

**Finance Review Committee  
November 19, 2015  
Myrtle Beach Area Chamber of Commerce  
Boardroom 2:00 p.m.**

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**Committee Attendees:** Wayne Morris, Terrance Herriott, Lynn Kornita, Ken McKelvey, David Meese, Jory Taylor, Tim Vogel

**Staff:** Jim Wright, Elaine Morgan Weidman, Nancy Maloney

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- I. **Call to Order 2:02 p.m.** **Wayne Morris**
  
- II. **Approval of Minutes** – Jory Taylor made a motion to accept the minutes for the July 14, 2015 meeting as presented. That motion was seconded by Terrance Herriott. The motion was approved.
  
- III. **Unfinished Business –MBACC 401(k) Plan Amendment Update** – Jim Wright informed the members that he had executed the January 1, 2016 Plan Amendment (same as the amendments approved for the January 1, 2015 Plan amendment.) David Meese asked if there was any negative feedback from the employees impacted by the delayed execution. Jim confirmed there was none.
  
- IV. **New Business**
  - A. **Presentation of the 2016 Operating Budget** – Jim Wright reviewed in detail the 2016 Operating Budget, totaling \$37,591,320. Various key data points were discussed including anticipated increases in state and local public funding and the slight contraction in private revenues. An increase in Program Expenditures of approximately \$2.6 million over those budgeted for 2015 has been included, taking 2016 budgeted Program Expenditures to approximately \$32.4 million. Jim noted that the budget included a 2.4% average wage rate increase and emphasized staff's continued focus on the sustainability of the Chamber's current self-funded health plan given the continued increase in the stop-loss attachment point. Operating, facility, and fixed expenditures are expected to be essentially flat to those budgeted for 2015 and are expected to total approximately \$1.3 million. Lastly, and consistent with the budgetary approach used in recent years, the anticipated growth in the 1% TDF funding (a growth factor of 2% was included) is budgeted to fall to the Chamber's bottom line and therefore increase its 2016 year-end reserves by approximately \$400,000. The Committee fully supports this approach.

After numerous questions and discussion by the Committee, Ken McKelvey made a motion to recommend the 2016 Budget for presentation to the Board of Directors. The motion was seconded by Jory Taylor. The motion was unanimously approved.

## **B. Disaster Recovery Plan Update**

Jim Wright shared his experiences from a recent visit to New Orleans, Louisiana and Gulfport Mississippi, accompanying Brad Dean, Diana Greene, and Susan Phillips. The group met with the CVB President and the Gulfport Emergency Management Director to discuss the lessons learned from Hurricane Katrina. The Committee's discussion segued to the importance of establishing and maintaining adequate reserves, sufficient to execute the recovery efforts needed in response to a similar storm or disaster. Collectively, the Committee continues to support the ongoing growth of the Chamber's net assets and reserves.

- C. Brief Review of Educational Foundation Investments** – Jim Wright reviewed the current investments in the Educational Foundation account. Tim Vogel voiced a concern with the allocation of funds being 65% bonds and 35% stock/equity. Ken McKelvey suggested rebalancing to 50% bonds and 50% stock/equity. Tim Vogel suggested that a dollar cost averaging approach be considered as a means of rebalancing the portfolio. Ken McKelvey agreed with and supported the concept, as did other members of the Committee. While no formal motion or vote was made or taken, the Committee requested that Jim meet with Jory Taylor to develop a potential model and timeline that could be used in implementing the cost averaging objective.

Jim reminded the Committee that beginning in 2016, the Foundation must disperse in the form of scholarships, a minimum of 5% of average annual investments. This is due to the Foundation's recent transition from a public charity to a private foundation as defined by the Internal Revenue Code.

## **D. Adjournment @ 3:30 PM**

**Wayne Morris**

Jory Taylor made a motion to adjourn the meeting @ 3:30 p.m. The motion was seconded by Lynn Kornita. The motion passed unanimously.