

Triskeles Foundation

Asset Management Committee

Wednesday 01/24/2017, 12-1 pm

Conference Call

Present: Rich Kent, Clemens Pietzner, Jeff Salvo, Rahul Shah, Mark Watson, Jerry Schwartz, Jeremy Bach, David Resnik, Alexis McCarthy

Apologies: Gary Shinner

Quorum Reached: Yes

I. Introduction/Welcome

- a. Mark opened the meeting and welcomed all.

II. CNote

- a. Jeff welcomed to the call Catherine “Cat” Berman, Co-Founder & CEO and Yuliya Tarasava, Co-Founder & COO of CNote.
- b. Jeff provided a brief background on CNote and noted that as a new company, they are offering a new product. Triskeles has been in communication with CNote prior to its launch and is collaborating on developing an enterprise level implementation process that could be used as a model for the company. Jeff further noted that Jerry and the team at Arista have been involved, helpful, and flexible along the way.
- c. Cat provided a company background as well as a personal history which includes being a three time entrepreneur and a managing director of Charles Schwab. She stated that we deserve to see alternatives “moving the needle” and set out to make it happen.
- d. Yuliya provided a product overview as well as a brief personal history which includes over ten years of experience on Wall Street and financial product development on three continents.
 - i. Yuliya mentioned that this new product was developed was for inclusion of financial empowerment. She stated that CNote create impacts within the CDFI industry, is scalable, replicable, and technology driven.
 - ii. Mark asked about the rate and term of the product.
 1. She stated that the product works like a savings account, aggregating money to CDFI’s, has quarterly liquidity, pays 2.5% interest, and has a full term of 30 months (for full withdrawal).
 2. Cat noted that the goal is to increase liquidity as more CDFI’s join the platform.
 - iii. Jerry mentioned that he is currently working with CNote on the financial reporting “feed” from the platform. He further discussed the potential for incorporating CNote’s account for various existing funds as an alternative to shorter term holdings, such as Calvert Notes, as it is a better/real alternative and provides a better value proposition. Jerry mentioned that the product was a virtually risk free alternative.
 1. Dave asked Jerry a question about the risk and Jerry replied, clarifying that although the investment risk is virtually risk free, the investment is not 100% risk free and it is not FDIC insured. Yuliya provided additional comments on the risk profile including the triple guarantee provided.
- e. Mark asked if they could talk about their value proposition and benefit of using their platform as opposed to direct CDFI investment.

- i. Cat responded and discussed due diligence and diversification. She noted that the investment goes through three layers of due diligence and also the availability of diversification by using their platform as opposed to just investing in a CDFI directly (the platform is designed to distribute funds across multiple CDFI's). Further, she noted the importance of seamless integration and reporting, a feature CNote provides.
- f. Jeremy asked about investment risk and how they review CNote's agreements with the underlying CDFI's and if the rate is tied to an index.
 - i. Yuliya responded that they review agreements bi-annually and that the rate is tied to prime.
- g. Mark asked how many institutional clients CNote is currently working with.
 - i. Cat responded that Triskeles will be the third.
- h. Rahul, acknowledging the product is not FDIC insured, asked if CNote could expand on how the full principle is guaranteed.
 - i. Cat described the guarantee as 80% federally guaranteed, 20% organizationally guaranteed, and further that CNote is in full recourse obligation. Also, they are currently exploring third party insurance options. She further mentioned that since inception, CDFI's have not lost \$1 of investors' money.
- i. Jeff thanked Cat and Yuliya for their ongoing collaboration and for their participation on the call. Cat and Yuliya then signed off from the call.

III. Approval of Prior Minutes

- a. Jeff asked if there were any questions or changes requested to the minutes presented from 10/26/16 and 11/30/2016.
 - i. Rich noted a few minor typographical corrections which Jeff stated that he would correct.
- b. **MOTION:** Jeremy motioned for approval of the minutes with the noted corrections, Dave seconded and the motion was approved.

IV. Investment Policy Statement (IPS)

- a. Jeff opened the discussion around the IPS and asked for comments based on edited drafts that were previously distributed to the AMC.
- b. Rich commented that overall it seemed a bit long and that we could look to cut it back in certain areas. Rich also noted a few areas for specific edit/review including: defining a mutually agreed upon standard (page 5) and considering using a "full market cycle" vs "12 month" timeframe regarding investment review.
- c. Jeremy suggested separating measurement and corrective action or simply eliminating corrective action as way to ensure the policy is not too restrictive.
- d. Clemens asked the AMC if the overall feeling was that the IPS is too dense.
 - i. Rich suggested looking for areas to remove redundancies and that he was also curious about the consultants section and what that applied to.
 - 1. Clemens clarified that section, noting Veris as an example.
 - ii. Mark commented that he thinks it is a little long but that it is also important to have documents that protect Triskeles and provide guidance. Further, he stated that benchmark section could be much more general.
 - iii. Jerry stated that the IPS needs to be either greater in detail or more general. He also noted the significance of capital flows and that there should be a separate and detailed section that addresses that issue. Further, he suggested having a separate IPS for DAF's and Nonprofit accounts.
 - 1. Jeremy agreed with the idea to have separate IPS's.
- e. Clemens suggested having a subcommittee work on the proposed edits and present to the group at a future meeting.
 - i. Jeremy, Rich, and Rahul noted that they would assist in the process.
 - ii. Mark also noted that he would be available for questions and suggestions.
 - iii. Clemens commented that it would be helpful to include Jerry's perspective on the IPS.

1. Jerry responded that he was happy to help but noted that he did not volunteer for the subcommittee as he does not want there to be the appearance of a conflict of interest.
 - a. Clemens clarified that it was not appropriate to have Jerry on the subcommittee, but that he had been instrumental in providing guidance and that his opinions should be kept under consideration.

V. Prospective New AMC Member (Michael D'Allaird)

- a. Clemens provided a brief update and background on the progress of Michael D'Allaird joining the AMC. Clemens noted that Michael will come to the next meeting and join AMC members for dinner.

VI. Next Meeting

- a. The next meeting is set for Wednesday February 22nd, 2017 at 5:30 pm at Friends Fiduciary.

VII. Motions:

- a. Rich motioned to adjourn the meeting, David seconded and the motion was approved.
- b. The meeting adjourned at 1 pm.

Respectfully submitted,

Jeff Salvo
Vice President of Operations