

Giving Back. Moving Forward.

## FINANCE / INVESTMENT COMMITTEE Thursday – January 24, 2019

## **MINUTES**

PRESENT: John Doskoch, Fred Malpass, Lori Meeder, Tami Vincent

ABSENT: Scott Diller, Bob Hoffman STAFF: Chip Hansen, Laura Hansen

GUESTS: Jeff Weisker - Fund Evaluation Group (via speakerphone)

Lori Meeder called the meeting to order at 12:25 p.m.

Motion by T. Vincent, supported by L. Meeder, to approve the minutes of the October 18, 2018 meeting of the Finance Committee. Motion passed, 4-0.

Jeff Weisker from Fund Evaluation Group (FEG) reviewed CCCF's 4Q-end investment performance report with the group, including the following investment results:

	4Q	l Year	3 Years	5 Years	7 Years	10 Years	Since Inception
Total Composite	-11.1%	-8.4%	5.6%	3.4%	6.9%	8.7%	7.3%
Benchmark	-10.6%	-7.8%	5.7%	3.3%	6.7%	8.2%	7.8%

According to Mr. Weisker, factors impacting the returns included the ongoing trade tensions with China, the rate increase instituted by the Federal Reserve and the ongoing government shutdown. Returns were down across all sectors. Committee members discussed the asset allocation strategies, especially the C3F exposure in international funds. In response to this discussion Mr. Weisker will prepare an asset allocation model with reduced international exposure for the Committee's review in April. Mr. Weisker also reminded the Committee that the target investment rate of 8.0% will continue to be difficult to reach moving forward. Lower returns may also impact the spending rate moving forward.

Following the investment performance report, Mr. Weisker discussed his recommendation to replace the Voya Real Estate and Voya International Real Estate I Funds, which have underperformed, with the DFA Global Real Estate Securities Fund, which provide a quality alternative in the real estate sector, with competitive returns and fees. The recommendation will not require modifications to the C3F asset allocation, as all financial activities associated with the change will occur in the C3F Schwab account.

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Motion by F. Malpass, supported by J. Doskoch, to accept the 4Q-end investment performance report as presented, including the replacement of the Voya Real Estate and Voya International Real Estate I Funds with the DFA Global Real Estate Securities Fund. Motion passed, 4-0.

Jeff Weisker exited the meeting at this time.

Laura Hansen shared the 4Q-end financials, providing informative supplementary comments related to the Statement of Activity, Balance Sheet and Operating Fund Revenue/Expense Reports. *Motion by J. Doskoch, supported by F. Malpass, to accept the 4Q-end consolidated financial statements and revenue/expense reports, as presented. Motion passed, 4-0.* 

Chip Hansen shared materials (from Warner Norcross and Judd) and recommendations related to the due diligence the C3F has conducted to manage the transition from the current 403(b) plan to a new 401(k) plan. Mr. Hansen, with support from Kent Sparks, Warner Norcross and Judd, recommended the C3F retain the services of Vanguard and Midwest Capital Advisors to work with the C3F as Plan Service Provider and Investment Advisor, respectively. Committee members supported the due diligence efforts associated with the recommendations.

Motion by T. Vincent, supported by J. Doskoch, to retain the services of Vanguard to assist the C3F in the transition from the current 403(b) plan to a new 401(k) plan, and in establishing and administering the new 401(k) plan. Motion passed, 4-0.

Motion by F. Malpass, supported by T. Vincent, to retain the services of Midwest Capital Advisors to assist the C3F as an ERISA 3(38) investment advisor for the new 401(k) plan. Motion passed, 4-0.

Consistent with a target imbedded in the Organization Activities Plan, Laura Hansen and Chip Hansen introduced the group to Special Projects Fund administration. Working through a series of slides that revealed the unique nature of several such funds, the group learned about the challenges associated with administering Special Projects Funds. Mr. Hansen indicated that they will develop more formal procedures for evaluating Special Projects Funds moving forward, and will share those procedures with the Committee in April 2019.

Motion by J. Doskoch, supported by F. Malpass, to adjourn the meeting. Motion passed, 4-0. The meeting adjourned at 3:04 p.m.

<u>Haura R. Hansen, Recording Secretary</u>

1 / 24 / 19
Date