

Minutes
CIT Quarterly Meeting,
April 24, 2024

Attending: Dick Davis, Tom Van Tassell, Varn Philbrook, Ruthie Lund, Steve Russ, Matt McClendon, Ashley Cleere, Elizabeth Wares, Cheryl Milnes, Jeff Dillon, Andrea McCall,

Absent: Patrick Stewart, Jodee Lord

Ashley opened with a prayer.

9 February 2024 Annual Meeting Minutes were approved.

Ashley reported that she will be moving to New Haven, Connecticut. She will be leaving the NA in June.

Cheryl: sharing screen

33 churches participate in NA CIT, has not changed since 2022, 33 churches have 55 funds altogether.

The total dollars under management: \$28 Mio. Cheryl will send PowerPoint.

Completion of expedited withdrawal work: sent 1st statement to a church.

Sending trust agreement into Nottingham...chair of the Board of Directors has to sign...working with Ashley on it. (Trust Agreement has since been updated and signed by all parties - note by Andrea McCall, 6/28/24)

Summary of Year End Closeout, Audit will start in couple of weeks, preparing for it right now. Everything is going well. Received check end of December (from Bill Street): an endowment of over \$600,000 was designated to go to the foundation.

Ruthie: Community Bank Update

Update on Withdrawal: use new withdrawal form – the amendment has to be completed before we can use the expedited process – ACH – Automated Clearing House (Updating Trust Agreement).

Updating Booklet: Ruthie will provide input.

Fee" static component does not change. As market value increases the fee becomes less – currently at 0.13%.

Ashley is asking if Ruth has language. Right now, it is computing at 0.13. Update in the booklet what the static fee is. Ruthie provides info, we make decision. Andrea, Varn, Ashley what to include.

As market value grows the fees are getting lower compared to what is listed in the brochure – an incentive when new churches are considering joining, because fees would decrease. Ruth will give language.

Elizabeth: Nottingham Trust Presentation

Overview of who we are. Nottingham Trust: changed names in September. Did not alter any Trust Power from Community Bank. Nottingham Trust...a division of...

New York Stock Exchange. 150 year, were appointed in 2012

Switched to Mercer in March 2024.

Deposits come directly from churches, recognize receipt immediately. Good communication.

Wire/All funds are invested.

Services provided: Monitoring stock gifts, best practices on internal transfers/ authorized signers list...resolve with Cheryl quickly. Issuing checks, direct deposit process getting in place (Ruthie). Quarterly, sending reports, earnings, expenses,

ending balances. YTD...balance, foundation statement, asset holdings report. Annually, prepare report of investment purchases

Contacts: Elizabeth Wares, Rachel Boldt, Ruthie Lund

Always available for questions...how to make it more appealing for churches?

Question for Cheryl. Does Varn want to see summary sheet? Cheryl will send.

Jeff Dillon was experiencing connection issues, Cheryl will send deck to Varn.

Matt McClendon - Congrats to Ashley – Transition to Mercer Group & Presentation

It has been 39 days since transition

Starting presentation. Transition has gone well. Two different systems. Optimistic, it is a good switch, more to come.

Vanguard Investment Advisory Services...vs. Mercer, specializing in not-for-profit investors

120 staff transferred to Mercer. \$15 billion in assets were transferred to Mercer.

Continuity: they are now officially Mercer and they have taken over advisory agreement/fees.

Open market...wider spectrum of assets, not change right now. Exploring other approaches.

Core Investment philosophy is similar to Vanguard. Not product driven. Focused on organization...objections, constraints, develop strategic allocation. Difference? Robust alternative platform private equity/credit. Rebalance.

Implementation Spectrum

Gave us wording on update for brochure.

Custodian of Vanguard assets. They are still using the same platform. The next 12-18 months will be a process figuring out how to unify system with existing clients and Vanguard...what works best, making investments on platforms.

Foreseeable business as usual. Back office is as before.

Dick: Expect Matt and team to make recommendations to enhance returns based on conservative projections. Matt would share better outcomes without taking on much more risk. Equities/fixed income benefit?

Matt: Expecting to do that over time. As transition happens there will be a lot more options out there. Build portfolio. Enhancing returns. Active play in portfolio? Expecting to have these conversations.

Dick: We have been on autopilot for a long time.

Matt: Not expecting short term changes. Access to similar index fund? Might get it for a cheaper price because of the size of Mercer.

Questions? Pass them along to provide additional insights.

Varn: Send this report to all churches. Remind the churches that this has taken place. Andrea to send report. (this has been sent, Andrea as of 6/28/24)

Name recognition. Mercer is a well-known organization.

Market review:

Key themes: Equities, Growth over value, AI driven needs, US vs. non-US, stronger US-Dollar

Fixed income: Mixed story, repricing expectations, more aggressive, Federal Reserve cuts 5-6 times

Interest rates rise in first quarter, negative effect on income.

Portfolio monthly snapshot - \$28,182 Mio Ending Market Value.

Geopolitical risk, election year, short term volatile, long term doesn't matter.

Target 65/35...fixed income exposure...we are at sweet spot.

Doesn't see need to make change. Later this year spending review/analysis. Will give preview.

Advisory quarter 4.94% 3mo, consistent returns.

Portfolio allocation snapshot-active and indexed, Portfolio risk analysis: A bit higher in Portfolio. Is in line with what we would expect.

Cash flow

Market/Economic Outlook

Global economy resilient driven by, more than anticipated. Households in good shape, excess pandemic savings, mortgages low, inflation...from 9 to 3 - grind down more, not as quickly as hoped. Federal Reserve? May not cut rates this year...until inflation is trending down.

Assumptions for key asset classes. Not as bearish as Vanguard 5.5 vs. 4.7 US All Cap Equity

10-year outlook - Marginal increase, non-US still looks attractive. Fixed income will play bigger role in portfolio

Incorporate Mercer spending practices in next meeting (July and September)

Varn: Sticky part of inflation is labor and wages. Labor market is tight. Labor market needs to normalize. Achieve soft landing? Get back to 2% inflation without damaging labor market.

Varn will write note to SEND TO ALL MEMBER CHURCHES (this has been sent, Varn as of May 2024)

Brochure, check with EVERYONE.

Next meeting: Thursday, July 25, 2024 - 2pm CDT

Respectfully submitted,

Andrea McCall,
Executive Assistant