

**Piano Cleveland**  
**Finance Committee Meeting Minutes**  
**1.31.24 – 3:30pm via Zoom**

Present: Robin Baum, Linda McDonald, Beth Rankin, David Freno, Ken Nilsestuen, Jeff Weiler, Alec Pendleton, Ce Sinclair, Mike Frank (arrived a bit late)

Staff: Leslie Dumm, Marissa Moore

Robin welcomed new Board Members who had elected to join the Finance Committee including Ce Sinclair and Mike Frank and also indicated that David Freno was joining this meeting to determine if he could add to this committee. Robin encouraged him to do so, as every new member brings a new and different perspective to the Committee.

### **Investment Subcommittee Report**

Robin indicated that the Investment Sub-Committee had taken place the prior week and the minutes of the meeting, as well as the PNC Investment Report had been emailed to all Finance Committee members in advance.

- Had a pleasant meeting with our PNC team! Results continue to improve with PNC's changes
- We are getting to know advisors better and they want to know more about us and our strategic plan so that they can support our organization better
- Portfolio was up 8% last year, first time we exceeded benchmark in a while!
  - Still a bit in the hole from the 3-year and 5-year results, will take some time to get over that
- Colby Krahe (current advisor) – connected us with our current commercial banker to see if we can find a way to make some money on our idle cash
  - This account was originally used for our Paycheck Protection Program loan account but we'd like it to make market rate to gain a higher interest yield – hopefully close to 5%.
    - Previously PNC ran program to get new assets and offered this rate for new clients, and Robin had a successful experience in negotiating that rate for current PNC clients so we're going to try the same tactic!
  - Unlikely we could do an automatic sweep because of the size of accounts we have
  - Ideally would like to keep our money with PNC, but currently earning under 1%
    - Jeff suggested we should then move it somewhere manually if there is no option with PNC, Alec suggested maxmyinterest.com
  - Leslie and Robin are scheduled to have a meeting with the new PNC commercial banker this week and will follow up via email
- Ce asked – why are we so intent on the relationship with PNC?
  - Robin shared the background of putting out the RFP and our choice to stay with PNC due to their changes in institutional management and to give them a year or so to see how it goes
  - We have seen improved results and relationships so far, will reevaluate at end of quarter three of this year

- Willing to RFP but it's a change that requires a lot from staff so we'll see how it goes
- PNC was significant sponsor but now hasn't done much over the past two years
  - Robin – mentioned she'd be willing to talk to Colby about a PNC sponsorship of the gala (MM will follow up)
- Priorities we agreed on in RFP process
  - Individualized attention, challenging because the endowment is relatively small
  - Still focusing in nonprofit environment with other clients

## **Budget and financial statements**

Robin asked Marissa and Leslie to review the changes that had been made to the 2024 Operating budget since our last meeting. She also explained why the budget report included three prior years of comparative data due to the fact that we budget on a three year cycle due to the timing of our competitions.

- Covered specific budget items and current development projections
  - Marissa presented the issues of increased cost for venues due to non-availability of CIM and CMA, finding practice room space, etc.
  - Current development projections (with real data!) put us comfortably reaching our income goals set out in our budget
    - (spoke more about this later, prioritizing unrestricted dollars)
- Endowment distribution happened in January – some general operating, some for prizes, and some allocated towards next youth competition
- Jeff Weiler asked if we can increase PNC line of credit, which is currently at \$300k, just in case we need it for bills
  - David Freno asked about doubling if it's securities backed? Not currently securities-backed because investment side is separate from commercial banking side but Leslie and Robin will discuss with our banker
    - Also will confirm if there's an additional fee for increasing the LOC
- Alec expressed concern about expansion in budget and net loss at end of 2024
  - Robin shared three-year budgeting plan and its reasoning
  - Marissa shared that all expansions can be directly tied to strategic plan

## **Possible endowment at The Cleveland Foundation**

Robin asked Beth Rankin to share some of the details regarding recent meetings and communication with the Cleveland Foundation.

- Cleveland Foundation has offered us a \$500k match for endowment funds – first conversation with them was for very restricted project, but they are flexible. Would require us to move our assets to the Cleveland Foundation to be managed
- Beth asked to table this conversation as there are some moving parts on the development side and a possible workaround we are working on.
- Robin shared concerns regarding large restricted gifts that may be appealing, but the organization needs unrestricted dollars to operate. Other board members, including Beth Rankin shares concern around trying to avoid restricted endowment funds

## **Brief Development Committee Update**

Beth Rankin and Linda McDonald indicated that they had just completed a Development Committee Meeting and Marissa shared the following items discussed:

- 50<sup>th</sup> Anniversary – 50 for 50 campaign – Looking for 50 donors to commit funding a \$50k contribution.
- Committee discussed concerns that this is not intended to be a major Legacy campaign as we are not yet positioned to take one of those on. Also discussed concerns about cannibalizing donors who make larger annual gifts that may participate in the 50 for 50 campaign in lieu of making these gifts, rather than in addition to.
- Marissa also indicated that Yaron is meeting with a potential very large donor who has already indicated interest in making a large multi-year gift.

## **Financial Audit for the December 31, 2023 year-end**

Robin asked Leslie Dumm to provide an update on the status of the December 31, 2023 financial audit proceedings.

- No engagement letter yet but Leslie and Tatyana (Pease Audit Manager) have touched base already
- Timeline is usually fieldwork in March/April, Mark Noble (Pease Audit Partner) comes to present in August and the board approves in October

## **Committee Goals**

- As a Committee chair, Robin was asked to come up with three goals for her as chair and the committee as a whole. Following are the goals she presented to the Executive Committee:
  - Work with the HR subcommittee to identify and implement an employee retirement plan for Piano Cleveland
    - This is in process! Leaning towards simple IRA
  - Continued expansion of the Finance Committee through selling participation to new board members in the Trustee Orientation process, as well as encouraging current Trustees to join the committee. In addition, we would also like to find another outside Financial Advisor who would be willing to serve on the Investment Subcommittee. This addition may also serve as a tool for future Board of Trustees recruitment.
    - Garnered new members at orientation, yay!
    - Asked for recommendations for an additional outside advisor for investment committee
  - Identify and on-board a Co-Chair for the Finance Committee to expand the leadership knowledge base and provide a chair transition plan for the current chair.
    - Robin learned so much from Ken and would like to provide the same support to the next leader in this space

Robin asked if there was any old or new business for consideration. Hearing none, she asked Leslie to review the dates/times of the upcoming Finance Committee meetings for the benefit of new Committee members. The following dates were provided:

- May 1<sup>st</sup> – 3:30pm via Zoom
- August 28<sup>th</sup> – 3:30pm via Zoom
- October 30<sup>th</sup> – 3:30pm via Zoom
- January 29, 2025 – 3:30pm via Zoom

Robin thanked all staff and members of the committee for their time and adjourned the meeting.