

INVESTMENT COMMITTEE MINUTES

Tuesday, August 4th, 2020

Video/Teleconference Meeting

2:30 - 4:30 p.m.

*Members Present:* Ian Hannah (Co-Chair), Michael Sullivan (Co-Chair),

Mario Perez, Amanda Visser, Tom Gillespie, Michael Troy, Brent Thomas

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

*Guests Present:* Todd Au, Tony Parmisano, Drew Aviles, Jeffrey Stein, and Kyle O’Keefe - Graystone Consulting; Daniel Pantucciand Brian Bonvechio *–* Merrill Lynch (3:30pm time certain)

*Members Absent:* Joyce Lopes and Terry Atkinson

# OPENING COMMENTS

Meeting opened at 2:32pm.

Perez gave a quick campus update surrounding impacts of the COVID-19 pandemic. He noted that some classes will be taught in a hybrid style to support in person learning for classes such as labs and on-hands work that cannot take place remotely. A majority of classes however will be taught remotely. The CSU and SSU will continue to monitor and make adjustments as needed.

Perez also informed committee that University Advancement continues to remain focused on fundraising efforts and are cautiously optimistic of concluding with a good first quarter. The primary goals currently are to continue establishing a base for annual giving efforts and Development officers honing in on larger gifts that can benefit the campus.

# APPROVAL OF THE MINUTES

*(see 8.4.20 meeting packet)*

Action: Committee unanimously approved 4.29.20 meeting minutes.

# RESULTS FROM NACUBO-TIAA STUDY OF ENDOWMENTS COVID-19 FOLLOW-UP SURVEY

*(see 8.4.20 meeting packet)*

Hannah did quick review of an interim NACUBO survey, completed in April, for Foundations who participated in the 18/19 NACUBO-TIAA Study of Endowments study. Hannah submitted SSU Foundation information for the survey to participate. Survey results did show that higher education endowments returned -13.4 percent on average during the January 1–March 31, 2020, quarter. Those with $25 million to $50 million in assets returned -14.5% and institutions between $50 million and $100 million in assets returned -14.1%. This compares to SSUF’s endowment portfolio return of -12.8%, offering better downside protection during the same period. 72% of institutions responded that they plan to maintain their current policy spending rate in FY 20/21; 64%-65% for endowments in $25-100M range.

Hannah noted that current asset allocation with pooled endowment has been managing well through recent market volatility and has been recovering well after initial decline in first quarter.

# GRAYSTONE – POOLED ENDOWMENT INVESTMENTS

*(see 8.4.20 meeting packet)*

Parmisano presented a quarterly market review and update to Committee. He noted that the overall market has demonstrated a nice recovery this last quarter and for this quarter through yesterday, gaining back the losses sustained at the beginning of the calendar year.

He continued to discuss that the market experienced the deepest recession since WWII but potentially will experience the sharpest recovery and it is anticipated that the market will be back to 2019 levels by end of 2021. Overall fairly encouraging. With that note, given it’s an election year, there is expectation there will be more market volatility as we approach Election Day.

Au proceeded with the endowment investment report and noted to Committee the SSUF Endowment current earnings are 13.3% QTD and 3.9%% for fiscal year 19/20.

He shared that the portfolio had the strong performances in Global Equities, Fixed Income, & Hedge Funds. He continued to review the portfolio’s balance targets and noted some modest changes with the portfolio holdings.

Before closing, Hannah shared the SSU Foundation Endowment Investment Portfolio Overview/Donor Report created by Graystone. The report outlines and speaks to the Foundation’s Endowment management that can be shared with prospective and current donors. It will be a helpful tool in assisting with donor conversations about the endowment’s investments and management of those investments.

With conclusion of this section, individuals from Graystone signed off the call.

# TOWNHOME RENTAL RATE DETERMINATION FOR 2021/22

*(see 8.4.20 meeting packet)*

Hannah reviewed rental rate comps prepared by Foundation staff. Comps showed average rental rate for location and size of units compared to the Foundation owned townhomes that are rented to incoming Faculty and Staff who need housing.

Although the townhomes have been approved to be put up for sale in the future, the process will take some time and it would be good to set rental rates for the 2021/22 FY to be prepared. Because of the intended sale of the units and current low occupancy, Hannah proposed keeping the current rental rates of $2500/month and $2600/month (for renovated units) and to not increase since data shows that the rental rates have remained relatively flat over past year. This would keep SSUF’s rental rates slightly below and within the range of comparable rentals on the market.

Action: Committee unanimously approved keeping current rental rate at $2500/month with $2600 month for renovated units.

# SALE OF TOWNHOMES

*(see 8.4.20 meeting packet)*

Hannah presented a list of potential and recommended realtor options for placing the Foundation owned townhomes up for sale. Listed realtors will be contacted for proposals to see who would be best fit. A list of considerations for selecting a realtor was also shared with Committee for feedback, including: fee rate, experience with type of sale, as well as knowledge of the industry to get best outcome possible. Discussion ensued. Once a realtor is chosen by Foundation Officers, a process for the sale of the units will be determined.

# GALBREATH ENDOWMENT INVESTMENTS QUARTERLY/ANNUAL REPORT

*(see 8.4.20 meeting packet)*

Bonvechio started off with a high level market review with Committee. He continued to update Committee with the most recent quarterly earnings (up by 11.6%).

Bonvechio also informed Committee of Merrill Lynch (ML) ESG considerations and ways to look at incorporating into the existing portfolio to align with SSU Strategic Plan, President’s Climate Commitment, and Foundation’s SRI position statement. Bonvechio noted ML is happy to help move the portfolio in that direction by swapping out fund for an alternative with an ESG bend and similar risk/return characteristics.

Action: Committee unanimously approved to incorporate ESG related fund selection for approximately 5-10% of endowment portfolio.

# OPEN ITEMS

Before meeting closed Hannah touched on a few other updates to Committee:

* Annual endowment donor reports were currently being worked on to send out to a handful of specific donors.
* 2020 NACUBO-TIAA Study of Endowments will be coming up soon. Staff will be preparing information for the study using information for fiscal year 19/20.
* Foundation is currently in the middle of its annual audit of the financial statements and will be wrapping up prior to next virtual Board meeting on September 18th.

Meeting adjourned at 4:00pm.

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 & Advancement/Foundation Analyst, SSU*

*Secretary, SSUF*