**COLUMBIA COUNTY COMMUNITY HEALTHCARE CONSORTIUM. INC.**

**MEETING NOTES**

|  |  |  |
| --- | --- | --- |
| **Committee: Budget and Finance** | | **Date: January 28, 2020** |
| **Board Members Attending: Bob Gibson, Ken Stall, Casey O’Brien, and Kevin McDonald**  **Board Members Absent: Jack Mabb, PJ Keeler, and Chelly Hegan (by phone)** | | **Guests: Terrence Pellitteri** |
| **Staff Members Attending: Claire Parde and John Ray** |
| **TOPIC** | **SUMMARY OF TOPIC DISCUSSED** | |
| Meeting with Terrence Pelliterri, CFP, AIF | The Committee met with TJ Pelliterri, who updated the group on his efforts to take over management of both the agency’s 401(k) and investment accounts.  With regard to the 401(k) account, TJ noted that when he adopted the account, it had several different levels of built-in fees that had been largely hidden from view, and some of which were excessive. In order to acquire the account, he had to immediately remove some of the investment options with higher fees, which expose the agency to participant-driven liability. To protect the agency going forward, his intention is to subcontract with a provider of 338 services, which will serve as the fiduciary on that account.  With regard to the investment account, under the Greene Investment Services it had been managed as a brokerage account, which meant that the previous investment manager was NOT a fiduciary. It is now an advisory account, meaning that TJ IS a fiduciary. The account has been heavily invested in C-class shares. C-class shares do not assess fees at the time of purchase, but their internal expense ratio is higher, and there are penalties for leaving a fund within 12 months. Consequently, we had been paying high fees inside the funds, as well as additional fees to the brokerage house itself. TJ would like to transition the investments to institutional class shares inside his growth and income model that do not assess a sales charge and which will save us considerable money in fees. However, he indicated that our current Investment Policy does not specify the criteria for dismissing a fund—that is, why funds could and should be removed--and he feels that constrains his ability to manage the fund at this time. The Committee discussed this conundrum at length and ultimately determined that while it works over the next several weeks to remedy some of the deficiencies in the current Investment Policy regarding dispositioning funds, fees (e.g. reasonableness, upper limits, etc.) and other “holes” in the policy, as well as some areas that may warrant modification (e.g. concentration limits, liquidity needs), that it would give TJ the discretion to make changes to the account in the interim. That decision came in the form of a motion, as follows:  **“Notwithstanding the silence of the Investment Policy with regard to the sale of funds, the Committee hereby moves to give TJ Pelliteri permission to make changes to the investment portfolio, including selling funds while exercising prudent judgment in the best interests of the agency.”**  **The motion was made by Bob Gibson, seconded by Casey O’Brien, and unanimously approved.**  The Committee agreed that it would communicate this decision during the Treasurer’s Report at the next meeting of the Entire Board. In preparation for the next scheduled meeting of the Committee, Claire will work with TJ to flag weaknesses in the existing Investment Policy and propose changes in a redlined document, which the Committee will receive one week prior. | |
| Financial Reports | The Committee inspected the Organization’s Financial Reports, including the Grants Receivable Aging Summary, the Statement of Financial Position (Balance Sheet), Statement of Activities (Income Statement) for the agency and transportation program, respectively, and the Statement of Revenues, Supports and Expenses, all of which are current to December 31, 2019. Additionally, John Ray offered his “Fiscal Highlights” report (see attached). | |
| Next meeting | **Tuesday, March 24th at 3:00 p.m.** This and all remaining meetings in the calendar year will be hosted by the Columbia County Department of Health in its conference room. | |