

Endowment Committee Minutes

October 18, 2018

Attending: Elaine Gustafson, Chair; Mitchell Hunt; Pastor Charlie Lee (Staff); Frank McClanahan; Donna Moffitt; BJ Pearce; Kathie Tiedeman; and Libby Wilson (Staff)

Absent: Salem Bullard and David Goltare

- Opening Prayer: Elaine Gustafson
- Libby reviewed the quarterly activity of the Permanently Restricted Endowment Funds as of September 30, 2018. The current market value of these funds is \$1,108,684.92, with 81.26% in stocks and 18.74% in bonds. The Year-to-Date total investment return for calendar year 2018 is 8.19%. The quarterly earnings for June-Sept. was \$5,745.37, with the quarterly increase in market value at \$53,997.25.
- The Committee then discussed various proposed allocation percentages for supplementing the church's fiscal year 2019 budget.
 - The Committee reviewed the original gift amounts of each account; the 3-year average of the accounts; the earnings available in each account; allocation proposals for 5.5%, 6% and 7%; and allocation history for last 5 years. The 3-year average annual return rate for the funds is 13.89% (double digits!) with an annual 3-year average of \$128,733 in growth.
 - **Action Item: Elaine made the motion that the Endowment Committee recommend to Session that 7% of the available earnings be provided to the church committees for programming and other needs for FY 2019. This would result in a total amount of \$70,973, which is an increase from last year of approximately \$19,000. BJ seconded, and all were in favor.**
 - The Committee also noted SPC needs to provide increased education to committee chairs and members on endowment funds available for their use, to support the new budget procedure of having the committees project the use of these funds in specific line items, and to communicate and educate how SPC can better use endowments monies to further its mission. This latter point would be a philosophical shift from only using the endowment earnings *to supplement* operating budgets.
 - The Committee also agreed that SPC needs to communicate and educate Session and the entire congregation about Lillian Steele's intent for her bequest and the effects of SPC receiving reduced pledge income over the last few years. In conjunction, SPC and Session need to determine at what level it wants Steele monies to go toward operational support and/or whether to reduce the Church's programs and mission efforts. Another consideration is that Session-restricted endowment funds could be modified by Session if needed. These decisions will

be need driven and determined by looking at all the resources available to the church.

- One result may be that the division of 80% stock and 20% bonds needs to change in the future to recoup any income losses.

- Discussion of the Lillian Steele Exxon stock followed.
 - The ad hoc subcommittee charged with looking at the Exxon stock options reported its findings. **See the attached summary.**
 - Elaine thanked the group for their hard work and for verifying that holding the course was not a passive approach, but an informed one. The group recommended that we review the options annually or as market conditions warrant. Libby will keep the Committee informed when action is needed.
 - The church has enough cash to get through Fiscal Years 2019 and part of 2020. (Of course, this may change if we experience another shortfall and tap into the Lillian Steele cash to cover it. Only part, not all, of FY 2020 is covered because of previous cash transfers.)

- There being no Old Business or New Business, Pastor Charlie closed the meeting out with prayer.

NEXT MEETING: January 24, 2019 at 8 am in Room 319