

**MINUTES - MEETING OF THE
AEG FOUNDATION BOARD OF DIRECTORS**

**2024 Mid-Year Board Meeting,
8:30 AM to 4:30 PM CT Saturday, March 16, 2024
8:30 AM to 11:30 AM CT Sunday, March 17, 2024
St. Louis, MO and via Goto Meeting**

Day ONE

8:35 AM – 8:50 AM

- 1) Call to Order and Welcome.....President Kreuger
- 2) Roll Call to Establish Quorum Secretary Munro
In attendance: President Kreuger, Vice President Saindon, Treasurer Morris, Secretary Munro, Directors Brunengo, Cooper, Hilton, Vetter, Operations Manager Vazquez;
Remotely: Directors Goff, Haneberg; Absent: Director Molinari; Guests: Financial Advisor John Peck; Bob Tepel.
- 3) Agenda Additions or Changes and/or Orders of the Day (Action)President Kreuger
 - 7)a) moved to 15)
 - 7)i) add IRS extension
 - 11)d) add April Appeal
- 4) Secretary's Report Secretary Munro
 - a) Approval of Meeting Minutes for January 8, 2024 and February 12, 2024 (Action)
Motion was made to approve the January 8, 2024 minutes with edits from President Kreuger and was seconded, the motion was approved unanimously, no abstentions.
Motion was made to approve the February 12, 2024 minutes with edits from President Kreuger and Vice President Saindon and was seconded, the motion was approved unanimously, no abstentions.

- b) Secretary's action on signing documents

None.

- c) Action Items

Treasurer Morris to schedule a meeting with Investment Advisor Peck and the Finance Committee this quarter to develop a succession plan.

Status: See 7)h)

- 5) Consent Agenda

In BOD package

Motion was made to approve the Consent Agenda and was seconded, the motion was approved unanimously, no abstentions.

- 6) President's Comments President Kreuger

Bob Tepel to join at 3 during closed session.

Reminder to document In Kind Donations for meeting travel and lodging.

8:50 AM – 9:56 AM

- 7) Financials Treasurer Morris

Summary, all in BOD package.

- a) Orientation – Investment Policy Review

Moved to 15)

- b) 2023 Financial Statements

In BOD package

- c) Investment Manager Long Term

See h)

- d) 2025 Budget

Being developed for approval at annual meeting.

- e) Financial Review

In BOD package

- f) Approval of Financial Policy (Action)

Moved to after 8) Break

g) 2023 990 Process

Process reviewed.

- h) Financial Advisor Peck plans to continue for up to 2 more years. The succession plan is needed by 2025. Fidelity doesn't manage our account, only holds our funds, so need to look elsewhere.

9:56 AM – 10:09 AM

8) Break

10:09 AM – 10:41 AM

7) f) Approval of Financial Policy (Action)

Finance Policy draft in BOD package: Motion was made to approve the draft Finance Policy and was seconded, motion was approved unanimously, no abstentions.

9) Board Member Term Discussion..... Director Vetter

There are up to 6 possible open positions for 2025, depending on extensions of existing terms.

10) Fund Liaison..... Director Haneberg

No specific news to report. Received a few responses to Liaison's recent email, will respond to their concerns/requests.

11) Communications Plan President Kreuger

a) Town Hall

Planned for May 22

b) Newsletter

Quarterly newsletter was sent in February.

c) Annual Meeting

If they submitted but didn't get Lemke's but still went to meeting, give \$300

Action Item: President Kreuger to contact Bill Smith.

Will donate \$1000 to the Young at Heart event, same as last year.

d) April Appeal

President Kreuger and Operations Manager Vazquez working on it.

10:41 AM – 11:31 AM

12) Workshop: Visioning President Kreuger

a) New BOD Member Ideas

Publicize BOD at Chapters and in their newsletters. **Action Item: Send suggestions for potential new BOD members to Director Vetter.**

b) Donor Communications

i) Word Doc, Cards, Email, Calls, CRM: reminder that all of these are available.

c) Charter Revisions

A draft revision to the Shlemon Specialty Conference Fund charter was prepared and sent to Roy Shlemon for his review.

A sunset clause is being included in all fund charter updates. Charter reviews will consider potential for combining historically underused funds with like funds.

Of the 6 charters currently scheduled for review/update, 3 are done and 3 are in progress. The goal is to have the 12 scholarships done by Sept 15 and all of the charters by the end of the year.

d) Brainstorming – Funds with Little Activity Interest and/or Applications; Fundraising, Trusts, Estate Planning

Review repurposing historically underused funds or combining with funds with like purposes to maximize fund growth and distributions to qualified applicants.

Use existing promotional resources to advertise/promote AEGF for potential applicants and donors.

Trust and estate planning is extremely complicated and variable so a single generic example is not possible.

Action Item: Director Vetter to send Communications Plan to BOD.

11:31 AM – 12:47 PM

13) Lunch

12:47 PM – 1:30 PM

14) Workshop Continued President Kreuger

1:30PM – 1:53PM

15) Investment Report Guest Peck

AEGF Financial Advisor Peck's Power Point presentation included in BOD package.

36 investments in portfolio. Plan to reallocate some where we're overinvested.

Plans to retire Dec. 2026. Emphasizes his replacement must have a fiduciary duty to AEGF.

1:53PM – 2:15PM

16) Break

2:15 PM – 2:45 PM

17) Fundraising Challenge Drive & April AEG MY BOD Meeting..... President Kreuger

a) Volunteer for AEG BOD Meeting 4/27 or 4/28

Vice President Saindon volunteered for 4/27. **Action Item: BOD members contact President Kreuger and Operations Manager Vazquez with proposed matching funds.**

2:45 PM – 3:00 PM

18) Committee Discussions and ReportsPresident Kreuger

Finance Committee priority is succession for Financial Advisor.

Nominations Committee needs potential candidates for board.

Programs Committee will need a new chair next year. After all current charters are reviewed, will resume the review schedule of 5 per year.

3:00-4:00 Closed Session

Policy ProgressBob Tepel

Power Point presentation

19) Contractors ReviewPresident Kreuger

a) Operations Manager

b) Legal

c) Bookkeeper

d) CPA

e) Website

f) State Registrations

Day TWO**8:40 AM – 9:30 AM**

Call to Order President Kreuger

1) Roll Call Secretary Munro

In attendance: President Kreuger, Vice President Saindon, Treasurer Morris, Secretary Munro, Directors Brunengo, Cooper, Hilton, Vetter, Operations Manager Vazquez;
Remotely: Director Haneberg; Absent: Directors Goff, Molinari; Guests: None.

2) Summary of Website and File Storage Ideas Vice President Saindon

Neon One hosts the new AEGF web page as part of our annual contract. We can make most changes to the website ourselves, however Neon One can help for an hourly fee. The AEGF blog is up and live, as is the link to Facebook. Scholarship portal will still link to the old web page until we develop the new one on Neon One. CRM, the client management system, is separate from the web page and not a part of the web site. It will allow fund champions to see their balances and details and will be live around May. Data storage, which is a part of the website services, will require curation, security, and determination of compliance with retention and legal policies.

Action Item: Directors Cooper and Hilton will look into file naming convention for data storage.

3) Programs Discussion President Kreuger

a) Update on Scholarships

b) Review and Approval of Scholarship Recommendations **Sat 1:05 – 1:17 PM**

Received a good number of applicants this year.

Recommended recipients for Beardsley-Kuper, Marliave, Tilford, Watters, West-Gray were presented. Motion was made to approve the nominations, was seconded, and was approved unanimously, no abstentions.

c) Thank You Notice to Fund Champions re Web and Check Donations
See 2)

4) Fund Charter Review Schedule..... Vice President Saindon

Revisions discussed **Sat 2:15-2:30**

Action Item: Vice President Saindon to send draft revision schedule.

5) Charter Review and Approval (Action) President Kreuger

None ready for action.

- 6) Lemke & Students to AEG MeetingPresident Kreuger
See Sat 11)c)

9:30 AM – 9:37 AM

- 7) Break

9:37 AM – 9:42 AM

- 8) Annual MeetingPresident Kreuger
- a) Silent Auction.....Director Vetter
Will support Steckel Diversity Fund
 - b) Field Trip or Fundraising Activity
Proceeds from Deb Green's book at AEG annual meeting to go to Tilford fund.
 - c) Donor Reception
Wed evening.
 - d) Luncheon with AEG
Tuesday
 - e) Lemke Awards
Throughout meeting, BOD members to coordinate.
 - f) Coordination with AEG
Young at Heart Tues.
- 9) Additional BusinessPresident Kreuger
None
- 10) Next Meeting
Monday, April 8, 2024 at 3PM Pacific/6PM Eastern
- 11) Adjournment

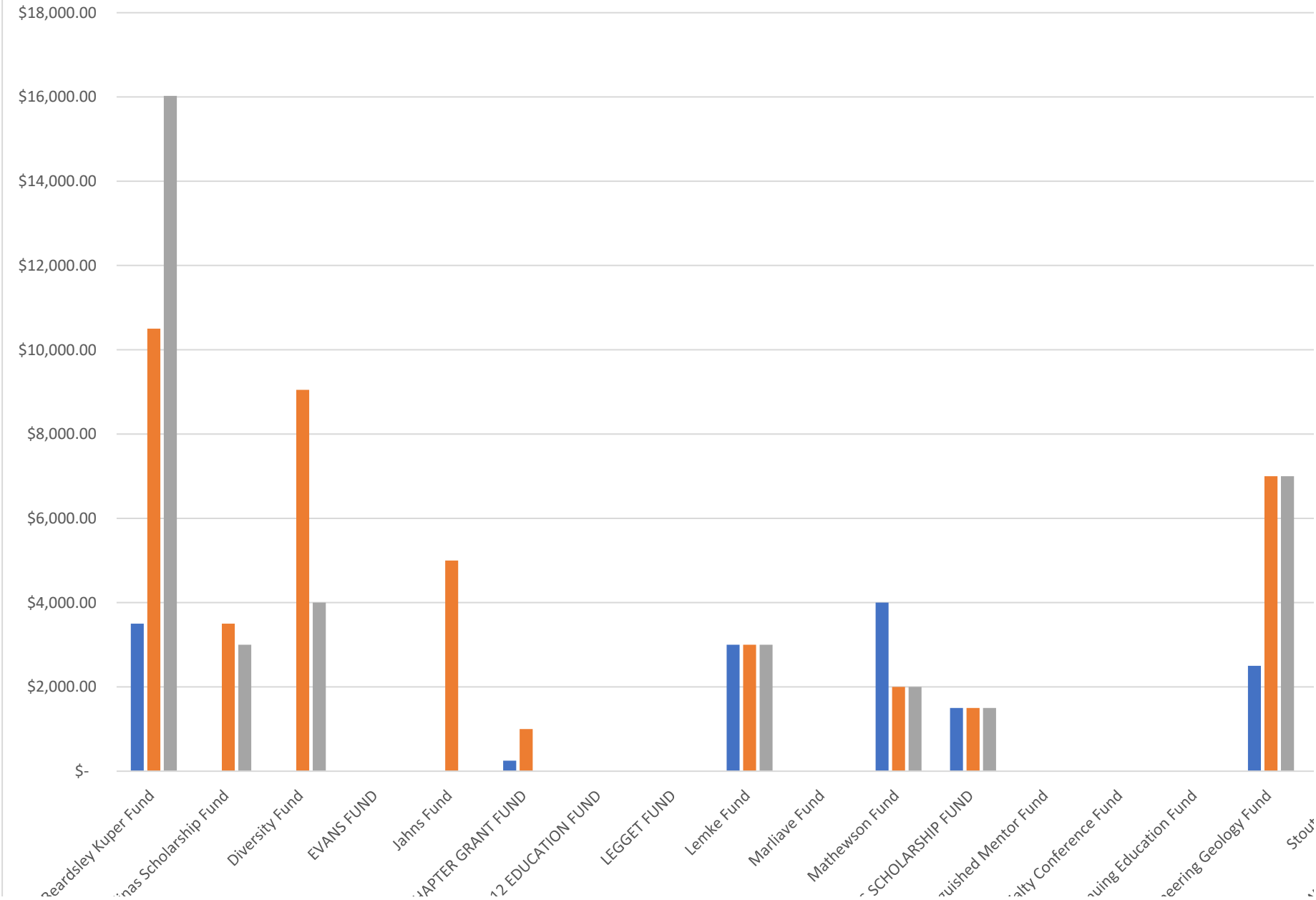
Respectfully submitted by:



Rosalind Munro, Secretary, AEG Foundation

Approved by Board Action 5/10/2024

SCHOLARSHIP AWARD HISTORY





MARCH
2024

AEG FOUNDATION INVESTMENTS

WHAT WE HAVE
AND WHY

Investment philosophy in order of priority

1

PROTECT DONOR'S
CONTRIBUTIONS

2

GENERATE INCOME

3

INCREASE CAPITAL

PORTFOLIO



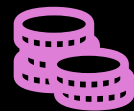
INCOME SUBPORTFOLIO
75%



DIVIDEND GROWTH SUBPORTFOLIO
12.3%



CAPITAL GAIN SUBPORTFOLIO
12.9%



OPERATING FUND AND RESERVE
OPERATING FUND \$50K

TRACKING THE INVESTMENT POLICY

- Cash Reserves and Operating Reserves
- Invest in income producing stocks, bonds and exchange traded funds
- Diversification of invested money to reduce risk
- Use three sub portfolios to provide income, future growth, and long-term stability
- Provide sufficient income to fund the programs and operations of the Foundation
- Discretionary investment

TRACKING THE INVESTMENT POLICY

Controlling costs

Informing Board of changes in investment philosophy

Monthly reports

Asset allocation

Provide liquidity

Overall long-term performance

Board review periodically

SHORT TERM OUTLOOK

Interest rates have stabilized making industrial bonds more attractive

Artificial Intelligence will be the focus of tech stocks for the next two years

Value stocks will revive as markets stabilize

- Preferred stocks will yield better interest rates for the next few years
- Green energy will be subsidized by governments worldwide
- Military-Industrial sector will become focus of large investments

LONG TERM OUTLOOK

- Stock market will rise over the years
- There will be short term changes to that trend
- We should ignore the hiccups and stay long term
- Interest rates will change over the long term
- Our investments should adjust to rates when we can get a favorable long-term return
- Preferred stocks will continue to yield better return than bonds

BUDGETING FOR INVESTMENT INCOME

- Our investment strategy is a balanced approach
- The income from the prior year can be used for the budget in the coming year
- Programs should be budgeted at no less than 50 percent of the prior year's income from investments (excluding capital gains)
- An alternative approach would be to designate a percentage of the total invested assets at year end of the prior year as money available for programs and administration *eg* 6 percent or 7 percent.

WHAT ARE EXCHANGE TRADED FUNDS?

- Exchange traded funds are baskets of securities that follow a specific index of stocks, bonds, or commodities. They are traded daily on major exchanges. Some provide income derived from the underlying holdings. The purpose of the index fund is to closely mimic the index without active management. The investments are managed by algorithm. Some index funds pay a monthly dividend. Fees are less than actively managed mutual funds.
- We have about \$ 118,000 in four Exchange Traded Funds. The total return on investment in these funds has been poor, although the income has been steady.

WHAT ARE CLOSED END FUNDS ?

These are like mutual funds but have a fixed portfolio that does not change except in rare instances. They pay dividends based on earnings and capital gains within the fund. Some pay a fixed amount that may include a return of capital if income is not sufficient to equal the dividend. They are traded daily on major exchanges.

Closed End Funds generally pay from 5 to 8 percent return.

These funds have higher risk than preferred stocks and bonds.

We have about \$ 214,000 in six Closed End Funds

WHAT ARE HIGH-DIVIDEND STOCKS?

- High-dividend stocks are traded on the major exchanges and are of two types. 1. Large companies that have been down-graded by analysts because of short-term problems. These companies are well-managed and have the potential for recovery from an over-sold situation. They continue to pay high dividends even though the stock is out of favor. 2. Financial companies that support business ventures with loans and capital infusion with or without management participation.
- These stocks yield dividend returns of 6 to 9 percent and have the potential for capital appreciation as well.
- We have \$ 241,000 invested in six high-dividend stocks.

HOLDINGS FOR CAPITAL GAIN

Central Securities Corp. (CET)

Fidelity Blue Chip Growth Fund (FBGRX)

Texas Instruments Inc. (TXN)

Vanguard Total Stock Mkt. ETF (VTI)

Return is about even for these holdings

STOCKS FOR DIVIDEND GROWTH

Abbvie Corp. (ABBV)	4.0%
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Chubb Limited (CB)	1.7%
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Hormel Foods Corp (HRL)	3.3%
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VF Corporation (VFC)	5.2%
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Exxon Mobil Corp. (XOM)	3.4%
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PERFORMANCE

2004, beginning balance of \$75,000

2021, high balance of \$1,400,000

2024, balance as of March 12
\$1,248,865

Total inputs less expenses, \$337,017

Total investment gains \$914,762