

Date: July 8, 2007

To: BSA FAC

Joe Armstrong
Russ Chapman
Bill Dahl
Kent Holsinger

From: Jack Horner, FAC Chair

Re: Minutes of Sunday Morning FAC Meeting in Chicago Hilton

Meeting
BSA Financial Advisory Committee

PDR 6/Hilton, 8-9 am

Present: Russ Chapman, Bill Dahl, Kent Holsinger, and Jack Horner

Excused: Joe Armstrong

FAC meeting began at 8 am and a packet of information was handed out: agenda, annual report to EC and Council (wrong annual report, sorry), July 6th summary of SB endowment funds, SB “on the markets”, and SB endowment “total fund” summary.

1. Review Annual Report to BSA EC and Council submitted on June 6, 2007 (Jack): there were no further comments other than deferring discussion and a vote on the recommendation in 2.
2. Discuss Bill and Kent’s information for a recommendation from the FAC to EC/Council regarding FAC’s annual allotment for BSA initiatives (this recommendation. If approved by FAC, the recommendation will be presented at the Council meeting on Sunday afternoon) (Bill and Kent): there was considerable discussion about future costs of major initiatives to BSA, such as AJB and the future impact of Open Access on the journal’s income and costs.. Other major initiatives were also discussed but they are only in the preliminary planning stages and are too early to discuss at this time.

Since it is appropriate and important for the FAC to demonstrate its commitment to any of the major initiatives of the BSA on an annual basis, it was agreed to provide available FAC funds for the next fiscal year. The following recommendation serves this purpose:

Recommendation: *The FAC recommends up to \$50,000 be available from the Endowment Fund during the 2007-2008 year to the EC/Council for use in supporting any special initiative or initiatives it/they deem worthy.*

This recommendation passed unanimously, and will be (was) presented to the Council and at the Business meeting.

3. Discuss need to coordinate FAC with newly established Development Committee (Bill): Various ideas were discussed with the goal of coordinating activities where there is mutual interest in the future. The Development Committee has set a goal of \$10 million to be raised.

Bill and Jack agreed to work together to develop a write up for PSB and/or BSA website identifying how Endowment funds have been and are being used by BSA for special initiatives.

4. Discuss other issues pertaining to the operation of the FAC:
 - Relation with SB (committee): even though the general consensus of the FAC is positive regarding SB's management of the Endowment Fund, questions and concerns were raised regarding the following points:
 - FAC needs better figures to indicate % service charges for maintaining EF;
 - Need to receive both gross and net earnings of EF;
 - Any changes in the FAC expectations for investments structure and goal (committee):
 - No specific changes were presented regarding present strategy in the way the EF is configured into three accounts;
 - Is the configuration of the EF and SB's management of it providing us with the optimum income;
 - Should we be looking at other investment firms/organizations for comparison (i.e., non-profit TIAA-CREF and other commercial firms) to determine our present status. These comparisons should help FAC determine whether its present investments are optimized with SB or whether another approach to the EF investment could do better. *Jack will contact TIAA-CREF and Bill will obtain information from ASPB. If anyone has other suggestions, please let Jack know.* It seems to me the information needed to make these approaches is: total amount = 3.6 million; expected/maximum return = 9.8%/higher; ways in which the EF would be configured to reach optimum income (equities, mutual funds, bonds, other); total cost of fees for managing fund; success rate of other comparable Endowment funds in the same category of size.
 - Future conference calls with SB; possibly in Fall 2007 and Spring 2008 (committee): It was agreed that the FAC should plan on a late fall (possible late November early December conference call, and possibly an FAC meeting with SB in Des Moines, in the later Spring (mid- late-May). This latter meeting would be center around questions dealing SB management of the EF, comparison with other organizations' management of the EF, and the future of the BSA EF with SB. All of this will be developed in the late fall, preceding our conference call.
5. Other items (committee):
 - It was noted that of the +3.6 million in the Endowment Fund, about 3.1 million is unrestricted and about \$500,000 is restricted (which includes monies associated with BSA sections and special Society awards).
 - New members on the FAC beginning after the end of the 2007 annual meeting are: Pam Soltis, President, and Laura Galloway, Treasurer. The FAC agreed to retain Kent Holsinger as a member, along with Russ Chapman, Joe Armstrong and Jack Horner. Bill Dahl will serve as ex officio member along with Pam and Laura.
6. Adjournment at 9 am.
7. At closing of the stock market last Friday, the EF = \$3,710,786

Recorded by Jack Horner, Chair BSA FAC

