

Budget & Finance Committee Call

Minutes – November 18, 2014, 3:00 pm EST conference call

The call was convened Tuesday, November 18, 2014 at 3:00 pm EST.

Members present: Jane Federowicz, Linda Lulli, Peter Barnes, Barbara Carroll, Chris Byrd, Andy Brantley, Rob Shomaker, Glee Wilson

Revenue Update

Jane reported a current revenue update for dues which is 101.65% of budget! It is too early in the fiscal year to compare survey, boot camp and UHE revenue.

Treasury Management RFP

The RFP process included preparation of the document submitted to five financial institutions. The completed proposals were reviewed by Andy, Rob, Glee, Wendy and Chris. Three of the financial institutions were interviewed by the same people asking all three the same questions regarding their philosophy, services, technology and fees. Andy presented the summary information to this committee for two of these financial institutions with additional comments from Glee and Rob. The committee asked questions and discussed the summary materials. There was a consensus that both financial institutions could perform the tasks and the committee deferred the final decision to management.

Investment Review

Jane summarized the conversation that she, Andy and Glee had with our Financial Advisor at Wells Fargo, George Fleeson, to discuss the performance of our fund and the mix of our mutual fund portfolio. Currently our funds are a mix of 90% equity, 9% bonds, 1% cash. George's strategy is to keep the bonds percent low until the Federal Reserve increases interest rates to about 4% which will probably be in 1 – 2 years. CUPA-HR's funds have a time-weighted return since inception with Wells Fargo (August 29, 2013) of 13.1% compared to the benchmark at 16.1%. Since we are investing for the long term, we are following a value investing strategy so that, in a down market, we will lose less value in our portfolio. Our fees are two layered:

1. Fee to the mutual fund to cover internal operating expenses
2. Wells Fargo advisory fees

The total fee is about 2% of the portfolio's value. Currently mutual funds comprise about 20% of CUPA-HR's total investments (including CD's). George recommends that we continue our current investment in the moderate growth portfolio for the next twelve months.

Motion: Approve the recommendation from George and maintain our current investment mix and send to the full board for their approval. Motion was made by Jane and seconded by Chris. The motion was unanimously approved.

Midwest Region request

James Gallaher, Midwest region representative to the national board, submitted a request for his region board to be allowed to use funds from RMDS or other appropriate accounts to support region board member travel associated with region conferences, specifically hotel accommodations. The charging of these expenses to the region RMDS account has been done for many years for this region. According to the board policy Definition of Accounts chart for Regional Accounts, RMDS funds are restricted from use for conference activities. If allowed, this would start a precedence for all region and national board members to request reimbursement for conference expenses. Currently, the national board chair's expenses are covered in the budget. Also, hotel contracts provide a complimentary room for the chair of the region or

national board at their conference. The committee decided that this needs to be a further discussion by the national board, but to allow this region to continue this practice for their 2015 conference. The national board will need to develop clarity of conference expenses. Andy recommended reviewing other associations' policies in this matter. Jane will communicate the decision to the region board.

Call was adjourned at 4:10 pm.

Next scheduled call

The date of the next call is Tuesday, January 27, 2015 3:00 pm EST.