

**THE CATHOLIC FOUNDATION  
ARCHDIOCESE OF SANTA FE**

**Investment Committee Meeting  
February 19, 2019**

**Minutes**

- Members Present:** Peter Beaudette, Gifford Davis, Gregory Edwards, Tom Growney, Jim Higdon, Don Rigali and Tony Strati
- Members Absent:** Sheila Brown, Fr. Domme, Annette Hayden and Stan Sluder
- Guests:** Annette Bidart - AndCo Consulting
- Staff Present:** Ed Larrañaga and Dorothy Sheehi

**I. Opening Prayer**

The February 19, 2019, 2018, Investment Committee (Committee) meeting was called to order at 1:00 p.m. and opened with a prayer by Ed Larrañaga.

**II. Approval of November 20, 2018 Minutes**

**Motion: Tom Growney moved to approve the November 20, 2018, meeting minutes. Don Rigali seconded the motion and the minutes were approved as presented.**

**III. AndCo – December 31, 2018 Performance and January 31, 2019 Flash Reports**

i) Market Insights

Annette began her presentation by highlighting the letter from the President of AndCo, Mike Welker. She noted that AndCo will be sending a survey to each member of the Committee to solicit feedback on AndCo and Annette's performance. She then presented highlights from the economic overview included on the fourth quarter performance reports and the January 31<sup>st</sup> flash reports. She pointed out the Foundation's one-year performance of -5.92% was higher than the peer group of community foundations which were down 7% last year. She also noted that the Vanguard Mid Cap funds were the worst relative performing funds since their inception into the portfolio.

Next, Annette discussed the report prepared by CBIS for the 100% equities portfolio of the Retired Priests that is no longer included in the AndCo Endowment flash reports. As of December 31, the fund was down 12.53% since inception. Ed reminded the Committee that the objective and goals of this portfolio were selected by the Retired Priests' advisory board and is documented (see attached letter). At the request of the Committee, Annette drafted an IPS for this fund which she has sent to the Foundation's staff. It will be presented for approval at the next Committee meeting.

- ii) Watch List – Annette added Vanguard Mid Cap Growth and Vanguard Selected Value to the watch list. She will be commenting on these next quarter if there is not significant improvement (which we did see in January).

- iii) Dimensional Fund changes

Annette shared with the Committee changes Dimensional (DFA) made to its senior investment team. Joseph Chi will step down from his role as Co-Head of Global Portfolio Management (PM) and Chair of the Investment Committee (IC) but will serve as an ex officio member of the IC and will help train and mentor future leaders. Jed Fogdall, currently Co-Head of Global PM, will become Head of Global PM and Chair of the IC. AndCo does not see a need to make any changes due to the PM changes/retirement at DFA.

- iv) Endowment Fund Rebalance

Annette pointed out to the Committee that as of January 31<sup>st</sup>, the Endowment portfolio is overweight in cash and underweighted in international equities. Total cash held at Schwab is approximately \$1.6M, largely due to the capital gains and dividends paid in December. Dorothy said that the projected amount for 2019 grants and distributions is \$1.5M. Therefore, the question before the Committee became whether to hold the cash at Schwab for distributions or to re-invest all or a portion of it in equities. Annette then went over a handout she distributed discussing "The International Equity Opportunity" (attached). After discussion, the following motion was made:

**Motion: Jim Higdon made a motion to purchase \$200,000 of the DFA Emerging Markets Social Core Equity Fund and \$200,000 of the American Century Emerging Markets Fund. Peter Beaudette seconded the motion and it passed by a majority of the members present.**

The Committee then discussed whether the remaining cash held for 2019 distributions and grants should be held in the Schwab prime money market account (which currently pays about 2.45% interest) or the Schwab government money market account (which currently pays about 2.1% interest). Although the prime money market account is marginally riskier, the following motion was approved by the Committee:

**Motion: Tom Growney made a motion to keep cash held for distribution in the Schwab Variable Share (prime) account. Greg Edwards seconded the motion and it passed unanimously by the members present.**

#### **IV. CRT/Gift Annuity Fund**

Dorothy reviewed the January 2019 CRT/GA funding schedule, noting that the excess of marketable securities over the current liability was approximately \$586k.

The Committee then reviewed the December 2018 CRT/GA funding schedule because that is the one used to determine the annual contribution to the grant pool. As of December 31, the excess of marketable securities over the current liability was approximately \$419k. Assuming the Executive Committee approves a 4% distribution rate for 2019, the contribution to the grant pool would be \$16.8k.

#### **V. Other Business**

The next meeting date for the Committee was confirmed for May 14, 2019 and the meeting adjourned at 2:30 p.m.