

2024 Endowment Committee Report to Synod Council

The Endowment Committee has responsibility for overseeing the Synod endowment as well as acting as beneficiary of the Gallmeier Trust on behalf of the Synod. In 2023 the Committee scope was significantly adjusted to provide for a role it could play, as needed, in managing sales of property owned or gifted to the Synod. A revised protocol was adopted by the Assembly in May and is attached.

The protocol limits Committee member terms to a total of 12 years. Chair Rugland has requested his membership cease with the 2024 meeting. Dean Gruner, his designated successor as Chair, has been nominated by the bishop and approved by the Committee. He is a current Committee member, the retired CEO of ThedaCare, a community volunteer, and serves on the Board of Luther Seminary and the Board of Lutheran Social Services of Wisconsin and Upper Michigan.

The Gallmeier Trust purpose is to provide for Seminary education. It is a private foundation and as such must distribute at least 5% of its market value annually. It is a permanent endowment. We have established the operating process of a 5% (1.25% quarterly) distribution based on prior market values over the past 12 Synod fiscal quarters. If this distribution does not satisfy the requirements, an additional amount is added.

With respect to the Synod Endowment, the Committee role focuses on oversight. The Endowment distributions are governed by its Spending Plan. Each fiscal year a total distribution based on 5% (1.25% quarterly) of the ending market values of the fund of the prior 12 fiscal quarters is provided unallocated as to purpose to the Synod for use as it determines appropriate within the directions of donors, if applicable.

The Operating Protocols call for an annual review of the asset allocation. In 2021, given our objective of a long-term view, we modified the overall maximum allocation to equities from 85% to 90%, which we confirmed for this year.

The Protocols also suggest a target return for the investment manager, and we have confirmed this target annual total rate of return at 7% to 9% through 2024. Our actual 5-year rate of return is 8.25% for the Endowment and 6.94% for the Gallmeier. The Committee is both satisfied and pleased that we are achieving our main objective.

At the request of a Council Working Group, we were involved in the development of a process for holding Synod property designated for sale, but not sold. This resulted in a structure change of the Endowment Committee which became operable with approval of the revised set of Protocols.

Here is a financial summary of the funds as of the end of January:

	<u>Feb-20- Jan-21</u>	<u>Feb-21- Jan-22</u>	<u>Feb-22- Jan-23</u>	<u>Feb-23- Jan-24</u>
East Central Synod of Wisconsin Endowment Fund				
Beginning Portfolio Value	1,143,123	1,188,837	1,270,932	
	1,125,968 Contributions:			
Sale of Synod Building	-	-		805,245
Other	-	-	-	
Withdrawals:				
Distributions for Operations	(63,383)	(68,178)	(69,616)	(70,440)
Synod Building Expenses	-	-	-	(35,000) *
Income Earned	25,290	22,685	21,848	26,774
Gain/Loss	83,807	127,588	(97,195)	94,723
Ending Portfolio Value	1,188,837	1,270,932	1,125,968	1,982,269
Gallmeier TUW Fund				
Beginning Portfolio Value	281,098	284,646	304,242	270,119
Contributions	-	-	-	-
Withdrawals	(13,263)	(15,155)	(17,494)	(15,958)
Income Earned	6,701	5,333	5,170	6,478
Gain/Loss	10,110	29,417	(21,797)	15,977
Ending Portfolio Value	284,646	304,242	270,119	276,616

*Estimate, has not occurred yet, will be done in 2024

Walter Rugland and Dean Gruner,
For the Endowment Committee