



PKP MCMAHAN FINANCE ENGINE LLC

Meeting Minutes

Meeting of the PKP McMahon Finance Engine LLC ("Finance Engine") of the Endowment Fund of the Phi Kappa Psi Fraternity ("Phi Kappa Psi Foundation; Phi Psi Foundation")
October 31, 2016 – 3:00 PM ET
Telephonically

MEETING CALLED TO ORDER

The meeting of the Finance Engine Managers was called to order at 3:00 PM ET on Monday, October 31. Finance Engine Managers Donald V. Fites *Valparaiso '53*, Frederick A. Hegele *Ohio State '63* and Wayne W. Wilson *Michigan State '59* were present along Finance Engine Officer Benjamin S. M. Nicol *Valparaiso '00*.

NEW BUSINESS

The Managers reviewed the Finance Engine's current financial and investment portfolio.

The Managers discussed various premium policy options related to the McMahon/Marvin policy noting that to date \$2,909,000 of premium payments have been made. As the policy is a "flexible premium universal life insurance policy" the Managers opted to strategically minimize current premium payments while maintaining the policy in force in order to maximize the funds to be retained in the Finance Engine's investments. The newly adopted schedule calls for the payment of the minimum premium of \$734k for the next two years, then \$834k for the next five years, then \$1,000,000 for the succeeding four years and finally \$2,200,000 for two additional years. Finally, it was agreed that because of the type of policy the premium schedule will continue to be monitored and adjusted based upon current conditions.

The Managers approved an investment request for distribution of \$330,000 for December 2016 as well as \$810,000 for July 2017. These distributions would cover all of the Finance Engine's cash flow needs until July 2018 and include \$250,000 in initial funding for the Nelson Leadership Institute LLC (positioned as a matching gift challenge to donors through March 31, 2017) and \$734,000 in policy premium payments as well as funds to cover annual loan interest payments and operational expenses.

NEXT MEETING

"... include \$250,000 in initial funding for the Nelson Leadership Institute LLC ..."