

SCA Foundation Board of Trustees

Tele-meeting, 24 April 2017

1. Call to Order

The meeting was called to order at 10:32 a.m. CDT by Chair Sandra Pfaff.

2. Welcome and Roll-call

Sandra Pfaff welcomed the attendees and asked that they introduce themselves.

SCAF Board Members

Sandra Pfaff, Chair

Barry Peterson, Vice-chair

Richard Brynteson, Secretary/Treasurer

David Baker, Ex officio

John Hasselberg, Ex officio

SCA Staff

Gregg White, Executive Director

The Chair determined that a quorum was present.

3. Approval of Agenda

The agenda was approved as presented.

4. Approval of Minutes from previous meeting – 2 November 2016

David Baker moved that the minutes from the previous meeting be approved as presented, with the correction of the title of the minutes. Motion carried.

5. Presentation of 30 March 2017 Financial Statements

Treasurer Richard Brynteson began by saying that in addition to the SCAF office, both he, as treasurer, and Sandra, as board chair, receive quarterly statements from Wells Fargo Private Bank. He added that the funds at Well Fargo Private Bank were within the permitted parameters:

SCA Foundation Asset Allocation as of 30 March 2017						
	Carlson Fund	Grants Fund	Total	Allocation	Policy Range	
Cash Alternatives	\$ 5,864	\$ 28,291	\$ 34,155	3.2%	0% - 5%	
Fixed Income	\$ 81,713	\$ 223,200	\$ 304,913	28.2%	19% - 39%	
Equities	\$ 138,110	\$ 372,161	\$ 510,271	47.1%	35% - 55%	
Alternative Investments	\$ 27,330	\$ 104,381	\$ 131,711	12.2%	0% - 15%	
Real Assets	\$ 9,443	\$ 92,533	\$ 101,976	9.4%	0% - 10%	
Total	\$ 262,461	\$ 820,566	\$ 1,083,026	100.0%		

Executive Director Gregg White then led a discussion of the 20 March 2017 SCA Foundation Balance Sheet and Income Statement. He said that while the Grants Fund was much larger than the Carlson Fund, the Carlson Fund shows a greater balance increase compared to a year ago. He said this because the Carlson Fund did not have any payout for programming last year due to the excess fund balance at Gustavus Adolphus College, the beneficiary of the fund. He added that this would soon end as Gustavus depleted the excess funds.

	Mar 31, 17	Mar 31, 16	\$ Change	% Change
ASSETS				
Current Assets				
Other Current Assets				
1500 · MARKETABLE SECURITIES				
1520 · Wells Fargo Private Bank				
1521 · Curtis L. Carlson Swed-Am Fund	262,460.59	245,620.75	16,839.84	6.86%
1522 · SCA Grants Fund	820,565.70	809,302.45	11,263.25	1.39%
Total 1520 · Wells Fargo Private Bank	1,083,026.29	1,054,923.20	28,103.09	2.66%
Total 1500 · MARKETABLE SECURITIES	1,083,026.29	1,054,923.20	28,103.09	2.66%
Total Other Current Assets	1,083,026.29	1,054,923.20	28,103.09	2.66%
Total Current Assets	1,083,026.29	1,054,923.20	28,103.09	2.66%
TOTAL ASSETS	1,083,026.29	1,054,923.20	28,103.09	2.66%

Regarding the SCAF Income Statement, Gregg said that the year-to-date investment income of \$39K was good but that at \$3,482 in quarterly management fees, which would exceed \$13K annually, the management fees were likely more than the board would want. Thus the current review of asset managers.

Barry Peterson inquired where the major gifts from George Trowbridge and Paul Muther were shown in the financial statements. Gregg White explained that they are shown on the SCA financial statements as they are still being held there. He said that the plan is that once the decision is made on asset managers, all permanently restricted funds held at SCA will be transferred to SCAF on a \$1K/month basis until all the permanently restricted funds are at SCAF. Barry wondered why this was the case and Gregg explained that a shortage of unrestricted funds at SCA has been an ongoing problem for a number of years. All of SCA's significant (\$10K+) donors designate their gifts, which leaves shortfalls in the operating funds at SCA. This is not new news and the SCA Board, Finance Committee and Development Committee are all keenly aware of this and are taking actions to address the problem.

	Jan - Mar 17	Jan - Mar 16	\$ Change	% Change
Ordinary Income/Expense				
Income				
5300 · Revenue from investments				
5320 · Interest & dividend income				
5321 · Interest Income	22.07	288.69	-266.62	-92.36%
5322 · Dividend Income	2,972.17	3,426.40	-454.23	-13.26%
7523 · Cash receipts	0.00	0.00	0.00	0.0%
Total 5320 · Interest & dividend income	2,994.24	3,715.09	-720.85	-19.4%
5370 · Income from securities				
5371 · Change in security value	36,295.75	9,825.06	26,470.69	269.42%
5373 · Short-term capital gains	0.00	0.00	0.00	0.0%
5375 · Long-term capital gains	0.00	0.00	0.00	0.0%
Total 5370 · Income from securities	36,295.75	9,825.06	26,470.69	269.42%
Total 5300 · Revenue from investments	39,289.99	13,540.15	25,749.84	190.17%
Total Income	39,289.99	13,540.15	25,749.84	190.17%
Expense				
MANAGEMENT AND GENERAL EXP				
7500 · Contract services expense				
7540 · Investment management expense				
7542 · Management fee	3,482.03	3,440.59	41.44	1.2%
Total 7540 · Investment management expense	3,482.03	3,440.59	41.44	1.2%
Total 7500 · Contract services expense	3,482.03	3,440.59	41.44	1.2%
Total MANAGEMENT AND GENERAL EXP	3,482.03	3,440.59	41.44	1.2%
Total Expense	3,482.03	3,440.59	41.44	1.2%
Net Ordinary Income	35,807.96	10,099.56	25,708.40	254.55%
Income	35,807.96	10,099.56	25,708.40	254.55%

6. Discussion of 2017 Distributions to SCA

The committee had been provided with the 2017-01-25 SCAF Rolling Average Payout Worksheet prior to the meeting. Gregg White reminded the committee that the amounts shown on the worksheet were not the required amounts to be distributed but rather the maximum amount. The committee acknowledged this. David Baker moved that the full amounts of the distribution, as shown on the worksheet, be made. Motion carried.

12/31/2016						Total	Average	(rounded)	(rounded)	(rounded)	(rounded)	(rounded)	(rounded)
	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	Five Periods	Five Periods	Programs	Admin.	Programs	Admin.	Programs	Admin.
								4.50%	1%	4.00%	2%	TOTAL	TOTAL
Carlson/Gustavus	\$216,658	\$237,365	\$247,678	\$242,868	\$253,068	\$1,197,638	\$239,528	\$10,779	\$2,395			\$0	\$2,395
Grants	\$784,108	\$858,283	\$854,478	\$801,956	\$794,150	\$4,092,975	\$818,595			\$32,744	\$16,372	\$32,744	\$16,372
Total	\$1,000,766	\$1,095,648	\$1,102,157	\$1,044,824	\$1,047,218	\$5,290,613	\$529,061					\$32,744	\$18,767

7. Discussion of possible change of Asset Managers

Per instructions from the board, Gregg White had sent requests-for-proposal to four asset management organizations, three of which were professional management firms (Wells Fargo Private Bank, Bremer Wealth Management, and Carlson Capital Management) and one mutual fund

company (Vanguard). All three professional management firms responded, while Vanguard said that the minimum for their institutional investment department was \$2M and that they thus could only provide general information but no specific investment advice. The board had been provided access to the three replies to the RFP prior to the meeting.

Gregg said that, in his opinion, the first issue that has to be addressed is how deeply involved in the investment process does the board want to be and does the board want to assume the fiduciary responsibility of managing the endowment. The less responsibility the board wants to assume, the more there is a need for a professional asset manager.

Sandra Pfaff said that if a low-fee mutual fund firm such as Vanguard was selected, then the board could choose index funds that closely resemble the SCAF investment policy and no expensive manager needed to be engaged. Discussion ensued.

All agreed that among the three professional management firms' proposals, the one from Carlson Capital Management was the best. Barry Peterson moved that Wells Fargo Private Bank and Bremer Wealth Management be culled from the selection process. Motion carried.

Gregg said that the representative from Carlson Capital Management indicated that he and the company's CEO would like to have a discussion with either the whole board or any other group the board wanted. Gregg White is to coordinate a meeting with John Hasselberg, Charlie Nystrom and himself with Carlson prior to the upcoming meeting in Philadelphia, if at all possible.

8. Discussion of upcoming elections to SCAF Board of Trustees

Gregg White reviewed the situation. Per the SCAF bylaws, SCA has three voting ex officio members on the SCAF Board. If the SCA election of officers goes as anticipated, the 2017-2018 SCA officers will be:

John Hasselberg, Chair
Suzie Ahlstrand, Vice-Chair
Charlie Nystrom, Treasurer

Due to a current vacancy and Sandra Pfaff's term coming to an end at the next board meeting, there will be two vacancies for elected directors at the meeting in Philadelphia. One will be a three-year term and the other a two-year term. Both Richard Brynteson and Sandra Pfaff indicated a desire to continue on the board but neither would like to continue as officers.

9. Next meeting date

It was agreed that the next meeting will be held on Thursday, May 4, 2017, at 2:00 p.m. EDT in the Union League of Philadelphia – exact location to be determined. Phone-in arrangements will be made.

10. Old business

There was none.

11. New Business

There was none.

12. Adjourn

There being no further business to come before the meeting, the Chair thanked the attendees for their participation and the meeting was adjourned at 11:33 a.m. CDT

Respectfully submitted on April 24, 2017,

Richard Brynteson, Secretary/Treasurer

Gregg White, Executive Director