

TACF Finance Committee Videoconference Minutes

March 02, 2022 – 1:00 pm EST / 12 noon CST

Attending Committee Members: Michael Doochin, Lewis Lobdell, David Morris, Brad Stanback, Mark Stoakes, Don Willeke, Paul Wingefeld (staff liaison), Barb Tormoehlen [quorum established – 7 of 9 voting members]

Others Attending: Jay Cude (Board chair); Samantha Bowers (staff guest)

Absent Committee Members: Bill McDonald, Jim Searing

July 28, 2021 Minutes: Don Willeke moved for approval; **Brad Stanback** seconded. **Unanimously approved.**

Treasurer's Report: **Barb Tormoehlen** shared the advanced copy of the Treasurer's Report to be presented at the April 09, 2022 Board Meeting. The Treasurer's Report is supported by the *Account Information* and the *Actual vs. Approved* documents also provided to the Finance Committee for this meeting. **Paul Wingefeld** discussed the FY 2022 revenue and expenses to date as compared to approved. Paul mentioned that the additionally approved funding of \$353,000 has not been spent. Outside sources have provided funding of all but \$100,000, and that project has not been funded yet. No questions. Operation accounts were discussed. Lewis asked about the interest-bearing checking accounts, It was broadly agreed that because funds are dedicated (restricted) and the interest is minimal, no action for movement of funds is warranted at this time.

- Investments, and financial notables were also discussed. The Vanguard accounts were discussed -- VTSAX follows the market. Down 6% over the past year, although the swings have been broad. Don indicated that the prices were up on March 2nd, illustrating the volatility of the market All agreed that the bonds (VBIRX) are not performing. As interest increases, bond value decreases.

Brad Stanback moved to accept the Treasurer's Report; **Lewis Lobdell** seconded the motion. **Unanimously accepted** as presented.

Statement of Investment Policy: Recapped that the Investment Policy was approved by the Board on August 13, 2021, with the revision led by Lewis Lobdell and a taskforce from this committee. Its design was to include purpose, objective and descriptions in the policy portion; these have stood the test of time, and have changed little from the earlier version of the policy, other than in streamlining. The Investment Guidelines addendum to the Statement of Investment Policy, and approved by the Finance Committee (last approved on March 16, 2021) is intended to be reviewed and adjusted "from time to time" per the Policy, thus a focus of this meeting.

- **Donations of Stocks** – No change discussed or needed.
- **Spending of Capital Reserves** – Paul proposed revising this direction – changing the existing guideline of reserving 6-months of operating and 6-months of capital reserves to read "twelve months in total (cash and investments) thus providing **full flexibility**. Lewis asked about the possibility of obtaining a Line of Credit (LOC) from Vanguard capitalized by our investments similar to our previous Merrill Lynch LOC., **Paul said that this was not available through Vanguard.** After much discussion about volatility, ready access, alternative investments, restricted and non-restricted funds, and lines of credit, **Brad Stanback moved** that we change the wording of the Investment Guidelines from to read "a total of twelve (12) months in reserves for operations as a combination of operations reserve and capital reserves." **Don Willeke** seconded this motion. This was **amended** to indicate that the cash balance used in reserves must include ONLY non-restricted (non-earmarked) operations funding thus a minimum balance of total restricted cash must be kept at Truist. **With the amendment, this motion unanimously was approved.**
 - **From:** It is the guidance of the Finance Committee that the fund be maintained at a level at least sufficient to fund normal operations of TACF for a period of six (6) months, over and above the six-month reserve in operating accounts, for a total of twelve (12) months of reserves for operations (6 months in operating and 6 months in capital reserves). In addition, any capital reserve funds in excess of the 6-month operating are

available for capital expenditures if an expenditure meets Board-approved criteria and the expenditure receives full Board of Directors approval.

- **To:** It is the guidance of the Finance Committee that with Finance Committee oversight, the capital reserve fund, together in any combination with the operations reserve be maintained at a level at least sufficient to fund normal operation of TACF for a period of twelve (12) months. The cash balance maintained at Truist cannot fall below the amount of total restricted cash (i.e. unrestricted cash may be spent or moved to the capital reserves). In addition, any capital reserve funds in excess of this 12-month retention of operating and capital reserves are available from the capital reserve fund for capital expenditures if an expenditure meets Board-approved criteria and the expenditure receives full Board of Directors approval.
- **Asset Allocation** – The current asset allocation of our Capital Reserve Fund is a range of 60/40 to 90/10 (equities/cash & bonds). All were in agreement that the bonds market is not faring well, nor would it in the foreseeable future, particularly as interest rates increase. All were also generally comfortable with our equities invested in a total stock market fund (VTSAX) although over time we could reinvest bonds and cash into other Vanguard equity holdings. **ACTION: Research other appropriate Vanguard equity accounts for reinvestment of bonds and cash. All input is welcome on this.** It was suggested that TACF could explore private equity (alternative investments) such as REITs and TIMOs, but in the end, with discussion of liquidity limitations and fees, the group agreed to maintain in Vanguard. **Brad Stanback** moved to adjust the asset allocation to a range of **75/25 to 100/0**. **Lewis Lobdell** seconded the motion. No further discussion. **Unanimously approved.**
- **FROM:** The Finance Committee approves the range of asset allocation for the Capital Reserve Fund, this range of equities to cash and bonds (equities/cash & bonds) is from 60/40 to 90/10.
- **TO:** The Finance Committee approves a range of asset allocation for the Capital Reserve Fund. This range of equities to cash and bonds (equities/cash & bonds) is from 75/25 to 100/0.

Proposed FY 23 Budget (for Board approval in April): Paul presented the Proposed FY23 Budget. He explained that he works from the previous fiscal year budget, then discusses each line item with appropriate program staff to adjust for the proposed budget.

- There were no questions about the Proposed Income.
- Questions about the Proposed expenses centered around increasing science and research spending - evaluating worthy projects and bringing those back as additional spending after the FY 23 Budget is approved and underway. Jay mentioned that the Science Committee is already undertaking exactly this effort.
- There was a concern about the budget for the regional science coordinators and their role with the chapters. In the end, it was relatively agreed that they are the link with the National office and are critical to ensuring that members stay interested and engaged.

Brad Stanback moved, and **David Morris** seconded that the Finance Committee recommend Board approval of the Proposed FY 23 Budget as presented. **Unanimously approved** for recommendation to the Board.

New Business – Guest, Samantha Bowers briefly discussed an ongoing effort of TACF to address Justice, Equity, Diversity and Inclusion, indicating that a Request for Proposals is currently open, with the intent to select a consultant by the end of April, with funding in FY 23 as part of the administrative budget. No discussion.

Thanks to all for participation, advice and counsel.

Videoconference Meeting adjourned at approximately 2:45 pm EST.

Respectfully submitted, Barb Tormoehlen, Treasurer