



**USMA Class of 1958
Perpetual Endowment Fund Board Minutes**

November 5, 2020

This meeting was conducted using Zoom (videoconference)

Board Members:

- A - Founder Member - George Lawton, Chairman, USMA 1958
- P - Founder Member – Anthony “Tony” Bauer, Vice Chairman, USMA 1958
- P - Founder Member - Alan Chase, USMA 1958
- P - Founder Member – Frank Harlem, USMA 1958
- P – Descendent Member – Deborah Nagle, Treasurer, USMA 1982 (In-coming)
- P - Descendent Member – Daniel Peck, Descendent Graduate List Manager, USMA 1983
- P - Descendent Member - Valerie Coffey, Secretary, USMA 1985
- P - Designated Member - Elena Ivanova, Recent Graduate Serving at West Point, USMA 1999
- P - Designated Member – Simone Askew, USMA 2018
- A - Designated Member Emeritus - Jason Crabtree, USMA 2008
- A - Designated Member Emeritus - William ‘Pat’ Connelly, USMA 1998

[P= Present; A = Absent]

Chairman, George Lawton, was absent due to illness. Tony Bauer, Vice Chairman, called the meeting to order at approximately 1900 hours, and verified the Perpetual Endowment Board (PEB) had a quorum (>2/3) of voting members to conduct Perpetual Endowment Fund (PEF) business.

SUBJECT #1: Minutes of November 19, 2019 Meeting

DISCUSSION: The board unanimously approved the minutes for the meeting held on November 19, 2019.

SUBJECT #2: Treasurer’s Report

DISCUSSION: Deborah Nagle provided the Treasurer’s report (See Appendix A for the full report). As of 2 November the total balance is \$1,509,692.

Deborah stated that one '58 classmate's estate donated \$10,000.00 to the PEF in 2020, and other classmates have pledged in \$174,958 in their estate documents. The PEF made an annual contribution of \$50.00 to the Class of '58 gift fund, to satisfy a seven year minimum gifting requirement of \$250 to a charitable organization. The PEB discussed options for communicating with family members to direct pledged funds to the PEF instead of the West Point funds, and decided that George Lawton should request classmates that wish to leave the PEF in their estate to ensure their family members know their wishes.

Contributions to the PEF, payable to Fidelity Investments CGF should be sent to:

Deborah Nagle
Treasurer, Perpetual Endowment Fund
408 Crown View Dr.
Alexandria, VA 22314

SUBJECT #3: Indemnification

DISCUSSION: Currently Article XII of the Bylaws states:

"In the event that one or more members of the PEB should be subject to adverse legal action as a consequence of discharging their responsibilities in accordance with the desires of the class, assets of the fund, not to exceed five per cent per incident, may be used to pay their legal expenses."

This issue was discussed, and the PEB voted to leave the sentence in the bylaws due to the low probability of anyone suing a PEB member.

SUBJECT #4: Potential New Board Members

DISCUSSION:

Dan Peck successfully contacted all 53 known descendants. There are 35 first generation and 18 second generation descendants and Dan has valid email addresses for each. Of the 53, 13 are interested in participating on the PEB, and one has financial experience. The PEB discussed options for engaging the descendants interested in the board. Dan asked that any ideas be forwarded to him. The PEB discussed inviting the 13 to future meetings.

SUBJECT #5: Annual Audit

DISCUSSION: Frank Harlem conducted the annual audit, as approved during the 2019 PEF meeting:

Trustees who are signatories to the account, who are not the Treasurer, will check the accuracy of the investments prior to each board meeting and confirm the funds are invested as the board directs and that only disbursements approved by the board have been made. The only exceptions are disbursements required by Fidelity for maintenance of the fund.

Frank reported that there were no discrepancies in the investments or disbursements of funds, as reported in the Treasurer's Report.

SUBJECT #6: Investments

DISCUSSION: Frank Harlem reviewed the PEF investments, and made the following recommendations which the board approved:

- Sell the International Index Pool funds and reinvest the money into the International Equity Pool (~10% of the PEF)
- Sell the US Equity Pool funds and reinvest the money into the JP Morgan US Equity Access Pool (~40% of the PEF)

Frank recommended that the board should review the investments annually to make adjustments as necessary. The PEF is invested in 80% US funds and 20% international funds, with a 40-40-10-10 split, which is re-balanced each year. Deborah will rebalance the funds as soon as practical.

The PEB discussed bringing Russ Robertson onto the board as a fund advisor.

SUBJECT #7: Term Limits

DISCUSSION: The Section 2, Article 4, Paragraph C of the current bylaws restrict PEB members to only serving "two terms." The PEB approved adding the word "consecutive" between "two" and "terms" to allow for a member to return to serve on the board after the original two terms are completed. The *Bylaws of the Perpetual Endowment Board United States Military Academy Class of 1958* will be updated to reflect this decision. The current board term limit status is reported in Appendix B.

The minutes, Treasurer's Report, Bylaws, and other PEF documents are available on the '58 website, maintained by Pete Trainor at:

www.west-point.org/class/usma1958

The board adjourned at approximately 2030 hours since there was no additional business to discuss. The next meeting is tentatively planned for November 2021.

/signed/
Anthony Bauer
Vice Chairman
USMA Class of 1958

/signed/
Valerie G. Coffey
Secretary
USMA Class of 1985

Appendix A
STATUS REPORT
AS OF 2 November 2020
FIDELITY INVESTMENT CHARITABLE GIFT FUND
USMA CLASS OF 1958 PERPETUAL ENDOWMENT

1. CURRENT HOLDINGS/ASSET ALLOCATION (AS OF 2 Nov 2019)

US Equity	\$621,631	41%
Total Market Index	\$605,928	40%
International Equity Index	\$136,064	9%
Sustainable Int'l Index	\$146,069	10%
TOTAL BALANCE:	\$1,509,692	

2. CONTRIBUTIONS SINCE INCEPTION

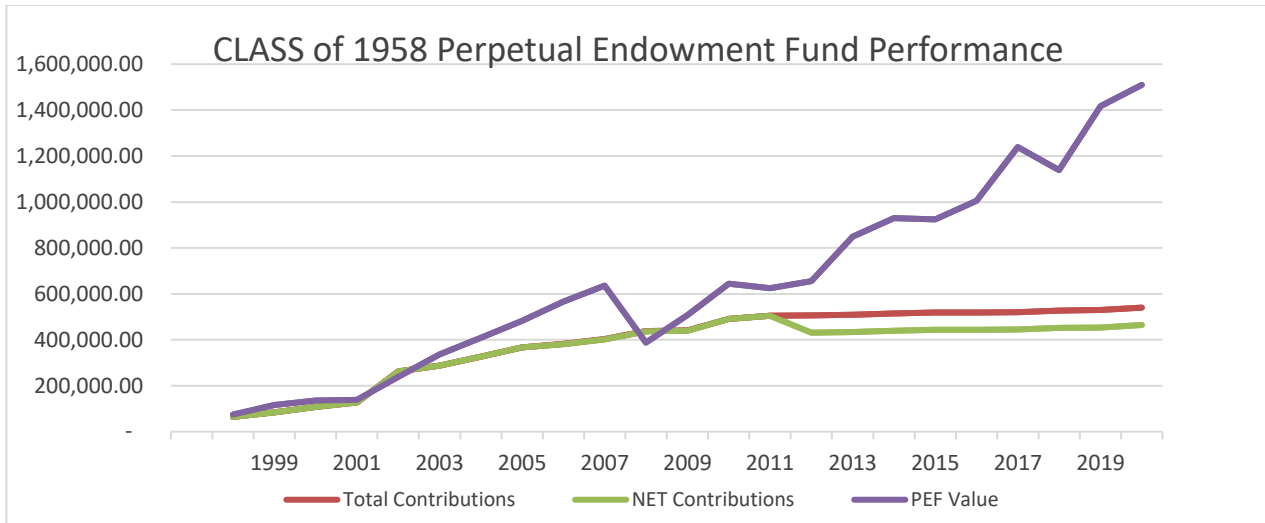
Gross Lifetime Amount Contributed:	\$539,915
Amount Granted to Class of '58 Fund:	\$ 75,950
Net Lifetime Amount Contributed:	\$463,965
TOTAL GAINS FROM EARNINGS:	\$1,045,727

3. FUND PERFORMANCE MEASURED AGAINST BENCHMARKS (As of 30 Sep 2020)

	Cumulative	Average Annual			
	YTD	1 Yr	3 Yr	5 Yr	10 Yr
Total Market Index Pool	4.75%	14.05%	10.88%	12.95%	12.76%
DJ U.S. Total Stk Mkt Index	5.25%	14.77%	11.53%	13.60%	13.43%
U.S. Equity Pool	7.37%	18.17%	10.67%	13.21%	Note 1
S&P 500 Index	5.57%	15.15%	12.28%	14.15%	13.74%
International Index Pool	-7.02%	0.17%	0.20%	4.75%	4.14%
MSCI EAFE Index	-6.93%	0.69%	0.83%	5.48%	4.79%
Sustainable Intl Index	-1.90%	6.85%	Note 2	Note 2	Note 2
MSCI ACWI xUSA ESG Ldrs	-1.19%	8.18%	3.57%	8.04%	Note 2

Note 1: Pool created 07/01/2011, therefore historic performance is not available for earlier periods.

Note 2: Pool created 01/31/2018, therefore historic performance is not available for earlier periods.



Note: the chart does not reflect 2020 data (could not get "2020" to appear on the horizontal axis)

4. TREASURER'S NOTES:

- a. The market has had volatility this year, dipping in the 2d quarter, but rising in the 3rd and 4th quarter resulting in a gain for FY20 to date.
- b. Despite the volatility in the market in 2020, the total gains from earnings has increased from **\$963,685** last year (as of 15 NOV 2019) to **\$1,045,727** this year (as of 2 NOV 2020) for an increase of **\$82,042**.
- c. Contributions for 2020 stand at \$10,800. Thanks to the contribution from George Robertson who left \$10,000 in his will to the Class of '58 PEF.
- d. Seven classmates currently have the Endowment Fund included on estate documents for a total of \$174,958. Of the \$174,958, to date \$10,000 has been deposited into the Endowment Fund.
- e. The fund makes an annual contribution of \$50 to the Class of 1958 Fund every June, beginning in 2011. This helps satisfy a seven-year gifting requirement of \$250.
- f. Deborah Gillette Nagle (Class of '82) took over as Treasurer in 2020. Russ Robertson (Class of '82) submitted the paperwork in June 2020 to make Deborah an account holder and turned over historical binders, CDs and a thumb drive.
- g. Contributions should be made to Fidelity Investments CGF. Mail to:

Deborah Gillette Nagle
Treasurer, Perpetual Endowment Fund
408 Crown View Drive
Alexandria, VA 22314

Appendix B

<u>PEF Board Member Status</u>	<u>Term of Service (TOS) Ends</u>
'58 Founder Members (7 Yr TOS)	
Alan Chase	2022
George Lawton	2022
Frank Harlem	2024
Tony Bauer	2024
Descendent Members (7 Yr TOS)	
Deborah Nagle (Treasurer)	2026
Dan Peck (Membership)	2023
Valerie Coffey (Secretary)	2024
Designated Members (10 Yr TOS)	
Simone Askew	2028
Elena Ivanova	2021
Emeritus	
Pat Connelly	N/A
Jason Crabtree	N/A

Note: As people join the board, their term of service length will correspond to the terms in place at the time the person joins.