

INVESTMENT COMMITTEE MINUTES

Wednesday May 6, 2021

2:30 - 4:30 p.m.

Video/Teleconference Meeting

*Members Present:* Ian Hannah (Co-Chair), Mario Perez, Amanda Visser,

Tom Gillespie, Brent Thomas, Terry Atkinson,

Michael Troy (until 3pm)

*Committee Staff Present:* Kyle Bishop-Gabriel, Christina Shoptaugh

*Guests Present:* Todd Au, Tony Parmisano, Jeffrey Stein – Graystone Consulting

*Members Absent:* Joyce Lopes, Michael Sullivan (Co-Chair)

# OPENING COMMENTS

Meeting opened at 2:33pm.

Ian Hannah announced to committee that Joyce Lopes, SSU CFO has been appointed Vice President of Business and Financial Affairs at Western Washington University and will continue to support SSU directly through the end of May. He noted her absence at the meeting as she is working on transitioning out of her role at SSU and is working to prepare for the appointed interim CFO.

Mario Perez announced that Stan Nosek has agreed to serve in the role of interim CFO/VP for Administration & Finance. Nosek brings his previous experience as serving as SSU’s Interim VP and is a welcomed return until a new VP is appointed.

Perez also provided an update on other key searches happening on campus including finalist interviews for both a new SSU Provost and Athletics Director.

# APPROVAL OF THE MINUTES

*(see 5.6.21 meeting packet)*

Action: Committee unanimously approved 3.9.21 meeting minutes.

# STARS - INVESTMENT DISCLOSURE SECTION

*(see 5.6.21 meeting packet)*

Hannah informed Committee that since SSU has Sustainability as a core value in its Strategic Plan and the SSU President signed the Climate Leadership Commitment in 2019, more importance is being placed on what’s known as [The Sustainability Tracking, Assessment & Rating System](https://stars.aashe.org/about-stars/), also known as STARS.

Hannah explained that the rating system is a framework for universities to use to document sustainable practices in culinary, facilities, procurement, etc. and that the campus desires to participate and increase the current rating. He noted that SSU recently moved from a bronze rating to a silver and that the report is re-submitted every 3 years.

He continued to explain that part of the STARS rating is investment disclosure. He noted that STARS is very specific that the investment disclosure information must be publicly available and provide the amount invested in each fund and/or company, and it must be updated annually. It is not sufficient to provide a financial summary that provides aggregated investment information. It is not sufficient to do a one-time disclosure that is not annually updated.

Committee discussed the posting of investments on the Foundation website and agreed there is not a strong desire to post on the website now, but perhaps revisit in the future in the context of transparency, accessibility and sustainability considerations. Committee suggested that if investments are posted on the Foundation website in the future, to have it based on 6/30 values and update annually.

# GRAYSTONE – POOLED ENDOWMENT INVESTMENTS

*(see 5.6.21 meeting packet)*

Tony Parmisano began the report with the quarterly review of markets. He noted that markets have continued to move higher with value outperforming growth. There are indicators of inflation picking up and there is anticipation to start seeing some market volatility and decline. Parmisano noted that caution is being used for the short term.

Parmisano proceeded to give the portfolio overview with performance up 2.4% for quarter to date ending 3/31/21 and fiscal year to date up nearly 20%.

The portfolio has done well, outperforming the policy benchmark since Board approved changes to the long-term asset allocation occurred.

The market value of the total portfolio managed by Graystone totaled $54M as of 3/31/21 and a current snapshot shows endowment has since gone up to $55M.

Parmisano reviewed with committee some upcoming portfolio changes and welcomed committee feedback on those changes, committee responded.

Todd Au proceeded with report with review of Graystone’s NACUBO Endowment Study Comparison. Au noted that SSUF returns outperformed all peer groups in FY19/20 and noted that the good performance was due to strong manager selections and asset allocation changes in the SSUF Investment Policy. Also noted was that SSUF has a slightly more conservative spending rate compared to the average of other institutions due to the five-year smoothing in the calculation.

# GALBREATH ENDOWMENT INVESTMENTS QUARTERLY REPORT

*(see 5.6.21 meeting packet)*

Hannah did a brief performance review of the Galbreath Endowment with Meryl Lynch. Portfolio performance for end of quarter as of 3/31/21 was 1.02%

Hannah noted that Brian Bonevechio, investment manager from Merrill Lynch, may join at a future meeting to provide a more in-depth update.

# FALL 2021 POOLED ENDOWMENT DISTRIBUTION

*(see 5.6.21 meeting packet)*

Hannah did a brief review of the proposed 2021-22 pooled endowment distribution which totals $1.64M. Funds will be distributed in Fall 2021 and is the largest in SSU history for 8th year in a row. He also noted that the distribution breakdown: 35% goes to supporting scholarships and 65% supporting campus programs/operations.

Hannah requested approval from Committee to recommend to Board for approval.

Action: Committee unanimously approved to recommend to Board for final approval.

# 2021/22 SSUF OPERATING BUDGET

*(see 5.6.21 meeting packet)*

Amanda Visser did a high-level review of the proposed 2021/22 SSUF Operating Budget with Committee. After review Visser inquired with Committee if there were any questions. Committee had no further questions.

Action: Committee unanimously agreed to recommend to Board approval of 2021/22 SSUF Operating Budget.

# FOUNDATION OPERATING RESERVE POLICY

*(see 5.6.21 meeting packet)*

Hannah reviewed the below updates made to the policy:

* Name and logo change (SSUAF to SSUF).
* Ensured alignment with CSU Auxiliary Compliance Guide reserve categories.
* Also, includes new category of “catastrophic events”.
* Revise minimum of 6 months and goal of at least 1 years’ worth of budgeted expenses.

Hannah inquired if Committee members had any questions. Committee had no inquiries.

Action: Committee unanimously agreed to recommend approval of updated Foundation Operating Reserve Policy to Board.

# OPEN ITEMS

Before concluding, Hannah had additional updates for Committee. He noted the following:

* Update on sale of townhomes. Seven of the ten have sold with the eighth in escrow. Net proceeds from the first 4 will go to the general endowment pool; the next $600,000 will go to a performing arts endowment fund and the remaining net proceeds once realized will go to a faculty development endowment fund. The proceeds will be invested in the Graystone pooled endowment portfolio with some in SWIFT to fund the endowment spending reserve.
* [Student Managed Investment Fund](https://sbe.sonoma.edu/smif) Update. Faculty Advisor, Doug Jordan is retiring and Michael Santos will be the new faculty advisor. Students trade twice a year under guidance of a faculty advisor and a professional SSU Alum in the investment field. Hannah noted that fund balance has grown close to 20% from investment returns over last two years.

Meeting adjourned at 3:58pm.

Kyle Bishop-Gabriel – Redacted Signature

Ian Hannah – Redacted Signature

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Minutes Approved by: Minutes Prepared by:

*Ian Hannah* *Kyle Bishop-Gabriel*

Chief Operating Officer & Sr. Advancement/Foundation

Treasurer, SSUF Analyst & Assistant to the VP, SSU