



Giving Back. Moving Forward.

FINANCE / INVESTMENT COMMITTEE  
Thursday – July 23, 2020

MINUTES

PRESENT: John Daskoch, Fred Malpass, Tim Manchester, Lori Meeder, Tami Vincent

ABSENT: Scott Diller, Bob Hoffman,

STAFF: Chip Hansen, Laura Hansen

GUESTS: Jeff Weisker - Fund Evaluation Group  
Vel Kammermann – Kammermann & Bascom

Lori Meeder called the Zoom meeting to order at 12:31 p.m.

*Motion by T. Vincent, supported by J. Daskoch, to approve the minutes of the April 16, 2020 meeting of the Finance Committee. Motion passed, 5-0.*

Vel Kammermann of Kammermann & Bascom joined the meeting and reviewed the 2019 Audit with the group and responded to questions. Ms. Kammermann also commented on the 2019 Form 990. Following the reports, it was *moved by J. Daskoch, supported by T. Vincent, to accept the 2019 Annual Audit and Form 990 reports as presented. Motion passed, 5-0.* Vel Kammermann exited the meeting at this time.

Jeff Weisker from Fund Evaluation Group (FEG) joined the meeting and reviewed CCCF's 2Q-end investment performance report with the group, including the following investment results:

**Investment Portfolio**

|                 | 2Q    | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years | Since Inception |
|-----------------|-------|--------|---------|---------|---------|----------|-----------------|
| Total Composite | 18.8% | 3.6%   | 6.1%    | 5.8%    | 6.7%    | 8.2%     | 7.6%            |
| Benchmark       | 16.0% | 1.1%   | 5.1%    | 5.2%    | 6.2%    | 7.7%     | 8.0%            |

**ESG Portfolio**

|                 | 1Q    | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years | Since Inception |
|-----------------|-------|--------|---------|---------|---------|----------|-----------------|
| Total Composite | 18.3% |        |         |         |         |          | -0.6%           |
| Benchmark       | 16.7% |        |         |         |         |          | -2.9%           |

Mr. Weisker noted positive performance across all sectors, noting that every investment outperformed the benchmark, while also commenting positively on the influence of active management.

Following up on the Committee's discussion in April, during which the group agreed to pursue an investment mix that reduced the international exposure of the C3F, Mr. Weisker shared the following asset allocation detail:

|                                | Current Target | Mix 1 | Mix 2 | Mix 3 |
|--------------------------------|----------------|-------|-------|-------|
| US Large Cap                   | 25.0           | 27.5  | 30.0  | 32.5  |
| US Mid Cap                     | 10.0           | 12.5  | 12.5  | 12.5  |
| US Small Cap                   | 10.0           | 10.0  | 12.5  | 12.5  |
| International Developed Equity | 17.5           | 15.0  | 12.5  | 10.0  |
| International Small Cap        | 5.0            | 5.0   | 2.5   | 2.5   |
| Emerging Markets Equity        | 7.5            | 5.0   | 5.0   | 5.0   |
| Core Bonds                     | 17.5           | 17.5  | 17.5  | 17.5  |
| TIPS                           | 2.5            | 2.5   | 2.5   | 2.5   |
| Public Real Estate             | 5.0            | 5.0   | 5.0   | 5.0   |

Mr. Weisker recommended, and the Committee agreed, that Mix 3 would be the preferred model at this time.

In the interest of time, the group agreed to address FEG's update on Dimensional Fund Advisors (DFA) performance, as well as the review of FEG's annual survey of Community Foundations, until their October meeting. Members also noted their preference to address/approve revisions to the Investment Policy Statement (IPS) with an independent motion in the future. *Motion by J. Doskoch, supported by F. Malpass, to accept the 2Q-end investment performance report as presented by FEG. Motion passed, 5-0.*

Jeff Weisker exited the meeting at this time.

Laura Hansen shared the 2Q-end financials, providing informative supplementary comments related to the Statement of Activity and Balance Sheet. Ms. Hansen also shared the Operating Fund Revenue/Expense Report. Ms. Hansen did not go into detail on the expense side of the ledger, deferring to the budget amendment discussion that would occur later in the meeting. *Motion by T. Vincent, supported by J. Doskoch, to accept the 2Q-end consolidated financial statements and revenue/expense reports, as presented. Motion passed, 5-0.*

Lori Meeder distributed and discussed the annual "Depository Review," which highlights information related to the health of the community foundation's local depositories, which include 4Front Credit Union and Charlevoix State Bank. The group agreed that the financials for each depository were positive and worthy of continued CCCF investment.

Chip Hansen reviewed proposed amendments to the 2020 Operating Fund Budget. Mr. Hansen identified areas of change on the revenue and expense sides of the ledger. The amendments produced revenues of \$691,322 and expenses of 658,962. The projected surplus of \$32,360 may fluctuate prior to year-end, as the C3F makes investments in a new management software program and conducts necessary repairs to rectify water issues in the basement/crawl space. *Motion by F. Malpass, supported by T. Manchester, to approve amendments to the 2020 Operating Fund Budget, as presented. Motion passed, 5-0.*

Following guidance from the Board of Trustees, as determined at their April meeting, the Committee took action to grow the Community Reserve Fund, using excess operational revenues and resources generated by the Robert G. Tambellini Administrative Endowment Fund, authorizing the transfers with the following motions:

*Motion by J. Doskoch, supported by T. Vincent, to authorize the transfer of \$36,934 from the Operating Fund to the Community Reserve Fund. Motion passed, 5-0.*

*Motion by T. Manchester, supported by F. Malpass, to authorize the transfer of \$40,728 from the Robert G. Tambellini Administrative Endowment Fund to the Community Reserve Fund. Motion passed, 5-0.*

Laura Hansen exited the meeting at this time.

The group engaged in a preliminary discussion focusing on staff compensation in 2021. Chip Hansen shared information about current levels of compensation, as well as regional and national compensation data from the field. The group will discuss compensation again at their meeting in October, with the goal of finalizing staff increases for 2021 at that time.

*Motion by T. Vincent, supported by T. Manchester, to adjourn the meeting. Motion passed, 5-0. The meeting adjourned at 2:35 p.m.*

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Laura R. Hansen, Recording Secretary

July 23, 2020  
Date