



SONOMA STATE UNIVERSITY FOUNDATION

INVESTMENT COMMITTEE MINUTES

SSU Foundation Investment Committee Agenda

Thursday January 31, 2019

Salazar Hall – Conference Room A, Administration & Finance

2:30 - 4:30 p.m.

Members Present: Ian Hannah (Co-Chair), Michael Sullivan (Co-Chair),
Amanda Visser, Joyce Lopes (*tele.*), Robert Eyler (*tele.*), Tom Gillespie (*tele.*)

Committee Staff Present: Kyle Bishop-Gabriel, Gordon McDougall

Guests Present: Todd Au, Tony Parmisano – Graystone Consulting
Daniel Pantucci and Brian Bonvechio – Merrill Lynch

Members Absent: Michael Troy, Brent Thomas

I. OPENING COMMENTS

Meeting opened at 2:32pm.

Hannah made a couple of announcements to the committee:

- Rob Eyler announced he will be stepping down from the Committee as he has been appointed to sit on the board of Rebuild North Bay.
- The conclusion at the Investment Committee meeting on 1/25 resulted in a motion to recommend to the Board to move to an OCIO platform with the Foundation's investment consultants. Hannah said he will be working with Graystone on contract changes and revisions to the Foundation Investment Policy once approved by the Board.

II. GRAYSTONE – POOLED ENDOWMENT INVESTMENTS

(see meeting agenda packet for 1.31.19)

Parmisano gave quarterly market update to the committee. With the fourth quarter of the year being a down quarter, portfolio ended with -7.4% quarter to date. Parmisano emphasized that though it was a rough quarter the Foundation's portfolio performed well compared to the overall market. Parmisano noted that for January the portfolio is up by 4%.

Parmisano noted that we are nearing the end of an economic cycle and it would be good to look at potentially revising the endowment's asset allocation. He made a recommendation to the Committee to move a little more risk in the current portfolio shifting 10% (5% from fixed income & 5% from hedge funds) in to equities. Discussion of asset allocation policy will be reviewed at a future meeting.

Graystone recommended a partial redemption from hedge fund managers Evanston Weatherlow of \$1.5M and move proceeds to Blackstone Alternative Multi Strategy Hedge Fund.

Motion: To approve Graystone's recommendation of partial redemption from hedge fund managers Evenston Weatherlow of \$1.5M and move proceeds to Blackstone Alternative Multi Strategy Hedge Fund.

Action: Committee unanimously agreed.

Au reinitiated conversation about moving into the Blackstone Real Estate Income Trust (BREIT). Au made the recommendation to move 4% of the Foundation's Real Assets allocation into BREIT. This move would close the Foundation's current Real Asset funds Alps Alerian MLP ETF, Cohen & Steers Global Infrastructure, & REMS Real Estate Value Opportunities.

Motion: To approve Graystone's recommendation to move \$1.4M to BREIT and close said funds.

Action: Committee unanimously approved.

III. SRI/ESG POSITION STATEMENT

(see meeting agenda packet for 1.31.19)

Au presented to committee information on Morgan Stanley (MS) Impact Investing. He noted that MS produces research and literature that can help act as a guide on impact or ESG investing. Current research shows that portfolio performance could be maintained and the decision to engage in socially responsible investing would not necessarily mean giving up better performance.

Au suggested possibly giving a presentation to the Board on how Graystone would implement the draft SRI position statement if approved. Some discussion occurred about combining that idea with the broader conversation about how the Foundation can support the University mission and strategic plan and transiting the Board to a more philanthropic Board. It was determined to bring the SRI Position Statement to the Board for additional discussion and potential adoption.

IV. TOWNHOMES

Hannah briefly updated the committee on a recent decision after meeting with the AVP for Facilities at SSU. An agreement was made on a longer term maintenance budget and scope for the townhomes costing approximately \$100k/year. This would include simple maintenance as opposed to full renovation such as fresh paint, flooring, and carpeting.

V. NACUBO-TIAA STUDY OF ENDOWMENTS 2017/18 RESULTS

(see meeting agenda packet for 1.31.19)

Hannah reviewed the SSUF Endowment NTSE 17/18 Comparative Data sheet with committee. He noted that the Foundation's asset allocation varies a bit from most institutions and returns have not kept pace with NTSE peers. This is due to SSUF's more conservative asset allocation approach. Other data comparison showed how SSUF compares to NTSE peers in other areas such as: investment fees, spending policy, and responsible investing policies.

Hannah said once the full report is out, he will present the completed document to the Board at the next meeting.

VI. GALBREATH ENDOWMENT

(see meeting agenda packet for 1.31.19)

Wealth Advisors, Daniel Pantucci and Brian Bonvechio from Merrill Lynch briefed the committee on their services for philanthropic and non-profit organizations.

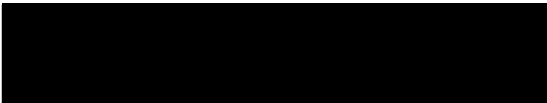
Pantucci and Bonvechio reviewed Galbreath endowment with committee and noted recommended changes to the current asset allocation of the portfolio to generate a rate of return to keep up with the return objectives and spending needs. They recommended changing the asset allocation to 50% Equities, 50% Fixed Income/Cash. The recommendations would be outside of the asset allocation set in the current Galbreath Endowment Investment Policy and will need to be updated.


Motion: To approve recommendation to move to a 50-50 asset allocation for the time being with the understanding that the changes are to be made in the Galbreath IPS and be brought back to the committee for review and approval.

Action: Committee unanimously approved.

VII. OPEN ITEMS

Meeting closed at 4:30pm.


Minutes Approved by:
Ian Hannah
Chief Operating Officer &
Secretary, SSUF


Minutes Prepared by:
Kyle Bishop-Gabriel
Advancement/Foundation Analyst, SSU