



Giving Back. Moving Forward.

FINANCE / INVESTMENT COMMITTEE
Thursday – October 15, 2020

MINUTES

PRESENT: Scott Diller, John Doskoch, Fred Malpass, Tim Manchester, Lori Meeder, Tami Vincent
ABSENT: Bob Hoffman
STAFF: Chip Hansen, Laura Hansen
GUESTS: Jeff Weisker - Fund Evaluation Group

Lori Meeder called the Zoom meeting to order at 12:27 p.m.

Motion by T. Vincent, supported by F. Malpass, to approve the minutes of the July 23, 2020 regular and September 10, 2020 Unanimous Written Consent meetings of the Finance Committee. Motion passed, 6-0.

Laura Hansen shared the 3Q-end Statement of Activity, Balance Sheet and Operating Fund Revenue/Expense Reports, and shared supplemental comments about each report. *Motion by J. Doskoch, supported by T. Manchester to accept the 3Q-end consolidated financial statements and revenue/expense reports, as presented. Motion passed, 6-0.*

Jeff Weisker from Fund Evaluation Group (FEG) reviewed CCCF's 3Q-end investment performance reports with the group, including the following investment results:

Investment Portfolio

	3Q	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception
Total Composite	7.3%	11.0 %	7.0%	9.0%	6.9%	7.9%	7.8%
Benchmark	6.0%	6.8%	5.7%	8.2%	6.1%	7.3%	8.1%

ESG Portfolio

	3Q	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception
Total Composite	8.3%						7.6%
Benchmark	6.6%						3.5%

Scott Diller exited the meeting at 1:00 p.m.

In addition to the performance reports, Mr. Weisker:

- Discussed FEG's evaluation of Dimensional Fund Advisors (DFA), noting that, while the DFA funds in the C3F portfolio have under-performed, FEG was continuing to recommend the DFA holdings. The Committee expressed concern about DFA. Mr. Weisker will offer alternatives at the January 2020 meeting of the Committee.
- Discussed nuances in the allocation mix in the C3F international asset class. Some Committee members expressed concern about over-investing in emerging market products. Additional discussion will occur in January 2020.
- Shared FEG's annual survey of Community Foundations.

Fred Malpass exited the meeting at 1:45 p.m.

The Committee also discussed expanding the size of the ESG portfolio by including the corpus of the *Lake Charlevoix Watershed Fund* (approximately \$750,000).

Motion by T. Manchester, supported by J. Doskoch, to accept the 3Q-end investment performance report as presented. Motion passed, 4-0.

Motion by T. Vincent, supported by T. Manchester, to utilize the corpus of the Lake Charlevoix Watershed Fund to increase the C3F position in the ESG pool. Motion passed, 4-0

Chip Hansen shared, pursuant to the C3F Strategic Plan, the timeline for Finance Committee review of C3F internal controls. The Committee agreed, by consensus, with the timeline. As a result, staff will share internal control recommendations at the Finance Committee meetings to be held in January, April, and July 2020.

Laura Hansen exited the meeting at 1:55 p.m.

Chip Hansen outlined the many staff-driven achievements the C3F realized in 2020 and utilized those achievements to highlight his recommendations related to staff bonus levels. After discussion, the Finance Committee supported the following bonus levels, which will be forwarded to the full Board of Trustees for their consideration/action at the November 19, 2020 regular meeting:

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|----------------------------|-----------------------------|
| ▪ Ashley Cousens - \$1,000 | ▪ Mishelle Shooks - \$1,250 |
| ▪ Laura Hansen - \$1,750 | ▪ Sara Ward - \$1,500 |

Chip Hansen shared updated information from the Council on Foundations 2019 Salary and Benefits Report, which also included data for the Midwest Region, as well as updated information regarding regional community foundations and major employers, using the data to support staff salary increase recommendations for 2021. After discussion, the Finance Committee supported the following increases, which will be forwarded to the full Board of Trustees for their consideration/action at the November 19, 2020 regular meeting:

- Ashley Cousens – 2.5%
- Laura Hansen – 2.5%
- Mishelle Shooks – 2.5%
- Sara Ward – 2.5%

Chip Hansen reviewed the initial draft of the 2021 Operating Fund Budget with the group. As always, the budget reflected conservative estimates on the revenue side of the ledger, and liberal expense estimates.

During the review, Mr. Hansen's noted the proposed budget includes:

- A flat market
- A gradual return to normalcy (dependent on the pandemic)
- Recommended staff salary increases
- Continued investment in housing and student success initiatives

The proposed budget produces revenues of \$649,000 and expenses of \$639,212. After discussion, the Finance Committee, by consensus, recommended the budget be forwarded to the full Board of Trustees for consideration at their meeting to be held on November 19, 2020.

Motion by T. Vincent, supported by T. Manchester, to adjourn the meeting. Motion passed, 4-0. The meeting adjourned at 2:31 p.m.

Laura R. Hansen, Recording Secretary

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Date