

Investment Committee Minutes

The Investment Committee of the Greater Tacoma Community Foundation met on November 12, 2024 in person

Committee Members Present

Gary Brooks, Chair
Doug Van Allen
Doug Lineberry
Andy Fagan
Jacques Colon
Geoff Curran
Christopher Algeo
Margot Hackleman

2025 Committee Member Guest

Ali Kemp

Board Members Present

Priscilla Lisicich

Staff Members Present

Kathi Littmann, CEO, Mo Mousa, CFO, Marinda Huber, Controller, Stacey Guadnola, Chief Philanthropy Officer, Megan Sukys, Chief Strategy and Communications Officer, Aeriele, Executive Administrator, Deana Hodges, Senior Accountant, and Manveer Singh, Accounting Assistant.

The meeting was called to order at 12:08 pm.

Item I The committee voted unanimously to approve the minutes of the August 12, 2024 Meeting.

Item II Tim O'Donnell of Fund Evaluation Group (FEG) presented an overview of Private Opportunity Fund I and II as well as the SRI performance for the period ending 9/30/2024.

SRI Pool returns compared to the Target-Weighted Benchmark were as follows:

	QTR	YTD	1 Yr	3 Yr	5 Yr	7 Yr	Inception (3/2016)
SRI	7.0%	12.4%	23.8%	3.3%	7.6%	6.8%	7.8%
Benchmark	6.6%	12.8%	24.1%	4.4%	7.4%	6.4%	7.1%

Item III Nick Piccarreta from Mercer presented the Market Summary and Foundation Review for the period ending 09/30/24.

Long-Term Pool returns compared to the Target-Weighted Benchmark were as follows:

	QTR	YTD	1 YR	3 Yr	5 Yr	10 Yr	Inception (12/1999)
Long-Term Pool	5.5%	12.0%	22.6%	5.2%	8.6%	6.4%	6.3%
Benchmark	6.4%	14.0%	25.9%	5.2%	8.8%	7.2%	6.1%

Annuity Pool returns compared to the Target-Weighted Benchmark were as follows:

	QTR	YTD	1 YR	3 Yr	5 Yr	10 Yr	Inception (6/2002)
Annuity Pool	5.9%	12.2%	23.5%	4.3%	7.1%	6.9%	6.8%
Benchmark	6.4%	13.1%	24.6%	4.6%	8.1%	7.3%	7.2%

Short Term Pool returns compared to the Target-Weighted Benchmark were as follows:

	QTR	YTD	1 Yr	3 Yr	5 Yr	Inception (12/2010)
Short Term Pool	5.8%	9.4%	18.5%	1.7%	3.6%	3.7%
Benchmark	5.8%	9.1%	18.1%	1.8%	3.9%	4.1%

Global equity markets had a solid third quarter. The rate cutting cycle is now in full motion with the Federal Reserve ('Fed') joining other major central banks that started cutting rates earlier in the year, the notable exception being Japan. Stimulus announcements in China led to a sharp rally in Chinese equities, after disappointing performance over the past few years. Markets were upbeat amid improving inflation readings, solid corporate profits and a generally strong economy despite instances of weaker economic data over the quarter. This led to elevated volatility at times, especially in early August when carry trade unwinding following the Bank of Japan's surprisingly hawkish rhetoric coincided with general negative sentiment due to disappointing economic data releases. September also had a volatile start. With inflation now seen as largely under control, investors have shifted their focus to growth and trying to ascertain whether the hoped for soft landing will be achieved. The quarter ended on an optimistic note as evidence mounted that the economy remains resilient, while inflation keeps falling back to target.

Treasury yields fell during the quarter as the Fed cut short-dated rates by 50 bps in September.

US inflation declined in the third quarter of 2024. Headline CPI was 2.4% year-over-year through September, while core CPI came in at 3.3%, slightly above expectations but still trending downwards.

Over the quarter, strong equity returns pushed equity valuations further into richly valued territory, particularly in the US. Falling yields made fixed income slightly less attractive compared to recent history, while this quarter's risk-on environment kept credit spreads at tight levels.

Item IV Mo presented the long-term ongoing spending policy for recommendation to Board of Directors for approval. It is recommended that the spending policy for 2025 remain the same as 2024 at 4.3% of 16-qtr rolling average. After careful review, the committee approved to recommend the policy to the Board of Directors for approval.

Item V Kathi provided an update on Forterra, confirming that a signed deal is set to close in January 2025. The property will be sold at its original purchase price, and no distributions will occur before 2025. There is now a clear pathway to finalize the transaction, ensuring that Forterra will no longer be involved. Of the initial \$500K investment, GTCF is expected to recover approximately \$270K, which will be returned/allocated to the endowment pool until a new impact investing policy and strategy are finalized.

Mo reminded the committee that, per GTCF policy, the calculated ATS amount is to be transferred to the low-risk pool.

Marinda reviewed the Assets by sub-type and the Statement of Financial Position as of 9.30.2024 pointing out that GTCF has surpassed \$190 million for the first time.

Marinda informed the committee that she reviews the amortization schedule for Merrill Lynch, which supports bond calculation. Throughout the year, bonds are recorded as held-to-maturity on GTCF's books. However, in accordance with GAAP for nonprofits, they are adjusted to market value at year-end.

Item VI Reviewed meeting dates for 2025 and will send out calendar invites

Megan Sukys let the committee know that due to BoardPaq closing, we are moving all of our meeting documents to our website at gtcf.org.

Item VII No executive session was deemed necessary.

Item VIII The meeting adjourned at 1:41 p.m.

Gary Brooks, Chair

Date