

Children's Home Society Foundation
Board of Directors
March 30, 2022
1:15 pm

*The meeting will start approximately 15 minutes after the Children's Home Society Board of Trustee meeting concludes.

Agenda

Call to Order and Welcome	Lee Youngblood
Approval of January 26, 2022 Minutes	Lee Youngblood
February Financial Reports	Vicki Barringer
Other Business	

Draft

Children's Home Society Foundation
Board of Directors Meeting – Zoom Video-Conference Call
January 26, 2022

Members Present: Lee Youngblood, Mary Sheppard, John Morris, David Shuford

Staff Present: Vicki Barringer, Brian Maness, Alex Kelly

Guest Attendees: Brick Brown, Dennis Greenway, Craig Sullivan, Matt Inman from Franklin Street Partners and Larry Coats from ClearView. Larry joined early to listen to the Franklin Street presentation.

Call to Order and Welcome – Lee Youngblood welcomed everyone and called the meeting to order.

Approval of November 3, 2021 minutes - Lee motioned to approve the November minutes. Motion was made and all indicated approval. The minutes were accepted as presented.

Annual Resolutions – Annual resolutions were reviewed and discussed.

Portfolio Review and Update: Brick Brown and Dennis Greenway from Franklin Street Partners reviewed the performance and asset allocation through December 31st with the group. He referenced the “Portfolio Review and Update” distributed earlier. After reviewing the Investment Policy Statement (IPS), Brick discussed the global macro-economic backdrop and the outlook for equities and fixed income. Of interest to us are China and Taiwan. Emerging market equities struggled on both an absolute and relative basis, declining -2.2% for the year.

Craig Sullivan spoke to the Fixed Income. Inflation will remain a critical factor; we see it peaking during the first half of the year and then moderating to a 2-3% level. Interest rate raises beyond 2 years were noted as a challenge for the fixed income markets. For 2022, we continue to view high quality duration, such as U.S. Treasuries, as the best source of diversification against potential risk-off events. In addition, we favor certain BBB issues for the yield pickup, especially in de-leveraging names, as well as issuers with BB ratings that could see upgrades. We also remain interested in private credit markets, the \$1000 par preferred market, and structured credit.

From a performance perspective, the account was in-line with the CPI +4% hurdle and exceeded both benchmarks. Recommendation is to adjust the Blended Benchmark for next year. The account returned 15.12%, net of fees, through December 31st. Since inception, the account has returned 14.53% annualized, well-exceeding the primary target of 7.69% (CPI +4%) and in-line with the blended benchmark of 13.61% . The performance was noted to be very strong. While the outlook for equities remains positive, fixed income will continue to be challenging.

ClearView Update and Review: Larry Coats joined to provide education on how ClearView supports the Foundation, provide a Summary Peer Review of the CHS Foundation investments portfolio, and answer questions. Larry reviewed information about ClearView members from the materials distributed in advance. For the period January through September 2021, the CHS Foundation performance was 9.0%, with CHS falling in the second quartile compared to the ClearView Universe

and the Investment Metrics Universe. The CHS Foundation Portfolio has met or exceeded its Custom Benchmark 7 of 10 Quarters. Larry reviewed the Peer Analysis and Asset Class Performance provided in the materials distributed in advance. The total Fund is performing above Custom Benchmark. The Total Real Estate numbers continue to experience volatility.

December Financial Reports: Vicki asked if there were questions on the Financial Reports provided in advance. There were none.

Annual Resolutions: Lee asked for a motion to approve. David moved and Mary seconded. The resolutions were approved unanimously. Alex Kelly will send out for signature.

Other Business: Lee reminded members that Tim Davis has resigned from both the Board of Trustees and the CHS Foundation Board. Brian encouraged members to consider potential additions to the Foundation Board. According to bylaws, a majority of Foundation Board Members must also serve on the Board of Trustees.

The meeting was adjourned at 2:50.

Minutes submitted by Alex Kelly, Director of the Executive Office

CHS Foundation Activity: July 1, 2020 thru		February 2022	
Money Market & Checking Account			
June 30, 2021 Balance			1,200,256
Withdrawal - Lucas Bldg Loan Pymts			(59,802)
Deposits/Interest			166,202
February 2022			<u>\$1,306,656</u>
Investment Account			
June 30, 2021 Value			15,108,933
Investment Advisor & Other Fees			(28,987)
Accrued Interest			22,997
Deposits/Dividends			
Change in Value of Investments (July to Present)			(225,013)
February 2022			<u>\$14,877,930</u>
CHS Foundation Assets - Money			
Market/Checking/Long Term Investments @	February 2022		\$16,184,586
Pledge Receivable @ month end			<u>\$16,410</u>
Total CHS Foundation Assets Including Outstanding Pledges			\$16,200,995
Children's Home Society Foundation			
Investment, Money Market and Checking Account Update as of			3/22/2022
Fidelity			14,972,278
BB&T Money Mkt/Pinnacle Money Mkt Acct			<u>1,299,181</u>
CHS Foundation Assets - Money			
Market/Checking/Long Term Investments @	3/22/2022		\$16,271,459
Pledge Receivable @ month end			<u>\$16,410</u>
Total CHS Foundation Assets Including Outstanding Pledges			\$16,287,869

**Children's Home Society of North Carolina, Inc &
Children's Home Society Foundation**

February 2022

Line of Credit Balance	\$0
Lucas Building Loan (loan interest rate decreased from 3.67% to 3.25%, pay off 3/2025)	(\$309,710)

Properties Available for Sale - FYE20:

1621 & 1623 Oneka, High Point, NC (Vacant Lot)

3/22/22