

UUA Socially Responsible Investment Committee  
24 Farnsworth Street  
Boston, MA 02210  
Room 210  
February 22, 2019

Members present Kathy Mulvey, Chair, Tim Brennan, Vonda Brunsting, Lucia Santini-Field, Julie Skye and Pat Tomaino

Members absent: Kristin Faust

Guests: Elandria Williams, Co-Moderator, UUA Board

**1. Minutes from meeting on November 20, 2018 – Mulvey**

**Motion 1:** To approve minutes from November 20, 2018 meeting without amendment. Moved, Brunsting, seconded, Mulvey. All approved.

**2. Community Investing – Mulvey**

- Ujima
  - Invests in local communities, specifically Roxbury, Mattapan and Dorchester.
  - Community members vote on where the assets go and the final development that impacts their streets and families.
  - Start-up carrying a higher risk level than our usual investments and is uninsured; do have impressive foundation backing.
  - Investment interest is there; will pursue additional information in order to decide on investing.

**Action item 1:** Brennan to circulate the SRIC policy to the committee.

- Boston Impact Initiative
  - More traditional community impact investing model, also working in Roxbury, Mattapan and Dorchester.
  - Although Ujima is a project of Boston Impact Initiative it's believed the investments would be to two separate entities.

**Action item 2:** Brunsting to explore the two potential investments further to ensure it would be two separate investments in two separate entities.

- Root Capital Renewal
  - Mezzanine financing focused in Central and South America, Sub-Saharan Africa and Southeast Asia.
  - Invest in the growth of agricultural enterprises so they can transform rural communities. These businesses purchase crops such as coffee, cocoa, or grains from thousands of smallholder farmers. They connect members to markets and help improve their farming practices.
  - Investment is up for renewal.

**Motion 2:** To renew investment for 3 years and increase interest rate to 1.5%. Moved, Brennan, seconded Brunsting, all approved.

### **3. Updates – Mulvey**

- Dialogue with UU Social Justice organizations
  - Confirmed they won't be filing a business resolution this year but will continue dialogue with other organizations.
  - They've requested another call for some time in March.

**Action item 3:** Mulvey to contact Curt Bell to request Kathleen Gaffney and Lucia Santini-Field be added to the group.

- Committee updates
  - As of June 30<sup>th</sup>, there will be a vacancy on the committee.
  - Have a promising candidate presently being vetted by the appointments committee.

**Action item 4:** Santini-Field to contact Kristin Faust to see if she would be willing to continue CDFI investment evaluation in the future.

### **Joint session with Investment Committee**

#### **4. Minutes from meeting on November 20, 2018 – Gaffney**

**Motion 2:** To approve minutes from November 20, 2018 meeting without amendment. Moved, LaPann seconded, Santini-Field. All approved.

#### **5. Discuss Essential Partners Training – all members**

- As part of the training, opportunities were created to ask questions, listen, reflect, and speak intentionally.
- Each member introduced themselves and identified why they came to the UUA.
  - Identified were:
    - a) Valuing human dignity
    - b) Support for questioning and searching for the truth
    - c) Being in a community where you can be authentic and have meaningful relationships.
- Members were then asked to share the values they bring to the work:
  - Searching for the truth; question the narratives you're given, ask big "why" questions, look at both numbers and impact and, make sure reason is informed by fact.
  - Commitment to justice; balance risk, return, and justice, living theology out loud and, act and organize for justice.
  - Accountability/responsibility; to those aren't in the room, sacrifice economic well-being for the betterment of others and, leverage our collective power.
- Next, discussed how those values show up in the work and where questions come up.
  - Questions included:
    - a) Accountability/responsibility to whom? To what values or systems?
    - b) How is risk defined and who does that definition protect/prioritize?
    - c) What assumptions are being made about the best way to do financial investing?
    - d) How much lower of a financial return is acceptable to live out our values?
- Traditional risk tools are insufficient, need to identify new risks and how they interact with/enhance traditional tools.

- Discussed the need to identify new risks and incorporate them into our screening criteria.
- Statement of Investment Beliefs should capture the broader concept of risk.
- Discussed hiring a firm to help us incorporate those investment beliefs into a set of tools to be used to be to craft a questionnaire to send to our existing managers and any new managers going forward.
- Discussed asking the group of foundations interested in the intersection of racial justice and finance for a grant to cover the consultant, staff, meetings and travel.
- Getting communications on board to distribute our value-based success stories is critical.

**Action item 5:** Brunsting to contact Rob Lake of PRI regarding development of a manager questionnaire based on our Statement of Beliefs.

**Action item 6:** Tomaino to reach out to Jasmine Richards regarding development of a manager questionnaire based on our Statement of Beliefs.

**Action item 7:** LaPann to reach out to Impact Finance Center to ask about them serving as a consultant to help develop a Statement of Beliefs.

**Action item 8:** Brunsting, Brennan and Williams to reach out to the foundations group about applying for a grant.

**Action item 9:** Brennan to talk with Communications and UU World regarding our need to distribute our value-based success stories.

## 6. Screening Criteria

- **Report from subcommittee**
  - Sustainability risk-based rating system and accompanying thresholds
    - a) Over the next year all clients will be moved to the new system.
    - b) Need to discuss the screening criteria we currently use and where we set the bar.
    - c) Requested a full work up on a company to see the materiality.
    - d) Does leave room to put our own imprint on it.

**Action item 10:** Brennan to share a new Sustainability company report with full committee.

**Action item 11:** Brennan to instruct Sustainability to run the next reporting based on the new risk-based model.

## 7. Fossil Fuel Company Divestment – Brennan

- Decision around maintaining or selling positions
  - Reviewed the remaining CU200 holdings.
  - Discussed the few companies that we're not engaged with and why.
  - Consensus of the committee is to sell the CU200 companies we're not engaged with and to clean up all holdings in the Advocacy account where we're below the threshold to file a proposal.
  - Consensus is to sell Hess Corporation if there's no potential for engagement.

**Action item 12:** Brennan to find out who the lead filer is for Hess Corporation and see if there's any potential for engagement.

**Action item 13:** Lasher and Skye to continue work on screening criteria review and coordination between the committees.

## **8. Intersection of Capital and Racial Justice - Brunsting and Tomaino**

- Transform Finance, funded by The Rockefeller Foundation, Ford Foundation and Edward H. Hazen Foundation, convened about a year ago with stakeholder community organizations interested in racial equity to get their expectations.
- A second meeting was held for investors to get feedback and develop investor strategies and next steps.
- As UUA representatives, will bring back the work of the group and feed our process into the larger group to possibly have more influence.
- Building on long standing practice of investors engaging on shareholder issues as well as how to bring more women and minority owned firms into their portfolio.
- The framing is to look at six themes, work, wealth, health, place, justice and education.
- A couple of needs identified were a set of actions that can be applied across a portfolio and a range of asset class and having the ability to share experience.

**Action item 14:** Brunsting to distribute link to website.

**Action item 15:** Tomaino to share article that came out.

## **9. Working Lunch – all members**

- Plans for GA 2019
  - Report on Business Resolution will include the holdings we've sold and what we're engaging on.
  - This year's report will be a video report; a workshop has also been scheduled.
  - In past years, reports haven't been presented in general session, need to express our advocacy work as one of the prongs of how we live our faith out loud; the focus of general session.

**Action item 16:** Brennan and Santini-Field to follow-up with Williams on how to get the information presented during general session.

- UUCEF Portfolio and Performance Update
  - The Endowment returned -8.6% gross of fees during the fourth quarter of 2018, ranking 68<sup>th</sup> in the universe, outperforming the allocation index but underperforming the policy index.
  - Over the trailing one-year period, the Endowment returned -4.0% gross of fees, ranking 27<sup>th</sup> in the universe and outperforming both the allocation and policy indices.
  - Over the ten-year period, performance ranked in the second quartile of the peer universe.

## **10. NEPC 2019 Investment Outlook – NEPC**

- Key Market Themes and Current opportunities
  - Key market themes discussed were late cycle dynamics, tightening global liquidity, China transitions and globalization backlash.
  - No manager changes were recommended but a few changes to allocation were.

- Have a more favorable view of US and less favorable view of international developed markets.
- Should raise safe-haven fixed income exposure, reduce lower quality credit exposure and maintain overweight to emerging market equities.

#### **11. UUCEF Asset Allocation Review and Recommendations - NEPC**

- In reviewing the NEPC proposed policy allocation, committee was concerned about the private markets allocation of 10% which would take many years to realize.
- NEPC recommended shifting equity allocation to 12% emerging markets, 34% non-US developed and 54% to US equity and adding a dedicated exposure to short duration government/credit.

**Action item 17:** NEPC to provide a new proposed rebalancing spreadsheet for committee review.

**Next Meeting:  
May 16, 2019**