

# Investment Committee Minutes

November 17, 2005 Meeting  
Greeley Library

Members Present: Scholl (Chair), Santini-Field, Sherblom, Corkran, Ballester, Gabert, and Brody

Also Present: Konicki (NEPC), Fishman (NEPC), Driscoll (NEPC), Dion (TD Bank north and UUA Investment Committee Jan'06), Gladyszak-Underhill, Morris (UUA CSRI), Leighton (UUA CSRI)

## 1. Departures

As of this meeting, Lucia Santini-Field has completed her appointed term to the Committee. The Chair thanked Lucia for her valuable service and unending dedication to the UUA GIF. She will be replaced by Kathryn Dion from TD Bank north.

## 2. Minutes

The committee discussed how to edit the minutes for posting on the website. This discussion resulted in a consensus to remove names of Managers in the minutes and replace with more generic labels, such as "Large Cap Manager". Previous meeting minutes will be edited, reviewed and approved before posting on the website. Sherblom volunteered to review/edit minutes for this meeting.

## 3. Performance

NEPC reviewed the performance for the September 2005 quarter. NEPC reported that the 3<sup>rd</sup> quarter was good for equity markets. Earnings were strong and the price of oil was down from its record high prices. Concerns still remained regarding energy, inflation/CPI index and doubts that earnings growth, which is at record peaks, could sustain that growth level. Large Cap (+3.6) markets continued to trail Small Cap (+4.7) markets. Growth (+4.0) strategies outperformed Value (+3.9) strategies. International Markets were (+10.4) for the quarter but were outperformed by Emerging markets (+18.0). Short term interest rates continue to rise. Global Bonds were down as the dollar is appreciating.

The Endowment Assets totaled \$117.0 million as of Sept 31, 2005. NEPC reported that the UUA Endowment allocation to equities was 50% which was below the Median Endowment's allocation of 66% and in line with the revised 50% equity target.

The UUA Endowment posted a 3.8% return for the third quarter which ranked in the 62<sup>nd</sup> percentile of Endowments. Active management added 120 basis points during the quarter.

As of September 30, 2005, the UUA Endowment Fund year-to-date return was 4.8%. Year-to-date, active management added 120 basis points. The 12-month return for

the year ended September 30 , 2005 was 12.9% and active management added 90 basis points.

The Committee requested that NEPC show the returns net of fees in the format of slide #18 'Total Fund Performance'.

Sherblom suggested that the Committee review the Large Cap Manager's relative performance at the end of the next 12 months to evaluate their relative performance versus SRI Large Cap managers.

There was also a request for NEPC to provide materials on various alpha strategies and non-correlated strategies that would forego beta exposure to Global Bonds.

#### **4. Global Bond Review**

The Committee invited investment managers from GLOBAL FIXED INCOME MANAGER for a presentation on the components of the Global Bond Strategy. GLOBAL FIXED INCOME MANAGER also presented material on other bond strategies available at GLOBAL FIXED INCOME MANAGER, followed by a discussion of Bond Markets in general and a question and answer period.

#### **5. Investment Policy Statement Review**

Due to the unsettled substantive SRI Issues, the committee agreed to defer discussion on this topic to the next meeting.

#### **6. Socially Responsible Investing**

Members of the SRI Committee were present to continue the discussion on a workable approach on how to implement the screening process with the Managers. Brody distributed a timeline for actions items on a joint report to the UUA Board of Trustees on progress on the implementation process at the January 2006 Board meeting. Should the Committees (IC and SRI) determine that the screens are not being implemented or are only partially implemented, the Investment Committee, in consultation with CSRI, will prepare a plan for implementation with a timeline to present to the Board of Trustees at the April 2006.

The Committee reviewed a copy of the SRI Consultant contract.

SRI Consultant Rick Torgerson is being considered as a consultant to assist the (IC) Committee in preparing a Do Not Buy list for the GIF.

**Motion 1:** Santini-Field moved that the Committee vote by email sent to the Chair by 11/18/05 on whether to engage the services of SRI Consultant.

Sherblom seconded.

Motion passed.

#### **7. Fees**

In order to increase transparency, there was a suggestion that a fees chart be placed in the minutes (which are then posted to the website). The committee would discuss at a later date the details of how often this would take place, when it should begin and the format/detail level for the chart. There was discussion regarding the possibility that this may be a Finance Committee decision.

**Motion 2:** Sherblom motioned that the GIF fund absorb the ICCR annual dues (\$3,650) as part of the GIF expenses.

Corkran seconded.

Motion passed.

**Motion 3:** Sherblom moved that the UUA engage the services of Wainwright Bank & Trust Company, Boston, MA where feasible for general banking services.

Corkran seconded the motion. Brody abstained from voting.

Motion passed.

## **8. Meeting Dates**

The date for the next meeting has not been determined. Possible dates were 2/26/06 or 3/2/06. Possible dates for the MAY meeting were 5/4/05 or 5/11/06.

Sherblom moved that the meeting be adjourned.

Corkran seconded.

Meeting adjourned.