

UUA Investment Committee – Minutes

24 Farnsworth Street, Room 210

Boston, MA 02210

May 16, 2019

Members present: Kathleen Gaffney, Chair, Tim Brennan, John LaPann, Brian Lasher, and Lucia Santini-Field

Members absent: Ken Redd

Staff: Susan Helbert

NEPC: Lily Fayerweather, Krissy Pelletier, Asher Watson

SRI Committee: Vonda Brunsting, Kathy Mulvey, Julie Skye, Pat Tomaino

1. Minutes from February 22, 2019 - Gaffney

Motion 1: To approve minutes from the February 22, 2019 meeting. Moved: LaPann, seconded: Santini-Field, all approved.

2. Consideration of Community Investment Opportunities – Mulvey

- Ujima Project 25K -
 - Full due diligence hasn't been completed. SRI Committee will schedule a call to review and form a recommendation for the Investment Committee.
- Boston Impact Fund 50K –
 - Invest in communities of color led by people of color and have become a leader in the field nationally.
 - Full due diligence hasn't been completed. SRI Committee will schedule a call to review and form a recommendation for the Investment Committee.
- Both investments fit our commitment to racial justice.

Action item 1: Helbert to schedule a call for the committee to review the Ujima Project and Boston Impact Fund investment opportunities.

Action item 2: Brennan to contact Faust for full due diligence reports.

3. Statement of Investment Beliefs – all members

- According to the Principles for Responsible Investment, “Investment beliefs set the direction for investment policy, investment practice and organizational culture. They also help asset owners to make practical decisions about their investment style, their selection and monitoring of investment managers, their

asset allocation, their investment decisions, their performance objectives, and their approach to active ownership.”

<https://www.unpri.org/asset-owners/investment-beliefs-examples-from-practice/288.article>

- Brunsting reported that discussions with Rob Lake were fruitful, he would be able to work with us for reasonable compensation.
- Hazen Foundation was unable to offer support but suggested contacting the Hyams Foundation for a possible grant.

Action item 3: Brunsting to contact the Hyams Foundation.

Action item 4: Brunsting to send the article on what a statement of beliefs is to Helbert for posting to the committee’s private page.

Action item 5: Brunsting, Gaffney, Mulvey and Santini-Field to have a conference call to discuss cost and time commitment.

Action item 6: Helbert to send out doodle poll attempting to schedule a day and a half meeting earlier than the scheduled September meeting. Afternoon meeting to work on Statement of Beliefs followed by full day regular meeting.

4. Screening Criteria Process Review – all members

- Committees discussed creating a more formal process for updating the investment exclusion list that is distributed to separate account managers. The SRI Committee will review the biannual reports from Sustainalytics and make recommendations to the Investment Committee.
- Need to ensure Board and GA actions are incorporated into the policy.

Action item 7: NEPC to prepare a suggested procedure and analysis process to follow for updating screening criteria.

5. Review Updated SRI Policy – all members

- Discussed the existing and suggested changes to the language with respect to countering white supremacy culture and human rights.
- Discussed how the SRI Policy guides the work of the Investment Committee.
- Updated version is good; will wait for reviews by legal counsel, ICCR and Sustainalytics prior to SRI Committee vote.

Action item 8: Brennan to send policy to Paloma Munoz Quick at ICCR for review/suggestions on the Human Rights portion.

Action item 9: Brennan to send policy to Sustainalytics to see how new language affects screening.

Action item 10: Brennan to send policy and by-laws to legal counsel for review/advice to ensure there are no conflicts.

6. Meeting Structure Review – all members

- Both committees feel more time is needed for their separate work.
- An offsite longer meeting once per year could be helpful for the discussion items where the other three meetings would be more decision based.
- While structure needs to be modified, much of the time over the last several meetings has been spent on overarching issues such as the SRI Policy and the Statement of Beliefs. Once these are completed there will be more time to focus on regular agenda items.
- It was suggested that we add sections to the meeting materials on community investments on shareholder advocacy work.
- Some work could be done between meetings by subgroups of the committees.
- All agreed finding a meeting format is necessary.

Action item 10: Gaffney and Mulvey to compile meeting suggestions and circulate to committee for discussion at next meeting.

Action item 11: NEPC to add page to the meeting materials listing the Community Investments with values and a page detailing the advocacy work.

7. Performance Update – NEPC

- The Endowment returned 9.7% (gross of fees) during Q1 of 2019, ranking in the 10th percentile of the universe, outperforming both the allocation and policy indices.
- Over the trailing one-year period, the Endowment returned 4.2% (gross of fees), ranking in the 20th percentile of the universe and outperforming both the allocation and policy indices.
- Over the one- and three-year time period, portfolio performance has ranked in the top quartile among peers.

Action item 13: NEPC to provide combined performance of Kennedy Capital and WCM Investment Management on reports.

8. Implementation Work Plan – all members

- Discussed investment options with goal of building toward strategic asset allocation targets.

- Need to review fixed income managers and select a new emerging market manager.

Motion 2: Sell 6% of GMO and place proceeds into Vanguard Short-Term Government Treasury. Moved Gaffney, seconded LaPann, all approved.

Motion 3: Sell Loomis Sayles Strategic Alpha and allocate across fixed income managers. Moved Gaffney, seconded LaPann, all approved.

9. Emerging Market Equity Manager Search – NEPC, all members

- Reviewed report analyzing four managers: Acadian, Schroder, Comgest and OFI. All would complement the existing RBC Global Emerging Equity strategy.
- NEPC recommended investing with Acadian:
 - An all cap approach gives exposure across the market cap spectrum.
 - Employs a quantitative process which contrasts with the fundamental process at RBC.
 - Strong ESG integration and lower fees than other available options.

Action item 14: NEPC to provide return analytics for all emerging market managers in their universe.

Action item 15: NEPC to provide a report showing comparison of Acadian, Schroder, and RBC.

Next Meeting Date
August 19/20, 2019