (2020)	■		John Schenk (2019)
■		Ray Martin, <i>Deputy Treasurer</i>	■		Jason Schuller (2018)
■		Rick Neville (2018)	■		Melinda Wellvang (2020)

**GUESTS:** Carol Schleif, Dave Gutzke and Nick Gergen of Abbot Downing; Jim Van Iwaarden from the Deacons

#### *Actions Taken:*

**Item 1. Minutes from the 12/20/17 meeting electronically approved.**

**Item 2. Financial Statements:** Board accepted the financial statements as submitted and reviewed.

**Item 3. Carpet Replacement:** Board reviewed and accepted the proposal to replace the carpet from Jones Commons to the Library Hallway from unrestricted gifts in the Gunkelman and Cargill funds.

#### *Welcome Gary O'Brien & Introductions*

Eric Olsen opened the meeting at 5:10 pm. He welcomed the guests from Abbot Downing and introduced the BoFA's newest board member, Gary O'Brien. Gary introduced himself, as did the other board members.

#### *2017 Year End Investment Report - Abbot Downing*

Mr. Olsen welcomed the guests from Abbot Downing. Mr. Olsen reminded the board that we had agreed as a board to receive an annual visit from Abbot Downing after the calendar year to deliver the 2017 investment fund report. He also noted that Plymouth has a commitment to social responsibility and impact in its investment philosophy. On February 21<sup>st</sup>, we'll do a deeper dive and examine what's going on in that sector and what we can do to increase our impact.

The team from Abbot Downing introduced themselves and their roles in the organization and on Plymouth's account: Dave Gutzke is a director and relationship manager, Carol Schleif is the deputy chief investment officer, and Nick Gergen is a portfolio manager.

#### **Minutes Procedure**

Minute-taker submits draft to group within 10 days of meeting; members have 7 days to submit revisions (no response is treated as approval).

If any revisions, minute-taker forwards revised draft to group within 3 days for electronic approval; members have 2 days to respond (no response is treated as approval).

Minute-taker submits approved minutes in Microsoft Word format to the Ministry Assistant for Programs (Doug Freeman, dougf@plymouth.org) upon approval.

In the market and executive summary, Ms. Schleif noted that generally 2017 was an unexpectedly good year in the market. The economy had turned and begun to stabilize prior to the election and inauguration of the president; incredibly stimulating processes were taking shape as 2017 unfolded. While headlines focused on politics, there was a lot going on under the hood where rules and regulations were pulled back, which was supportive for many businesses and industries. The markets also responded optimistically through the fall to the expectation that tax reform would go through.

For the fourth quarter, the PCC portfolio had an investment gain of \$203,848 with an ending portfolio value of \$6,537,125. In percentage terms, the portfolio is up 10.58% year-to-date and 8.88% annualized since inception. The PCC total portfolio returns are net of fees.

As of December 31st, the current asset allocation is 53% global equities, 39% global fixed income, 6% real assets, and 2% cash. The target asset allocation is 49% global equities, 43% global fixed income, 7% real assets, and 1% cash. The portfolio tilted toward a slight overweight in global equities as this investment type performed far better than fixed income assets.

Mr. Olsen thanked the team from Abbot Downing for their efforts. As the AB team departed, the board members took a brief pause to pursue snacks.

## ***Opening Thought***

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Reconvening, Rick Neville provided the opening thought for the group. He noted the recent significant dates recognizing the 88<sup>th</sup> birthday of Martin Luther King and the 100<sup>th</sup> birthday of Nelson Mandela. He played video highlights of a speech delivered by Vernon Jordan in a [keynote address for the inauguration of DePauw's new president](#) in October 2016.

*"...I believe that we can rise up and transform; that we can come together and clear the rubble -- not to make America great again but to make America greater than it has ever been before. Hear Langston Hughes: 'O, let America be America again – The land that never has been yet – And yet must be – the land where every man is free.'"*

## ***Financial Report***

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Ray Martin reviewed the financial statements through December. The Statement of Operations remains positive. Total revenue through December fiscal YTD exceeds budget by \$90K, noting that \$148K in 2018 pledge commitments have been prepaid. Total expenses fiscal YTD remain under budget by \$27K, resulting in an excess positive budget of \$117K to date.

**Motion was made to approve and accept the financial statements as submitted. The motion was seconded and carried with no further discussion.**

## ***Fiscal Year 2019 Budget: Sustainability Scenarios***

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In advance of the meeting, Mr. Martin submitted revisions (from last meeting) of 2019 budget scenarios. The board continued the discussion and review of FY 2019 budget models.

Mr. Martin noted that the model was a simple roll forward of 2018 into 2019 with addition of new staff positions. The resulting budget would leave PCC in a deficit position of \$-620K, which would need to be funded by an endowment draw of approximately 12%.

Discussion of alternatives for closing the funding gap continued on the topics of

- re-defining the church's approach on "tithing" in contributions to the Community Fund;
- the understanding of the 4% base upon which the endowment draw is calculated;
- the need for growth and recognition that we've nearly exhausted our options for further cuts, thus more than ever growth is critical to PCC.

Reverend Northwood noted that in the years she has been at PCC, there's been very little attention and effort toward growth. She expressed that we needed to hold in tension the need to grow with the need to cut. Mr. Olsen noted that the leadership council had approved the growth task force charter and committee, and a leader had been identified. We should expect to hear more on this in the coming months.

**Mr. Olsen asked that Ray, Paula, and Annette take an action item to further refine the budget outline and recommendations in detail.** Next meeting, the board review and respond in preparation for submissions to the deacons.

### ***Use of Unrestricted Gifts for Carpeting Project***

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Annette Abel brought to the attention of the board, November concerns raised by PCC members about the condition of the carpet, noting the numerous duct tape repairs and waves and ripples in the carpet, and the potential for members tripping or falling.

She indicated that earlier Jeff Sartain and Reverend Northwood had noted that PCC had unrestricted building funds from the Gunkelman & Cargill fund (for care & maintenance) available that could be used to address repairs or replacement. Fund balance is \$78K, proposed costs for carpeting Jones Commons to the Library hallway estimated at \$52K, leaving a remaining balance of \$26K.

The carpet estimate is for an 80% wool/20% Axminster weave with colors and patterns to match the existing carpet. This carpeting is similar in construction and fiber content to that used in casinos, which experience 24 hours of constant foot traffic.

**Motion was made to approve the proposal to replace the cart using the unrestricted gifts. The motion was seconded and carried with no further discussion.**

### ***Stewardship Committee Report***

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John Schenk provided an update on the pledge campaign. Through December, we're at \$1.562M on a target of \$1.3M. To achieve our final FY19 goal of \$1.65M, we'll need more pledges and are planning a mini-campaign for the remainder of the fiscal year.

Rick Neville provided statistics illustrating recent trends: Last year 572 people pledged, this year we've had 500 people pledge, which highlights the importance of the growth initiative. The good news, is that while we knew the transitions would shake up the organization, this is a really exciting time for PCC.

### ***Leadership Council report***

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Mr. Olsen reported that the deacons and leadership council met last week to hear and review results of the congregational survey. Noteworthy was the highlight that PCC ranked low on spiritual satisfaction and mid-level on energy, with a diffusion of where that energy was directed. Recommendations emanating from the survey results will be that PCC will need to rally around efforts to define ourselves and our core tenets. There will be more coming from the Leadership Council on these survey results at a later date and as the Transition Committee examines how to incorporate findings into their work.

### ***Restricted and Designated Fund Report***

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Due to time, this report was deferred until February meeting.

### ***Other Business***

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Melinda Wellvang noted recent issues with counting of cash the past 2 Sundays, where cash counts were lower than what the bank reported (a small Minneapolis miracle). She asked that people pay special attention to the procedures and instructions to ensure correct accounting of the cash totals.

**Next Meeting**

February 21, 2018, 5:00 p.m.

- Treats to be provided by Melinda Wellvang and opening thought to be provided by Jason Schuller.

The meeting closed at 7:28 pm.

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*Respectfully submitted,  
Jen Glaeser, secretary*