

Investment Committee Meeting

October 23rd, 2024

LPSDO Room 101

Call to Order: 9:57AM

**Attendance:**

Mike Tavlin, Tina Udell, Ed Schulenberg, Dr. John Neal, Angelina Cunning, Parker Dushan

**Consent Agenda:**

Ed moved to approve the previous meeting minutes, and Tina seconded the motion. The committee unanimously approved.

**DA Davidson Investment Report:**

Mike began by highlighting the DA Davidson report, covering the invested funds and the 70/30 equity-to-fixed split. He then discussed the three managers currently on DA Davidson’s 'watchlist,' noting that he lacks a clear understanding of why one manager, in particular, is on the list. Mike shared that he had emailed DA Davidson to inquire about the reasons but has not yet received a response. The committee agreed it may be worthwhile to follow up with DA Davidson, seeking a more specific explanation regarding their lack of recommended action.

**UBT Investment Report:**

Mike then reviewed the UBT report, noting the current market value of $870,000. He compared the 'total return' figures between DA Davidson's and UBT’s reports, observing a higher return from DA Davidson. Mike mentioned that DA Davidson moved to a 70/30 allocation last year following the investment committee’s recommendation, while UBT opted to retain a 60/40 allocation. John inquired if last year’s recommendation to shift to a 70/30 split was intended as a suggestion or a firm requirement. It was clarified that, while the committee can observe and provide input, it does not have direct control over the managers’ allocation decisions.

It was noted that FLPS has worked with DA Davidson for 16 years, during which they have provided numerous recommendations that the Foundation has agreed to. Conversely, it was pointed out that UBT has developed a custom model to manage the Foundation’s funds, tailored to the smaller portion they oversee. Mike explained that, given the 95/5 split in fund management between the two entities, the committee has been actively reviewing these relationships to ensure comprehensive due diligence.

**RFP Review:**

The committee discussed the best approach for evaluating the proposals, considering both individual feedback and assigned scores. They agreed that reviewing each member’s top three choices would be the most efficient method. All three committee members reached the same conclusion, identifying DA Davidson, Fiducient, and Mercer as their top selections.

Ed expressed some hesitation regarding Mercer, citing a potential conflict of interest as they presented a portfolio created by Vanguard advisors, which could indicate limited direct experience with these advisors. Mike clarified that the advisors are indeed Vanguard representatives. The committee also noted some mild concerns about Mercer’s client-to-representative ratio.

The committee took a moment to share their weighted scores for each proposal.

The committee also questioned the inclusion of a section in the UBT report detailing their previous donations to the Foundation. It was suggested that, when presenting their recommendations to the Finance team, the committee should not only provide their top three choices but also include a comparative analysis with UBT’s report.

John emphasized the importance of considering the Foundation’s relationship with UBT. He added that, when making a recommendation to Finance, it’s crucial to compare the incumbent UBT proposal with the top three contenders. Should the committee decide not to continue with UBT, this comparison will provide a strong basis for the recommendation.

Mike outlined the next steps moving forward. The Investment committee will prepare a written report of their recommendations for presentation to Finance. It was agreed that a decision should ideally be made by the end of the calendar year. The committee noted that the transition to a new manager would be swift, taking approximately 30 days. Angelina inquired whether the plan is to switch to a single manager or to implement a split. The committee indicated that this decision hinges on Finance's recommendations, particularly regarding UBT.

**Adjourn:**

Mike adjourned the meeting at 10:42AM