

BOARD OF DIRECTORS MEETING

July 21, 2021

Bishop's Common Room at the Holy Cross Diocesan Center

ATTENDANCE

Board Members Present:	Msgr. Mark Pierce, Charles Frenette, Fr. Thomas Krieg, Thomas Kieffer, Ellen Smith, William Heiting, and William Tehan (via conference call)
Absent:	n/a
Staff Present:	Dennis Herricks, Executive Director
Guests:	Bishop William Patrick Callahan and Fr. William Dhein, Diocese of La Crosse

CALL TO ORDER

A meeting of the Board of Directors of the St. Ambrose Financial Services, Inc. was duly called on Wednesday, July 21, 2021, at 10:00 a.m. with opening prayer led by Msgr. Mark Pierce. Roll Call was conducted, and the meeting then called to order.

ORDERS OF BUSINESS

- I. Approval of the minutes from the April 28, 2021, meeting of the St. Ambrose Financial Services, Inc. Board of Directors.

- II. Review of Investments – Charles Frenette, Investment Committee (*notes from conference calls provided*)
 - U.S. Bank Private Wealth Management (*report provided*) - John Sylla / Bill Rogalinski
John introduced himself as this was the first in-person meeting in some time and then handed off to Bill who provided a review of the quarterly investment performance report with an overview of current market conditions and future market expectations. Bill also provided reports with historical analysis to address the risk associated with the investment and results from trying to “time the market”. He also explained the difference with an individual’s retirement investment has a finite period of time due to nobody living forever whereas the SAFS investment is for perpetuity and the historical analysis provides performance over a long period of time.

 - BMO Global Asset Management (*report provided*)
Update – Sale of BMO Asset Management Announced April 12, 2021 - - The sale of BMO Asset Management to Ameriprise/Columbia Threadneedle is moving forward with anticipated completion by calendar year. Existing BMO Equity Team will move to Columbia Threadneedle, fees to remain the same as is currently in place with BMO, and Catholic screening guidelines will remain in place. It will be the responsibility of the Diocesan Finance Office to move with the manager or determine what investment managers to use for these funds. The International Fund manager, Lazard International and Harding Loevner International will remain.

- III. Director’s Report -- Dennis Herricks
 - Interest Rates – Deposits / Loans (*report provided*)
 - Deposits Balances (*report provided*)
 - Herricks provided an update to the report that deposit balances have exceeded \$58 million and increased by 18.7 million since June 30, 2020.

- Receivables Outstanding (*report provided*)
 - Herricks noted that contact continues with St. Bernard – St Hedwig Parish regarding working toward a way to payoff the past due amount with the latest finding out there is a fifty-year lease to work through.
- Loans / Lines of Credit (*report provided*)
 - Herricks reported the loan balances continue to decline as the total portfolio is now at \$6.4 million due in part from significant payments over the prior quarter. Of note are the following:
 - St. Michael Parish – paid \$75k principal & \$15.7 interest.
 - Holy Name Parish - paid total of \$47.5k.
 - Holy Spirit - paid \$71.5k principal
 - St Boniface - Waumandee – paid off loan of \$30.4k
- Financials
 - Due to issues with BPA reports, the under/over due to/from DOL has not been determined.
 - Preliminary results for fiscal year ending June 30, 2021
 - Total Assets increased by \$25.4M – \$71.9 to \$97.5M
 - Net Assets increased by \$10.6M (annual income) – \$30.2 to \$40.8M
 - Equity Available increased by \$13.7M - \$18.3 to 32M
- SAFS Grants (*report provided*)
 - The amount paid via grants for the last quarter was \$960k
 - Holy Name Parish - \$8.9k interest forgiveness
 - St. Michael Parish - \$19.02k interest forgiveness
 - St Joseph the Workman Cathedral - \$781.6k matching funds.
 - Lay Employees Retirement Plan - \$150k.
- Administration – LERP / Health Plan updates
 - Currently working on the Deferred Vested Project which will provide a lump sum payout offer to specific participants in the plan.
 - 379 participants / up to \$30k lump sum / \$3.7M total (42-\$1.9M remain)
 - Significant time has been spent working with Newport to develop /revise communication documents which resulted in substantial clarity for the participant with the letter and document packet to be sent out July 30, 2021
 - Herricks provided an update on the actions of the Diocesan Insurance Committee, formed to evaluate the current plan/relationship as well as two proposals (Cottingham & Butler and Catholic Mutual). Ultimately the decision by the diocese was to remain with the current broker and third-party administrator.
- Loans / Lines of Credit
 - Auto Loans provided during the quarter to Rev Jeyaseelan Yobu, Rev Junabe V Villapaz, and Rev Chinnappan Pelavendran
 - Msgr. Pierce spoke about a letter (included with reports) from Fr. Lindner regarding a line of credit from St Anne Parish, Wausau, to inform the board of the parish renovation project and possible need to borrow from SAFS – see Loan handout
 - Msgr. Pierce had conversation with Msgr. Gilles and provided an update as to where the St. Joseph the Workman Cathedral renovation project stands in regard to future borrowing needs which they do not anticipate needing prior to October 2021.
 - Holy Name Parish/Wausau – Fr. Martin provided letter (included with reports) requesting consideration for SAFS to extend the interest forgiveness period, which was set to expire after

September 2021, previously extended to January 2022 due to pandemic loan forgiveness.
Unanimous approval to grant extension for another 24 period of time to January 2024.

IV. Change of Counsel for SAFS

- Msgr. Pierce referred to Tom Kieffer for an update on the matter. Tom has been in contact with attorney firm who has worked with the Archdiocese of Milwaukee and continues to pursue the matter of having them review SAFS structure, anonymity, governance, etc. Additionally, Mr. Kieffer has been working the local market for an attorney to provide legal counsel/guidance for issues more specific to organizational processes and operation.

ADJOURNMENT

There being no further business to come before the Board as a whole, the meeting adjourned. The Closing Prayer was led by Rev. Thomas Krieg.

FUTURE MEETINGS

The Board of Directors of St. Ambrose Financial Services, Inc. is scheduled to meet from 10:00 am until noon on the following dates:

- Wednesday, October 20, 2021
- Tuesday, January 25, 2022
- Tuesday, April 19, 2022
- Tuesday, July 26, 2022
- Tuesday, October 25, 2022

Respectfully submitted,

Thomas J. Kieffer, Secretary