



## **BCOA Beverly C. Taylor Trust for Borzoi Rescue (aka BTRC)**

(A Sub-Committee of The Borzoi Club of America)

### **BTRC MINUTES - Monday, August 1, 2016**

The BTRC held a regular board meeting on Monday, August 1, 2016, 3:30 PM Eastern. The meeting was called to order by Barbara O'Neill, Chairman, with the following committee members present: Rebecca Peters-Campbell, Barbara O'Neill, Joyce Katona, Shen Smith and Dee Jones. A quorum was established. Also present were Dr. Karen Denning & Dr Kelly Brunarski.

**BTRC Minutes of March 9, 2016:** A motion was made by **Rebecca Peters-Campbell, 2nd by Dee Jones** to approve the BTRC minutes of March 9, 2016 as published. **MOTION CARRIED, YES-5, NO-0**

**BTRC Financial Advisory Committee:** Chairman O'Neill opened the meeting with a welcome extended to Dr. Karen Denning and Dr. Kelly Brunarski who were invited to attend this meeting.

Prior to the meeting, Rebecca Peters-Campbell reported that the proposed appointments for the new BTRC financial advisory team were Dr. Karen Denning & Dr. Kelly Brunarski.. They would be asked to review the BTRC current investments & investment policies and to make recommendations to the BTRC concerning any adjustments which might be needed in keeping with the current economy. Rebecca stated that both Dr. Denning and Dr. Brunarski agreed to serve on the BTRC financial advisory team and were available to attend this meeting.

After discussion a motion made by **Shen Smith, 2<sup>nd</sup> by Joyce Katona** to appoint Dr. Karen Denning and Dr. Kelly Brunarski to serve as the BTRC Financial Advisory Committee (a sub-committee of the BTRC). They will review the current investments, provide information for future investments, will recommend possible changes for incorporation into the 2016 BTRC Investment Policy. (All financial documents covering BTRC investments and policies were provided to Drs. Denning and Brunarski prior to this meeting for their review.)

During further discussion, a caveat from the new advisors indicated that any advice they might render to the BTRC is always subject to further review due changes in the Markets. They felt investment policies should be reviewed at least twice a year in volatile market periods or if interest rates start to change. The question was called on the motion. **MOTION CARRIED YES-5, NO-0**

**Ending June 30, 2016 Schwab Statement:** The most current Schwab statement (June 30, 2016) was sent to the members of the BTRC and to the BCOA treasurer and the recording secretary for their files. Copies were also sent to the entire BCOA BoD. BTRC Fund Balance The ending Schwab account balance as of **June 30, 2016** indicated the value of the BTRC investments at Cash & Sweeps Money Market \$55,435.75, Long Term Investments \$892,506.76 with a total as of 6/30/2016 of **\$947,942.51**. Fund balance as of **July 31, 2016** was Cash & Sweeps Money Market \$58,934.01, Long Term Investments \$894,535.35 with a total as of July 31<sup>st</sup> of **\$953,469.36**. Based on the BTRC reserved primary principal figure \$911K - if there were distributions to rescue made today, the figure for rescue distribution and repayment of any out of pocket BTRC expenses would be \$42K at this point. *[keep in mind the markets change daily so by December 31,2016 these figures may have changed +/- which is why the reconciliation date was established as the last day of each year].*

**BTRC SR #2016-1** The BTRC had been asked by Chairman O'Neill to again review the BTRC standing rule section named SR #2016-1 prior to this meeting, and to also reread the BCOA Constitution & By-laws as they pertain to the operation of the BTRC.

It was noted BTRC does not require the BCOA BoD's approval for the creation and adoption of standing rules. The BoD may certainly make comments and recommendations for amendments to any standing rule, but it is the BTRC who has the final determination for all committee operations except as specifically stated in Article X of the Constitution and By-laws.

Shen Smith pointed out that the primary reason the BCOA Constitution & By-laws require the BTRC committee makeup to contain three BCOA BoD members (a Quorum of the BTRC) so those three BoD appointments can serve as overseers/representatives from the BCOA BoD to the BTRC, and from the BTRC back to the BoD and the membership.

Following further discussion of the BCOA Constitution & Bylaws, including the old standing rules and the current standing rule section, there was by a consensus decision of the BTRC that there would be no changes made to this previously approved and adopted standing rule SR #2016-1.

#### **Recap BTRC Proposed Standing Rules 2016 Work Sessions:**

- 1) **SR-#2016-01 Annual Budget , Annual Distributions & Authorized Members (finished & adopted)**
- 2) **SR-#2016-02 Investment Policy (pending discussion with the advisory committee) (current)**
- 3) SR-#2016-03 Criteria & Responsibilities for BTRC Members (date TBD)
- 4) SR-#2016-04 Criteria & Application Process for Borzoi Rescue 501 (c3) groups (date TBD)
- 5) SR-#2016-05 Responsibilities of the BCOA BoD (date TBD)
- 6) and, any other standing rules sections to be added or deemed appropriate for review.

Chairman O'Neill indicated the SR-#2016-02 - Investment Policy section - is next on the standing rules agenda. The BTRC will discuss the current investment protocol and any changes to the 2016 protocol with the financial advisory committee before any additional investments are scheduled.

**2016 BTRC Investment Policy** The BTRC fund currently has just under \$60K in cash funds with incoming interest increasing the amount monthly. The money market fund is earning less than one percent return. These funds should have been invested well before this time and earning income for rescue, but the BTRC has honored a BoD request to not invest any funds until the current investment protocol has been reviewed by the BTRC Financial Advisory Committee. Chairman O'Neil pointed out per the BCOA Constitution & Bylaws BTRC has sole control over all investment decisions and polices covering BTRC funds; however, the BoD's request was respected in this matter.

#### **BTRC Fund Goals & Investment Review**

**Drs. Brunarski & Denning asked the BTRC what the membership's long term goal was for the use of the Bev Taylor funds.** Chairman O'Neill indicated through many annual membership meetings since the passing of Beverly Taylor, the membership has stated they wish the Taylor funds to be safely invested to preserve the principal to support the rescues "in perpetuity". **Both advisors felt earnings of \$20-25K per year would be adequate for the funding of the two current rescue groups.**

The consensus of the BTRC (at this meeting) reconfirmed the membership's goal that safety, perpetuity, and the strict preservation of the original bequeath is the primary priority as long as there are always funds available to distribute to rescue. The rescue groups also are depending upon the longevity and perpetuity of these funds. All entities are in agreement that no principal be touched unless there is a very large rescue situation which would require a larger amount of funds. All agree that investments of principal be by conservative methods preserving and protecting the fund against market fluxes and possible devaluation of investments

**Kelly Brunarski** indicated that it may not be possible to fund the rescues 100% and still maintain perpetuity of the funds. She indicated that in some years there may not be funds to distribute, but she also acknowledged that since this project started, even through the roughest times of the economy, there have always been rescue funds to distribute.

**Karen Denning asked exactly how much risk was the BTRC willing to take with the funds.** The consensus was not much, for the BTRC wants to protect the fund from market volatility and loss of principal. The BTRC & BCOA want protection not risk and desire the funds be invested in moderate to conservative investments only.

All BTRC members were polled indicating their primary concerns were security (not growth), safety in low risk investments, and always having funds available for the Borzoi rescues. Not one BTRC member was in favor of touching the primary principal figure.

One of the goals for a shorter term would be the establishment of a reserve fund - setting aside funds from net/net just for use in the event of a major rescue event that would exceed the treasury of the recipient rescues. Discussion was undertaken at this point regarding setting aside \$20-25K into a separate Reserved Fund for such time a very large rescue event might occur. **The advisors** indicated such a fund could be invested into short term certificates of deposit of no more than 90 days instead of sitting in cash in the money market fund earning next to nothing in interest.

After further discussion regarding setting up of a reserved fund of approx. \$20-25K a motion was made by **Shen Smith, 2<sup>nd</sup> by Rebecca Peters-Campbell** to retain approx. \$20K from the existing \$60K currently in cash to start up a Reserved Fund with the funds allocated to this new fund invested into the shortest term certificates of deposit offered by Schwab.. **MOTION CARRIED YES-5, NO-0**

**Karen Denning** indicated a bit more diversity than our portfolio currently holds would be good. She suggested that more could be invested into bond funds and a bit more into certificates of deposit in the future. She felt the overall portfolio was very good and just a bit of tweaking could add some additional diversification over the next few years. Karen also cautioned that corporate bonds should be purchased as non-callable if possible and are preferred over the callable bonds. In the current market non-callable bond are selling at a premium price, but in the long run it would save funds if as many bonds as possible are purchase as non-callable.

**Kelly Brunarski** cautioned that there were a few areas where the portfolio was a bit heavy in duplicate company corporate bonds. She suggested to avoid adding more corporate bonds in companies that are already held in the portfolio. She also suggested varying the companies, so if one company were to fail, it would only result in one loss instead of multiple bonds held in the same company. The plus side is all of the current multiple company bonds in the account are A-A3 rated General Electric bonds, which is a very solid company. But, more bonds in GE and other multiple companies are to be discouraged at this time.

**Karen Denning** mentioned that many investors right now are putting their funds into the Bloomberg gold mutual funds. She said this might be something to also consider in the future.

**Both advisors** felt the current BTRC Investment Policy of premium corporate bonds (rated A-A3) with a time limit to maturity of 3-7 years, at the greatest coupon & YTM (2-1/2-3%) interest rates are in keeping with the goals outlined by the BTRC and the BCOA membership. They feel unless the economy takes a down slide this fund could earn approx. up to \$30K per year for distribution just by adding a bit more to bond funds and possibly a bit longer investment in certificates of deposit.

**Kelly Brunarski** indicated BTRC shouldn't shy away from looking at some of the B corporate bonds as they can be just as safe as the A-A3 bonds. **Both financial advisors** again indicated it would be desirable in the future to gain a bit more diversity by adding additional funds into bond funds and possibly more purchases in certificates of deposit for this fund.

Discussion about the existing bond funds **Baird & Pimco** indicated \$25K had originally been invested into three bond funds each rated with Morningstar 5star ratings at the time. One was sold several years ago and the funds reinvested into the Baird fund as the fund which was sold had dropped below the Morningstar 4star rating the BTRC had established as "must sell if below 4star rating". **The advisors** will be looking at the bond funds currently being offered to see which they might recommend in case the anticipated new Bev Taylor funds in fact do arrive in 2016.

Joyce Katona, again stressed a desire for the investments to be invested for safety and asked the advisors about longer term certificates of deposit. **Advisors** indicated though certificates of deposit currently pay the best interest rates very long term the BTRC really would want the majority of investments (at this time) to be in shorter maturity dates in case the economy changes and BTRC would need cash on hand to make new higher interest bearing investments.

**The advisors** agreed that it wouldn't hurt in the future to put a small percent of funds into certificates of deposit, no more than 10-15 years out and paying 3-5+% interest rates if possible. **The Advisors** agree with Dee Jones that the plus side of certificates of deposit investments are that they are covered individually by FDIC up to \$250K per institution and are the safest methods of guaranteeing no loss of principal.

Shen Smith asked if the advisors might advise the BTRC in the future to start converting as they mature the premium corporate bonds over into the longer term certificates of deposit - laddered out. **Advisors** after a rough estimate figured if the entire fund was eventually converted then the fund might likely earn approx \$20-30K per year with complete safety and low maintenance; however, they also felt the current investment protocol is good and will work effectively to achieve the rescue goals and maintain safety plus earn a bit more interest income than being all in certificates of deposit. This was stated with a caveat that it holds true if the markets maintain the current level without major setbacks as endured before. Certificates of deposit and premium corporate bonds offer a general level of safety not found in the standard stock market or market mutual funds.

After discussion a motion was made by **Dee Jones, 2<sup>nd</sup> by Joyce Katona** to authorize Shen Smith to invest the remaining \$40K from the cash fund into corporate bonds meeting the criteria currently established as part of the BTRC Investment Policy. **MOTION CARRIED YES-5, NO-0**

**Additional Bev Taylor Estate Funds** Chairman O'Neill indicated nothing has yet been determined as to the date the BCOA will be receiving some additional estate funds with the amount is also unclear at this time. Barbara indicated she had written the estate on May 3<sup>rd</sup> and July 25<sup>th</sup> for information as to what/when the fund transfer might occur. After discussion a motion was made by **Dee Jones, 2<sup>nd</sup> by Shen Smith** to authorize Barbara O'Neill to retain counsel if the estate fails to answer another letter after giving them a new deadline of 30 days to answer the concerns of the BTRC. Letter to be sent by certified return receipt requested mail. **MOTION CARRIED YES-5, NO-0**

**Insurance Questions** BTRC insurance coverage was discussed with concern that the BCOA has not adequately covered liability for the members of the BTRC. Rebecca Peters-Campbell stated she would be in touch with Karen Ackerman to request that she would check on the insurance to make sure the BTRC is fully covered in the event of any problems.

Chairman O'Neill thanked the Financial Advisory Committee for their review of the current investment policies and for their advice concerning adding additional methods to diversify the BTRC fund. The BTRC will be using their assistance frequently over the coming months.

As there was no further business at this time, a motion was made by **Joyce Katona, 2<sup>nd</sup> by Dee Jones** to adjourn. Meeting was adjourned at 5:30pm.

Respectfully submitted,  
Shen Smith, Secretary  
BCOA / BTRC