

USMA Class of 1958
Perpetual Endowment Fund Board Meeting
9 November 2011
Army-Navy Country Club
Fairfax, Virginia

Board Members Present: John Evans (Chairman), Russ Robertson (Treasurer and Descendent Member, USMA 1982), Jerry Mitchell (Board Member), John Nun (Board Member), Bob Rhodes (Secretary)

Board Members Present via Speakerphone: Valerie Coffey (Descendent Member, USMA 1985), Dale Hruby II (Descendent Member, USMA 1983), Elena Meskill (Designated Member, USMA 1999)

Board Members Absent: William 'Pat' Connelly (Trustee Emeritus, USMA 1998), Jason Crabtree (Trustee Emeritus, USMA 2008)

Others Present: Jack Downing (Class 100th Anniversary Plans Coordinator), Tony Smith (EXCOM, Executive Committee Liaison Member)

Chairman John Evans called the meeting to order at approximately 1845 hours.

SUBJECT #1: *2010 Perpetual Endowment Fund Board Minutes*

DISCUSSION: Once a quorum was established the PEB Secretary presented the 2010 minutes to the board for approval. The minutes were approved noting, however, that SUBJECT #4: Planning Arrangements for 2058 Ceremony was changed to read “. . . the distribution of $\frac{1}{4}$ (not $\frac{1}{2}$) of the PEF's moneys to West Point” and “the class of 2008 will accept the responsibility for the First Class Club in 2018 and not in 2058 as implied in the 2010 minutes.”

SUBJECT #2: *Introduction of Valerie Coffey to the PEB by Dale Hruby II*

DISCUSSION: Dale Hruby II recommended Valerie Coffey, USMA 1985 and daughter of our deceased classmate, Ray Coffey, as the newest member of the board. Valerie agreed to coordinate with Bob Rhodes regarding the secretary's duties before assuming that position upon Bob's departure in 2012.

SUBJECT #3: *Election of a New Chairman*

DISCUSSION: John Evans, current PEB Chairman, placed into nomination, John Nun, as the new chairman to replace John Evans who has completed his six-year term. The board thanked John Evans for his service to the board especially noting his financial leadership. John Nun was unanimously approved as the new chairman.

SUBJECT #4: *USMA 1958's 100th Anniversary Plans*

DISCUSSION: Jack Downing discussed plans for the celebration of the 100th year of our graduation in 2058 with (1) the opening of the Time Capsule that was buried in the Association of Graduates (AOG) patio during our 50th reunion in 2008 and (2) presentation of a check to the superintendent for ¼ of the PEF's value at that time. Jack mentioned the need for close coordination with USMA 2008 with whom we have established a relationship and with Elena Meskill, our designated board member from the Class of 1999 and assigned to the Association of Graduates (AOG).

In 2058, the Perpetual Endowment Board will be responsible for providing the AOG with a contact point that they will then pass to descendents who call for information, coordination with the class of 2008, and the planning and conducting of all events. At the present time all classmates and widows are encouraged to leave a letter for their descendents, encouraging them to contact the AOG in 2058 for information regarding the PEB contact.

The opening of the capsule should take place during the 50th reunion of the Class of 2008. Descendents of the Class of 1958 should be encouraged and invited to attend. The event provides an excellent opportunity to present the superintendent with a check for ¼ of the PEF's value at that time as provided by the PEF's Bylaws.

See: Bylaws of the Endowment Board, Article III: Contributions and Disbursements, Section 2. Disbursements (b) and Section 3. 100th Anniversary Gift Presentation.

Contact Edward 'Jack' Downing at ejdowning@cox.net for additional information.

SUBJECT #5: *Plans for the First Class Club (FCC) and the Perpetual Endowment Fund's (PEF) Commitment*

The PEB confirmed its commitment to provide, if requested, up to \$100,000 to support specific projects identified by the Class Executive Committee (EXCOM), to wit, improvements to the First Class Club (FCC). Both Tony Smith and Jerry Mitchell explained the recognized need to increase the size of the FCC to accommodate more cadets and guests by installing a rollback roof to cover the patio during inclement weather. Details of the expansion plans were discussed during the mini reunion in Orlando and can be obtained by contacting either Tony at aasmith58@msn.com or Jerry at gergermar@cox.net

SUBJECT #6: *PEF Financial Status Report*

Russ Robertson provided the board with a current financial status report of the Fidelity Investment Charitable Gift Fund, dated 4 November 2011. (See below)

Of particular note is Fidelity's decision to close several of its charitable gift mutual funds and replace them with "enhanced" options. Fidelity will close all three of our funds in January 2012s and automatically replace them with two new funds unless directed otherwise. Russ recommended we switch from our current pools (Equity-Income Pool 40%, Growth Pool 40% and International Pool 20%) to a similar mix: 40% in the Spartan Total Market Index Fund, 40% in the Fidelity Stock Selector All Cap Fund, and 20% in the Fidelity Total International Equity Fund. This allocation is very similar to the current account, but also adds a passive management (less expensive) component to the portfolio. The Board concurred.

See note #4, Treasurer's Notes in attachments.

The value of the PEF on 4 November 2011 was \$636,483.51.

Send additional PEF contributions, payable to 'Fidelity Investments CGF-1958 PEF' to:

Russell Robertson
8606 Cross View
Fairfax Station, VA 22039

For more information contact Russ Robertson at
RRobert783@verizon.net

The board adjourned at approximately 2010 hours since there was no further business to discuss.

Perpetual Endowment Fund Board

/signed/
John B. Nun
Chairman
USMA Class of 1958

/signed/
Robert G. Rhodes
Secretary
USMA Class of 1958

STATUS REPORT
AS OF 4 NOVEMBER 2011
FIDELITY INVESTMENT CHARITABLE GIFT FUND
USMA CLASS OF 1958 PERPETUAL ENDOWMENT

1. SINCE INCEPTION

Pool/Benchmark	<u>10/20/1998</u>	<u>11/4/2011</u>	<u>Change</u>
Growth Pool	\$27.55	\$43.00	56.1%
Equity-Income	\$27.62	\$45.77	65.7%
Dow Jones	8,533	11,983	40.4%
NASDAQ	1,639	2,686	63.9%
S&P 500	1,064	1,274	19.7%
	<u>11/4/2004</u>	<u>11/4/2011</u>	<u>Change</u>
International Pool	\$10.66	\$14.20	33.2%
Dow Jones	10,315	11,983	16.2%
NASDAQ	2,034	2,686	32.1%
S&P 500	1,162	1,274	9.6%

2. ONE YEAR PERFORMANCE

Pool/Benchmark	<u>11/1/2010</u>	<u>11/4/2011</u>	<u>Change</u>
Growth Pool	\$44.18	\$43.00	-2.7%
Equity-Income	\$40.15	\$45.77	14.0%
International Pool	\$14.97	\$14.20	-5.1%
Dow Jones	11,124	11,983	7.7%
NASDAQ	2,505	2,686	7.2%
S&P 500	1,194	1,274	6.7%

3. ASSET ALLOCATION

Pools	Current Values	Percent
Growth Pool	\$259,601	40.8%
Equity-Income	\$256,965	40.4%
International Pool	\$120,118	18.9%

4. NET PROFIT/LOSS 2011 YEAR TO DATE

Value on 1 Jan 2011	\$644,685.98	
Contributions	\$13,877.60	
Disbursements	\$50.00	
Amount Invested	\$13,827.60	
Current Value	\$636,483.51	
Net Gain/Loss for 2011 to date	-\$8,202.47	-1.29%

5. PERCENT APPRECIATION THIS YEAR*

Value on 1 Jan 2011	\$644,685.98
50% of 2011 deposits	\$6,913.80
Total	\$651,599.78
Current Value	\$636,483.51
Percent Increase/Decrease this year	-2.32%
Total Deposits from Start Date	\$504,574.56
Lifetime Percent Increase	26.14%

* Approximating method, assuming half of deposits were available at beginning of year, rather than the total being invested in increments throughout the reporting period.

6. POOL PERFORMANCE MEASURED AGAINST BENCHMARKS (As of 9/30/2011)

	3rd Qtr	1 Year	3 Year	5 Year	10 Year
Equity Income Pool	-17.83%	-4.39%	-1.11%	-3.13%	2.86%
S&P 500 Blend	-15.96%	-0.84%	-0.08%	-2.20%	3.98%
Growth Pool	-16.66%	-1.06%	0.28%	-2.21%	2.03%
S&P 500 Growth	-14.59%	1.97%	2.97%	0.33%	4.29%
International Pool	-18.95%	-9.29%	-0.83%	-2.86%	N/A
MSCI EAFA Index	-19.00%	-9.26%	-1.00%	-2.14%	N/A

7. TREASURER'S NOTES:

1. 2011 a very volatile year in the markets, as was the Endowment Fund.
2. Beginning on 6 June 2011, the Endowment fund will make automatic grants to the 1958 Class fund of \$50 per year.
3. The fund still needs to make a \$200 contribution to satisfy the 7-year requirement of \$250. Request permission to accomplish that this month.
4. Fidelity is changing the funds available to us. If we do nothing, 80% will be put into the new Enhanced "U.S. Equity Fund", and 20% into the "International Equity Fund". These are actively managed "fund of funds".
5. Other options:
 - a. Allow money to go into one of the "Asset Allocation" Funds. For example, the Aggressive Growth Pool has an 85% Equity, 15% Bond allocation.
 - b. Put funds into passively managed Index Funds.
 - c. Use a combination of the above.
6. Money Market Fund proposal. 10% for future large grants.