

**UUA Investment Committee – Minutes**  
**24 Farnsworth Street**  
**Boston, MA 02210**  
**August 10, 2023**

Investment Committee Members Present: Brian Lasher, Chair, Vanessa Lowe, Eric Horvath, Ken Redd, Julie Skye (via Zoom), Pam Sparr, David Stewart, Tim Brennan, Interim CFO

Members Absent: Asha Mehta

NEPC: Krissy Pelletier

Guest: Chris Chepel, UUA co-Financial Advisor

Staff: Rev. Dr. Sofia Betancourt, UUA President, Carey McDonald, Executive Vice President

**Investment Committee Covenant**

- Discussed and agreed to rewrite covenant, asked each member to be prepared to share one element they feel is important for the committee covenant at our next meeting.

**Update on Inclusiv, Oweesta, and Community Investment Maturity Schedule – Brennan, Lowe**

- Community investments should be a standing topic at all meetings.
- Discussed ending the matching program and the need to communicate this to investing congregations and to the community institutions matched.
- In the meantime, will continue renewing existing matching loans/notes but at a reduced term.
- Update committee's version of community investment report to include a column identifying the BIPOC led investments.
- Looking at/for large intermediaries with access to groups where we can make a larger investment and they serve as liaison to the communities.
- Have made investments with Inclusiv's Racial Justice Fund, Oweesta, a Native CDFI intermediary, offering financial products exclusively to Native CDFI's and communities, are in contact with Alliance of African American CDFI CEOs, and looking into Sunwealth, who has a fund investing in Black-led solar installation companies.
- As normal procedure, Horvath and Lowe, will provide recommendations, on renewal or redemption, to the committee on maturing investments.

**Action item 1:** Brennan to report on status of Oweesta funding, current Community Investment lending capacity, and market rate determination.

**Action item 2:** Lasher, Lowe, and staff to review matured Community Investments versus demographics and roll larger BIPOC investments for one year.

**Action item 3:** Lowe to refresh and distribute draft memo, originally written by Santini-Field, for notification to congregations that the matching program will be ending.

### **Current Shareholder Engagements and Associated Positions – Brennan**

- The advocacy bank account was initially set up to enable us to buy prohibited stocks for the purpose of engagement. Additionally, it allows us to move stocks from existing manager accounts to prevent them from being sold prior to a company's annual general meeting.
- Recommended the UUA hire an advisor who can do the heavy lifting for FY24.
- Most recent filing success was with New York Community Bancorp asking them to evaluate their trade associations and lobbying positions and how they aligned with the Paris Agreement. In an unusual turn, the Board of NYBC put a statement in their materials asking shareholders to support the proposal and it received 95% approval.
- Additional dialogue with NYCB could be beneficial in helping them create a quality report resulting in a benchmark for shareholders to refer to as an example.

**Action item 4:** Brennan to provide a list of Shareholder Engagement consultants and last year's priorities and make a recommendation to the committee on both.

**Action item 5:** Brennan to contact NYCB and enlist Ceres and Interfaith Center on Corporate Responsibility (ICCR) on setting up a transformative report.

**Action item 6:** Brennan to do calls with Heartland Initiative and Schlumberger (SLB) and report back to committee.

**Action item 7:** Helbert to schedule a call for the committee to discuss consultant options and approve priorities for fiscal year 2024.

### **Emerging Market Equity and Global Equity Review - NEPC**

- Discuss switching Acadian vehicle
  - Recommend switching the Acadian investment to their Fossil Fuel Free vehicle. Same fee structure, same portfolio management team, and is still in emerging market equity fund.
  - Alternative investment managers reviewed did not offer a meaningful differences to portfolio outcomes, and are not as good a fit from a values alignment perspective.
- Discuss RBC and alternatives
  - RBC finances projects we are uncomfortable with, if terminating them, NEPC recommends rebalancing into existing managers.
- Discuss GQG and alternatives
  - Has some objectionable holdings which include energy and tobacco.
  - After high level review on the global side, it was determined that we already invest in some of the best in class managers in terms of value alignment.
  - Recommend terminating and rebalancing into existing managers.
  - Terminating them does remove a diverse owner manager out of our portfolio.

**Motion 1:** To terminate RBC and move existing Acadian investment into the Acadian Fossil Fuel Free vehicle. Moved: Lasher ,seconded: ??, all approved.

VOTED: That the Unitarian Universalist Common Endowment Fund, LLC, will terminate its investment in the RBC Emerging Market Equity and invest those assets of the UUCEF, LLC into the Acadian Ex Fossil Fuel Fund, (the "Investment Fund"), on the terms set forth in the subscription agreements and offering documentation therefore submitted by the Investment Fund to Carey McDonald, the Executive Vice President of the Unitarian Universalist Association, subject to such changes and amendments therein as he may determine to be appropriate; and

VOTED: To authorize the Executive Vice President, Carey McDonald, acting singly, to execute and deliver documents to effect the foregoing, all with such terms and conditions as are approved by the signatory, with such officer's signature being conclusive evidence of approval; and

VOTED: To ratify and approve all that the Executive Vice President, Carey McDonald, has done or may do in connection with said investments.

VOTED: That the Unitarian Universalist Common Endowment Fund, LLC, will terminate its investment in the Acadian Emerging Market Equity and invest those assets of the UUCEF, LLC into the Acadian Ex Fossil Fuel Fund, (the "Investment Fund"), on the terms set forth in the subscription agreements and offering documentation therefore submitted by the Investment Fund to Carey McDonald, the Executive Vice President of the Unitarian Universalist Association, subject to such changes and amendments therein as he may determine to be appropriate; and

VOTED: To authorize the Executive Vice President, Carey McDonald, acting singly, to execute and deliver documents to effect the foregoing, all with such terms and conditions as are approved by the signatory, with such officer's signature being conclusive evidence of approval; and

VOTED: To ratify and approve all that the Executive Vice President, Carey McDonald, has done or may do in connection with said investments.

**Motion 2:** To terminate GQG and rebalance across Generation and Lindsell Train, any excess in Global Equity portfolio will be moved to Stone Castle. Moved: Sparr seconded: Lowe, all approved.

**Action item 8:** NEPC to provide a write up of the Acadian Fossil Fuel Free Fund, what it excludes and why, helping us to be able to communicate about the holding and what it means when we say "fossil fuel free".

**Action item 9:** NEPC to provide review of Sands and Boston Common Asset Management staffing diversity and schedule calls with both.

## **Performance Update**

### **• Portfolio Performance Review**

- NEPC sent out their quarterly market webinar to the committee and will continue to do so.
- For the near-term our portfolio ranks in the middle relative to peers and in the long-term in the third quartile.
- The goal of the portfolio is to earn enough to offset withdrawals and still grow the portfolio. Growth shows a 1 year net change of over \$17 million, a 5 year net change over \$58 million, and a 10 year net change over \$97 million. This shows we are achieving our long-term return goals.
- Discussed creating different portfolios such as an index style fund where fees would be lower or a values guaranteed portfolio where fees could be higher.

## **Meeting Structure and Best Practices - NEPC**

- As requested, NEPC provided general guidance on pace and work plan for investment committee meetings.
  - Should cover governance items, as required by our Investment Policy Statement, such as performance and liquidity monitoring, at each meeting.
  - At least annually, review items including asset allocation, private markets pacing plan, and an Investment Policy Statement review if changes made that year warrant it.
  - Discuss areas of interest and/or needs like a holdings analysis for values/mission alignment, fee review, community investments, and shareholder engagements.
  - Create a chart or schedule of standard topics to be covered throughout the year. Break them down into how often they need to be done/reviewed. Designate those items to a specific time period, quarterly or annually, on the chart/schedule.

## **Discussed items that need to be revisited/refreshed**

- Action items need to go out to responsible individual(s) within a week after a meeting and followed upon by staff to ensure completion.
- Minutes need to be completed earlier.
- Ensure all members have working access to the private page.
- Refresh/update new members section of private page.
- Publish, at least one to two weeks in advance, the meeting materials to committee's private page and send email notification when available.
- Create an orientation for new members.
- Schedule full year of meetings and quarterly investor webinars at a time.
- Ensure time to review portfolio performance at each investor webinar.
- Post list of GA actions/resolutions that affect the UUCEF to the private page.
- Make more use of subcommittees.
- Separate the Shareholder Advocacy positions from the main portfolio and post both separately on the website.
- Review committees' budget, obtain interim UUCEF financial update, and fee page from Investment Information Memorandum.

**Action item 10:** Helbert to schedule next Quarterly Investor Webinar for September.

**Action item 11:** Lasher Stewart, and staff to prepare and review Investor Webinar Presentation book for September meeting.

**Action item 12:** Helbert to schedule an interim committee meeting in September, calendar year 2024 meetings (two in person) and Quarterly Investor Webinar meetings.

**Action item 13:** Helbert to split main portfolio and advocacy portfolio into separate reports for posting to the website.

**Action item 14:** Brennan and McDonald to provide information on committees' budget, an interim UUCEF financial update, and page showing fees from the Investment Information Memorandum.

#### **Up/Down vote on IPS – Mission, Values, Strategies**

- Held a brief background discussion of the necessity of creating a new IPS and the work that has taken place over the preceding 18 months.
- Note that the IPS is a living document and can evolve as priorities change or rise to the surface.
- Provide a cover letter to the Board detailing the how long this has been worked on, the reasons behind undertaking the task, and to recommend that, prior to approval, it be taken to stakeholders for review and consideration.

**Motion 3:** To send the Investment Policy Statement, with cover letter, to the Values and Resource committee of the Board, subject to minor changes yet to be included, for review.  
Moved: Lasher, seconded: Lowe, all approved.

**Action item 15:** Lasher, Redd and, Sparr to formally transmit IPS to Values and Resources Committee with cover letter.

#### **RFP Discussion/Strategic Planning**

- What capabilities/resources do we need to be successful?
  - Shareholder engagement – for FY24, hire a consultant.
    - Shareholder advocacy direction, thematic vs numerical vs motivation
  - Community Investments, seek them out instead of waiting for them to come along. Explore your networks, do they know of any?
  - Communication avenues
  - Administrative support
  - Project management – need individuals/companies with experience
  - Work with appointments committee to set skills/needs expectations
  - Have a standard agenda for Community Investment timeslot at each meeting
  - Collaboration with other financial departments of the UUA
  - Measuring the percentage of the portfolio that has some level of screening
  - Consider adding a passive portfolio to accompany the flagship portfolio

- Make room for interim meetings when necessary
- Having a new CFO on board
- Send out RFP for a consultant in 2024
- How do we dialogue with UU Social justice Groups and the Young Adults?
  - Use a facilitator, one which both sides agree to.
  - Create a report, to articulate the UUCEF climate strategy.
  - Discussed possibility of holding townhall style meetings to talk about specific topics such as how the UUCEF works, responsibilities of the committee, or key ethical investing questions.
  - Get regular Board updates on how existing communications are proceeding.

**Action item 16:** Lasher to work with NEPC on reporting and other UUCEF needs in preparation for RFP.

**Action item 17:** Lasher, Lowe, Horvath, and Stewart to work on getting on Steve Godeke and Bert Feuss' calendar in 2024.

**Action item 18:** Helbert to schedule a call with UUA Communications staff for September.

**Action item 19:** Lasher, Mehta and Stewart to begin conversations on possibility of a passive portfolio.

**Next meeting date:  
Friday, December 8, 2023.**