

Annual Meeting CIT
Minutes
February 9, 2024 – 2:00pm CT

Present: Varn Philbrook, Dick Davis, Jodee Lord, Ashley Cleere, Jim Walsh, Cheryl Milnes, Steve Russ, Patrick Stewart, Andrea McCall

The following churches were represented: Arbor Grove CC, Baleville Congregational CC, CC of East Sumner, CC of Soquel, FCC of Portland, FCC of Rochester, FCC of Wauwatosa, FCC of Yarmouth, La Moille Congregational Community Church, Pine Hill CC, Riverpoint CC, Rockwood FCC, Skowhegan Federated Church, Suttons Bay CC (14 churches)

The meeting was opened by Varn at 2:05pm. Ashley offered a prayer. A roll call of present churches was made: 14 churches.

Varn: Asked if previous minutes were accepted as printed. Dick Davis moved, Steve Russ seconded. Minutes were approved. Today: Three items of discussion: Financial / Vote on electronic transfer / Vanguard – Mercer merge

Cheryl:

1. We have 33 member churches, a total of \$8.3 Mio. in trust, the Foundation has \$17.9 Mio., for a total of \$26.2 Mio.
2. Proposed change to agreement: Withdrawals. Currently churches wait 6 weeks to receive their funds. We wanted to expedite the process to receive funds. If the amount is less than 50% of their total investment, then the Trust will send money within 10 business days of the request. If more than 50% is requested, the process would stay the same as it is today; we wait until the end of the month to calculate the amount and then disperse. Electronic withdrawal of funds can be set up if the church is providing the proper materials.

Varn: Community Bank has changed their name to Nottingham Trust. All funds are in Vanguard. Nottingham Trust is a 'checkbook holder', they are handling the administrative part of the transactions.

Cheryl: The new withdrawal procedure: Churches submit their request via email to Cheryl with TWO signatures. Cheryl verifies the signatures and reviews amounts. The amount will be sent by check or ACH, according to proposed changes. The church provides a voided check, account verification from the bank institution. Cheryl has the list that the church originally approved. If the church has new officers, the church paperwork has to be updated. There is no charge for using ACH. There is a charge for a wired check.

Varn: Making a motion to amend section 7 of the CIT Agreement. The NA Board of Directors and CF Board of Governors, plus the 14 churches present were in favor. Varn to contact churches that are not present for an additional 2 votes for a simple majority.

- **Update as of 2/13/24: Varn confirmed per email that CC of Canton and East Freetown Congregational CC agreed to the amendment: enough votes to carry the motion).**

Matt McClendon: An update on Vanguard; Beginning of December, Vanguard was exiting the institutional advisory business. They entered an agreement with Mercer: 1100 clients, 120 employees will all transition to Mercer. Mercer: 40 years of institutional consulting, \$114 billion In assets, pension plans, non-profits. All advisory staff will switch over to Mercer and oversee the CIT portfolio. The current advisory fee will stay the same. Mercer is not an asset manager, but rather a true architectural investor; more tools in the toolkit to explore portfolio, more investment resources. They have a strong presence in the non-profit area. A Consent Agreement was signed by clients for continuity of service; what we have in place will stay, the assignment transfers. If this agreement was not signed, we would be self-managed.

Mercer is comfortable with Vanguard's fee structure. If Mercer were to make changes clients would have to be notified, with the right to terminate at any time.

Dick Davis: We will have more choices with Mercer, Vanguard was not picking individual stocks, perhaps more decisions to make with a wider range of opportunities.

Matt: Sharing quick 2023 recap of Vanguard Report: The market was a roller coaster, showed resilience. Expectations were negative during Federal Reserve rate hiking cycle / bear markets. US Equity defied expectations at 26% return. Staying fully invested during trying times is the best strategy. In a matter of two months a positive return was generated. Fully diversified portfolio proved to benefit investors as global market returns are up after a challenging 2022. Portfolio: \$26.2 Mio, 3.8 Mio. were added due to market return. If we are off more than 5%, we rebalance.

Market and economy are resilient. Forecasted recession did not happen. For 10-year projections we are tempering expectations compared to strong equity market return last year, 4-6% in coming 10 years. Non-US equities are more attractive as the US Dollar will depreciate. Bonds are back, expecting 4.5-4.8% over the next 10 years. Recession not avoided but delayed; mild recession first half of 2024, interest rates still high, dragging economy. Savings, money markets will continue to yield. Bonds becoming bigger contributor. 65/35 portfolio; we don't use Macro to construct our portfolio. It is best to stay fully invested, the market is a forward-looking mechanism.

Varn: All CIT churches are always welcome to our meetings.

Matt: At the next CIT meeting will be representing Mercer.

The meeting was adjourned. Ashley offered a benediction.

Next meeting scheduled for **Wednesday, April 24 at 2pm CDT.**

Respectfully submitted,

Andrea McCall