

**Trustees Report to the Presbytery of Cincinnati
For the meeting of November 13, 2018**

Your Board of Trustees has held two meetings since the Presbytery last met, in October and November, and present two items for Presbytery action and approval:

Action: Amend the Presbytery's Investment Policy to set the 2019 investment draw rate to be 4.5%.

Rationale: This action is required if the proposed 2019 budget, being presented for Presbytery approval by Council, is approved as proposed. Currently the policy would set the draw rate at 4.25%; setting it at 4.5% holds it constant from 2018. Council increased the proposed draw rate for 2019 to provide additional funds for the operating budget and to reduce the increase needed in the per capita rate. Without this change in the Investment Policy, the Presbytery budget will not be balanced, with projected expenses exceeding projected revenues.

Action: Clarify that there are no Presbytery-imposed restrictions on the use of investment proceeds in the Presbytery Investment Funds. The Board of Trustees will be responsible for making recommendations to the Presbytery for the use of the Investment Funds, and any use of the Investment Funds will require approval by a majority vote of the Presbytery.

Rationale: The Presbytery currently holds about \$3.5 million in its investment account, mostly in an account managed by Mariner Wealth Management. The Presbytery takes a quarterly investment draw (see item above) which is used to fund the general operating budget of the Presbytery. A portion of these investment funds—approximately \$670,000--are restricted by the terms of the original donation; the Presbytery Trustees are charged with ensuring that these funds are used appropriately. Other restricted funds, totaling about \$610,000, are held and managed by the Presbyterian Foundation, based on the original donor's direction, and the Presbytery has a beneficial interest in the funds, but does not control these funds directly. According to our auditors, there are no other documented restrictions on the Presbytery's investment funds.

In 2003, at the time of the Presbytery's sale of the former Wildwood Camp and Conference Center, the Presbytery took action to at least temporarily restrict the proceeds of this sale to be used for youth ministries. Since that time, the Presbytery has annually spent at least as much as would be required by this restriction on youth ministries, often more. Additionally, funds were used for the Grace Church property (about \$800,000), but the documentation around the approvals is unclear. In most of the years since the Wildwood sale, the funds have been comingled with other investment funds, and the income stream comingled with the general investment draws.

The intent of the Trustee's proposed action is simply to clarify that there are indeed no restrictions imposed by the Presbytery on the use of the otherwise unrestricted investment funds. This will allow the Presbytery to continue to annually budget how the investment draw will be used to fund the ongoing operating budget of the Presbytery—including youth ministries and all other ministry expenses. Additionally, the proposed action clarifies that the Trustees are responsible for proposing any spending from the investment funds, and that the Presbytery must approve this action. In this way, the corpus of the Presbytery's investment funds are protected and it is clear that the Presbytery must approve any expenditure of these funds.

Information Items: Included with the meeting documents is a 2018 YTD financial statement and a YTD per capita report. Please direct any questions you may have about these reports to our treasurer, our general presbyter, or me.

Please contact Rob Heidenreich if your congregation has any matter requiring Trustee assistance or approval.

Respectfully submitted for the Board of Trustees by:

Rob Heidenreich
President
November 1, 2018

Additional items to be distributed at the meeting: YTD Financial & Per Capita Reports