

INVESTMENT BOARD
DIOCESE of the RIO GRANDE
Bosque Center
April 24, 2019 9:00 a.m.

Members Present:

Chair: Ms. Thérèse Saint-André, MBA, Church of the Holy Faith, Santa Fe
The Rt. Rev. Michael Hunn, Bishop Diocesan
Mr. Paul Apodaca, St. Chad's Episcopal Church, Albuquerque
Mr. Michael Erwin, St. Mary's Episcopal Church, Albuquerque
The Rev. J.P. Arrossa, Treasury Committee liaison
Mr. Casper Brown, Grace Episcopal Church, Carlsbad.
The Rev. Canon Raymond Raney, CATO & Recording Secretary
Ms. Lisa Katz-Ricker, Diocesan Business Manager, Ex-Officio

Members Absent:

Mr. John Perner, Diocesan Treasurer
Mr. Jack Sloane, Hope in the Desert Episcopal Church, Albuquerque
Mr. Robert Barton, MBA, St. James Episcopal Church, Taos
Ms. Elizabeth Blohm, St. Andrew's Episcopal Church, Las Cruces.

New Members:

Ms. Saint-André called the meeting to order at 9:06 a.m. and opened with prayer. She introduced Mr. Casper Brown, of Grace Church, Carlsbad, who was appointed by the Trustees of Property along with Ms. Elizabeth Blohm of St. Andrew's, Las Cruces. Also introduced was the Rev. J.P. Arrossa, who is liaison from the Treasury Committee.

Review and Discussion of Portfolio Performance for 1st quarter, 2019*

- Ms. Saint-André and Father Arrossa reported that they had reviewed the portfolios with Morgan Stanley in a conference call on April 18th. Ms. Saint-André noted that all the portfolios benefitted from exceptionally strong market performance in the first quarter, and this more than made up for the drop in the equity markets in the fourth quarter of 2018.
- Diocesan Pooled Investment Fund (70/30): This fund benefitted from the strong performance of both large-cap and mid-cap equities in the first quarter of 2019. This fund returned 10.10%, outperforming the custom benchmark by 62 basis points after fees.
- Parish and Mission Pooled Investment Fund (65/35): The fund performed well in the first quarter. With a lower risk profile than the Diocesan PIF, this fund returned 9.67%, beating its benchmark by 64 basis points. It was noted that net withdrawals from this fund were only \$20,000 so far this year, compared with more than \$250,000 last year. Last year, St. James, Taos moved their assets to the Episcopal Church Foundation, which offered a more customized service and more transparent reporting.
- DRG Endowment (80/20): A greater percentage will be kept in a cash basis to provide a resource for expected expenses. The return (11.11%) outperformed the benchmark by 82 basis points. The 2018 performance fell short of the benchmark by 20 basis points.
- DRG Advancement Fund provides support for congregations in construction. The fund outperformed the benchmark by 80 basis points.

- DRG Wellspring supplements the operating budget. Withdrawals are at 4% for about \$40,000 to \$50,000. Ms. Saint-André noted for the minutes that Morgan Stanley will be directed that the funds should be moved towards a larger cash position to provide for anticipated withdrawals for the year

ACTIONS:

- **Investment Board recommended to the Trustees of Property that the \$200,000 Line of Credit with Morgan Stanley be paid off using the funds from the sale of St. Mary's, Lovington, and from funds in the Advancement Fund managed by Morgan Stanley. Additionally, the Investment Board recommends entering into a mortgage with St. Bede's for the equivalent \$200,000 and accrued interest.**
- **Investment Board recommended to the Trustees of Property to pay off the \$100,000 borrowing on the Line of Credit with Morgan Stanley using funds in the "Money Market Fund." In addition, the Investment Board recommends liquidating \$100,000 from the Endowment Fund held at Morgan Stanley to provide a cash reserve in a financial institution and set up a line of credit against this deposit account, which will remain in name of the Endowment Fund. This line of credit may be drawn upon at any time for short-term cash flow needs.**
- **Investment Board recommended to the Trustees of Property that the mortgage for Church of the Holy Cross, Edgewood, be refinanced for a 30-year repayment schedule.**

**Next Meeting
July 24, 2019
Bosque Center, 10:00 a.m.**