

Boys & Girls Club of Chaffee County (BGCCC)
Minutes of the Investment Committee
December 8, 2022

Attendees: Board Chairperson Duncan Campbell; Committee Members Tom “Jake” Jacobson, Jan Schmidt and Dan Shore; Staff Member Brian Beaulieu.

The investment committee met at the Salida club starting at 10:30am.

1. Approval of October minutes

Minutes from the October 26, 2022 meeting were unanimously approved upon a motion by Dan and second by Jake.

2. Discussion of professional money manager options

As had previously been communicated by email, Jan said she did not want to be responsible for the ongoing placement of trades for the investment of BGCCC funds. She said she felt a professional money manager would do a better job of keeping funds invested and have better knowledge and judgment of the timing and duration of investments when interest rates are expected to change. Committee members expressed concerns about the fees charged on managed funds and questioned the value that could be provided when the capital campaign money can only be invested in CDs or Treasuries.

3. Zoom Meeting with Len Hersch of Signature Estate Investment Advisors (SEIA)

Finance committee members Gloria Broudy joined online and JoAnn Guattery joined in person for a presentation by one more of the firms referred by Fidelity as possible money managers for BGCCC. Len Hersch of SEIA presented information about his company that has been in business since 1997 and has over \$17 billion under management. He explained that they work as a fiduciary for their clients and offer more investment options than available as a retail client at Fidelity or other brokerage firms. There was discussion of risks and returns of some alternative investment instruments such as defined outcome ETF and interval funds that have limited liquidity. It was noted that these instruments would not be allowable under the current investment policy. Jan said she thought the board might be willing to approve an amendment if recommended by the investment committee. Len emphasized that he could also take a more traditional and conservative approach.

4. Discussion of Options for Investing BGCCC funds

Following the SEIA presentation, investment committee members remained unconvinced of the value that a professional money manager could add. They are interested in seeing if Fidelity offers a service to place fixed income trades without charging a fee. Fidelity would make money on the bid-ask spread. Jan will follow up to see if this is available.

During the discussion, it was also agreed that the percentages for investments determined at the January 6, 2022 investment committee meeting would be dropped. Jan will continue to place fixed income trades in Treasuries and CDs of different maturities depending on the spread of interest rates and expected timing of cash expenditures.

Changes to the approach for investing the endowment/quasi-endowment fund were not discussed at any length, although it was noted earlier that the detailed proposal from Mariner Wealth Advisors was very similar to what the Investment Committee is currently doing but with a heavier weighing on equities.

5. Review of Endowment Investment Report as of October 31, 2022

The investment report distributed to the Board was briefly reviewed. Jake asked how much of the endowment was currently invested. Jan said 40% of the new funds (FY 21-22 operating excess) had been invested and the remaining 60% would be fully invested in the mutual funds selected last year by the beginning of March. The portion not invested in mutual funds was invested in short-term CDs that will mature just before the monthly trades. Recurring trades were set up for mutual funds on the first of each month, but this feature is not available for the ETFs. The current value of the account was \$280,796 as of December 8th.

6. Discussion of Endowment Investment Report for Board in February 2023

Jan said that unless the committee felt changes were needed in the format of the report, she would plan to update the same format for the board at the February 2023 meeting. She was asked whether Fidelity could produce charts or graphs along the lines of those included in the SEIA presentation. She said she thought that would be available in the future. However, since the Endowment funds were in the same account as Capital Campaign funds for part of 2022, the reports would not specifically reflect the Endowment as required per the Investment Policy.

Minutes submitted by Jan Schmidt, 12/10/2022