

**BCOA Beverly C. Taylor Trust for Borzoi Rescue**  
(A Sub-Committee of The Borzoi Club of America, Inc.)

March 5, 2009

**2009 BTRC Members:**

Barbara O'Neill, BTRC Chairman	Lydia Pruett
Barbara Skinner	Kelly Brunarski, PhD
Shen Smith, BTRC Secretary	Karen Denning, PhD

The **BCOA Beverly C. Taylor Trust for Borzoi Rescue** Committee met at 8:00 PM EST, Thursday, March 5, 2009 by telephone conference call. All BTRC members were in attendance and a quorum was established.

**2008 BTRC:** Chairman O'Neill, thanked the 2008 BTRC for the time, consideration and hard work they contributed for the benefit of the BCOA and Borzoi Rescue.

PNC is currently charging fees and other charges at 1/10 of one percent on the portfolio value at an approximate monthly fee between \$800-\$900+ per month. The total earned interest and dividend income received in 2008 was **\$11,098.00**. Deducting the PNC fees and charges of **\$5,964** leaving only a net **+ \$4,832.15** in disburseable income available for rescue and to reimburse the BCOA out-of-pocket expenses for the entire 2008 year.

Barbara O'Neill indicated that even in the current poor economy with low interest rates, it is unacceptable that this fund is paying out approx. \$900.00 each month considering that the funds were invested in a simple money market account from 05/15/08 -12/01/08. Based upon the current performance level and the high fees being assessed to the account, Chairman O'Neill indicated that changes in the investment policies, investment firm, and the ultimate distribution policies need serious consideration in order to seek and provide sufficient net incomes to meet the needs of our various Borzoi rescue groups and pay the BCOA/BTRC associated operational expenses.

**ANNUAL EXPENSES:** Shen Smith asked if the general operating expenses have been determined which would need to come out of any net income at the end of each year.

- **Annual Operating Expense:** Kelly Brunarski reported that a bonding policy to cover the BCOA & BTRC is needed and will likely be under or close to \$500.00 per year as BCOA already has Officer & Board coverage and bonding for those who handle funds. No additional liability policy would be needed as the rescue organizations themselves are carrying liability insurance against mishap from direct rescue events gone bad. Discussion regarding the need for certified audits was undertaken with a recommendation that in-depth audits be completed every 3<sup>rd</sup> or 5<sup>th</sup> year as the BCOA membership will always have access to the actual account statements upon request. The ongoing cost for BTRC conference calls using the BCOA conference account will also need to be budgeted annually for reimbursement.
- **Rescue Group Financial Needs:** Barbara Skinner was asked to provide an idea of exactly how much the rescue groups will need to cover their yearly expenses. She reported that NBRF will need approx. \$6,000.00 annually, and the other rescue groups approx. \$4,000.00 combined.
- **BCOA Out-of-Pocket Expenses:** Expenses were incurred directly from the BCOA general treasury during the course of securing the rescue funds from the Beverly Taylor estate. Kelly Brunarski was unable at this meeting to indicate the exact figures due BCOA for their expenses, but will have the figures available shortly. BCOA expenses include Conference Calls: telephone conference calls by the BCOA board, conference calls between the BCOA board and the BTRC, conference calls by the BTRC. Shipping/Mailing Expense: Federal Express shipping bills, cost of Article X ballots & mailing to BCOA membership, cost of tabulator for Article X tabulation, and various other related expenses. Misc. Expenses: Cost for tax consultant, Edmund Sledzek to address the BCOA membership in a telephone conference in Washington State. The approx. dollar value for reimbursement to BCOA is about \$5,000.00. It was a consensus of this committee to repay the Borzoi Club of America's prior out-of-pocket expenses over a two year period starting on January 1<sup>st</sup>, 2010 until the prior debt is paid off, and then reimburse annually all new expenses incurred by the BCOA Beverly C. Taylor Trust for Borzoi Rescue from the BCOA general treasury.

**ANNUAL DAY OF FINANCIAL RECONCILIATION:** Barbara O'Neill indicated that the committee would need to establish a time period or day in the year where the previous year's financials are analyzed to determine how much income from the net/net figures the fund has earned that will be available for distribution to rescue for the coming year. After discussion a motion was made by Kelly Brunarski, 2<sup>nd</sup> by Shen Smith, that the annual **Day of Financial Reconciliation** be established as December 31<sup>st</sup> of each year with rescue allocation amounts to be determined following review of the EOY earnings statements. **Yes-6, No-0, MOTION CARRIED**

**INVESTMENT PROTOCOLS & POLICY:** Barbara O'Neill indicated that Kelly Brunarski had been asked to investigate various investment protocols which would earn income through low risk investment, securely protect that investment in case of bank/investment house failures, provide the investment account with FDIC coverage, and also lower the overhead fund management fees/costs thus making more dollars available annually for the actual Borzoi rescue needs. Kelly reported that she has been talking with Charles Schwab regarding a **CD Ladder Plan** which would contain staggered certificates of deposit held by BCOA Rescue through a single primary account with Charles Schwab. Kelly reported that Schwab can also handle the duties of the corporate trustee by issuing checks to the rescue groups and the payment of bills upon the written instruction and direction of the BTRC/BCOA Board in keeping with the requirements of BCOA's Article X.

She explained that a CD Ladder is an investment strategy used to stagger investments at interest rates of highest/longest term to lowest/shortest term so that at least one CD matures each year making funds available for the rescue distribution program. The excess funds and interest earned is then reinvested back into another longer term CD on the ladder. This protocol gives the investor in this poor economy the liquidity needed to take advantage of rising interest rates if they might occur given time, while still being able to invest in the longest term CDs with the highest interest rates available in this period of economic crisis. This is one way to maximize the benefits of investing in FDIC insured certificates of deposit while minimizing the drawbacks of locking up the investment capital for an extended period of time in the event the economy were to start a recovery from whence a maturing CD's amount could again be invested back into common mutual fund programs or corporate bonds.

Laddering CDs can help beat lengthy low-rate cycles because they would allow BCOA to take advantage of interest rates spread over months or years while keeping liquidity with the shortest term certificates of deposit. Laddering takes advantage of the fact that almost always, the highest interest rates are paid to the longest term CDs. In other words, a five-year CD is almost always going to have a higher rate than a one-year CD. In order to meet the requirements of the FDIC insurance program coverage this protocol needs all purchased CD's to be in dollar amounts well under 100,000 each so that both the principal and the interest are eligible for complete FDIC insurance protection. A CD Ladder program will safely grow deposits, earn interest income, and significantly lower the costs of fund management making more operational and disburseable funds available for our rescue programs.

The Charles Schwab CD Ladder Program offers BCOA one agreement for all purchased CD's, negotiates one rate, and BCOA would receive one regular statement for all account activity which relieves BCOA from directly managing multiple relationships, entering into multiple rate negotiations, and manually consolidating interest disbursements and account statements all of which meets the pass-through insurance coverage guidelines established by the FDIC.

Discussion resulted in a motion by Lydia Pruett, 2<sup>nd</sup> by Kelly Brunarski that the BCOA/BTRC start the process to move the BCOA Rescue funds from PNC Bank to Charles Schwab for re-investment into the certificate of deposit ladder program for the protection of the fund principal. **Y-4, N-1, Abstain-1 MOTION CARRIED.** Barbara O'Neill asked that those voting no or abstaining indicate their reasoning for their vote. Karen Denning who abstained, indicated that while she is in agreement with the certificate of deposit protocol as a means of fund principal protection through FDIC insurance and lower fund maintenance fees, stated that she could not fully back the protocol until the Committee has stronger oversight in place for the management of the program. She also indicated that she has always been in favor of a low risk protocol of which the certificates of deposit are. Karen indicated that she was not happy with PNC for they never invested as they originally told her they were planning in AAA securities and bonds. Barbara Skinner voted no on the proposed protocol as she has faith in PNC and doesn't feel that they are going to fail as an investment company. Barbara O'Neill mentioned that safe and secure investment in this economic time can not be on a manner of faith alone, but needs a secure and insured protection for the perpetuity of Borzoi rescue funds always being available.

**ESTABLISHING DISTRIBUTION ACCOUNTS:** Discussion regarding establishing an emergency fund and a distribution fund resulted in a motion by Barbara Skinner, 2<sup>nd</sup> by Shen Smith, that **two money market checking accounts** immediately

be established using a start up balance from assets of \$25,000 for distribution into: [Fund 1] **Emergency Fund** with a starting balance of \$15,000, and [Fund 2] **Rescue Allocation & Expense Fund** with a starting balance of \$10,000 which will become immediately available for distribution in 2009 through the current rescue application process. **Y-6, N-0, MOTION CARRIED.**

**OVERSIGHT POLICY:** Committee members all agreed that fund oversight (in addition to the fund protection) are primary goals and areas of concern which need further consideration for an approved oversight policy to be in place prior to the moving of the funds. Barbara O'Neill stated that another committee meeting will be needed and then scheduled a BTRC meeting for **Thursday, March 12, 2009 at 8:00 PM** to discuss fund oversight and a distribution policy.

Oversight discussion areas touched upon were: 1] online & monthly statements for all BTRC, 2] reports to the membership with photocopies of statements, 3] defined policy as to who has access to the funds, who makes decisions and how those decisions are to be carried out, and 4] the number of signatures required for all transactions – 2 – 3 suggested. Also, on the upcoming meeting agenda will be discussion regarding the status of a corporate trustee, if Schwab would be considered or would a separate attorney or CPA be needed which comes within the oversight discussions.

**DISTRIBUTION POLICY:** On the agenda for this meeting was a proposal for possible distribution of allocated funds, but discussion and consideration was moved to the 3/12/2009 proposed meeting.

As there was no further business at this time, a motion was made by Lydia Pruett, 2<sup>nd</sup> by Karen Denning to adjourn. Meeting was adjourned at 9:44 PM.

Respectfully submitted,  
Shen Smith, Secretary

**APPROVED: BTRC Meeting 3/12/2009**

**ADDITIONAL INFORMATION SECTION:**

**BCOA Beverly C. Taylor Trust for Borzoi Rescue - Fund History:** On May 16, 2008, funds in the amount of \$890,000.00 were finally released and received from the Beverly C Taylor estate and mailed to the BCOA. The funds were then transferred directly to and deposited with the PNC Bank of Morristown, New Jersey. PNC Bank subsequently placed these funds into a money market account for The Borzoi Club of America as the owner/agent/custodian of the BCOA Beverly C. Taylor Trust for Borzoi Rescue.

The end of November, 2008, PNC transferred funds (except \$43,077.60) into a fixed income account. On December 31<sup>st</sup> the account balances were as follows:

**Summary - Portfolio Value**

<u>Income</u>		<u>Principal</u>		<u>Total</u>	
Income on 12/31/08	\$6,394.25	Principal on 12/31/08	\$894,401.90	Total portfolio value on 12/31/08	\$900,796.15
Income on 12/01/08	1,918.31	Principal on 12/01/08	\$887,477.00	Total portfolio value on 12/01/08	\$889,395.31
Change in Value	\$4,475.94	Change in Value	\$ 6,924.90	Total change in value	\$ 11,400.84

**Portfolio Value by Asset Class**

<u>Income</u>	<u>Value 12/31/08</u>	<u>Value 12/01/08</u>	<u>Change in Value</u>	<u>Original Value @ PNC</u>
Cash equivalents	\$ 6,394.25	\$1,918.31	\$6,475.94	\$6,394.25
<u>Principal</u>	<u>Value 12/31/08</u>	<u>Value 12/01/08</u>	<u>Change in Value</u>	<u>Original Value @ PNC</u>
Cash equivalents	\$ 42,245.50	\$ 43,077.60	-\$ 832.10	\$ 42,245.50
Fixed income	\$852, 156.40	\$846,399.40	\$7,757.00	\$841,790.30
<b>Total</b>	<b>\$900,796.15</b>	<b>\$889,395.31</b>	<b>\$11,400.84</b>	<b>\$890,430.05</b>

**PNC ACCOUNT INFORMATION:** *It is important to report that the BCOA funds on deposit with PNC are not FDIC insured. No Bank or Federal Government Guarantee, and may lose value. With the global economy hitting the wall in the 3<sup>rd</sup> & 4<sup>th</sup> quarters of 2008, it is projected that S&P 500 earning will remain under pressure in 2009. The forecast calls for the U.S. economy to weaken through the 1<sup>st</sup> half of the year before any recovery may start. The securities in this fund, including shares of mutual funds are not bank deposits. PNC Bank does not guarantee these securities, the FDIC does not insure them nor does any government agency or government-sponsored agency of the federal government or state. Securities involve investment risks, including the possible loss of the amount invested. In addition, the shares of any mutual fund in this account are not obligations of any bank, nor are they issued or endorsed by any bank or guaranteed by the FDIC or any other government agency or government-sponsored agency of the federal government or state.*

Note: Above report & account information was copied directly from the December/2008 PNC Statement.