**INVESTMENT COMMITTEE MINUTES**

SSU Foundation Investment Committee

February 13, 2025

2:30 - 4:30 p.m.

Hybrid meeting (Salazar 2043B and Zoom)

*Members Present:* Brent Thomas (Chair), Ian Hannah, Mario A. Perez,

Amanda Visser, Tom Gillespie (z), Mike Sullivan (z),

Doug Jordan

Members Absent: Monir Ahmed

*Committee Staff Present:* Alicia Hodenfield, Kristin Hillman (z)

*Guests Present:* Todd Au, Tony Parmisano, Drew Aviles, Calvin Roach – Graystone Consulting (z)

1. OPENING COMMENTS

Brent Thomas opened the meeting at 2:31pm after quorum was confirmed and introduced Mario Perez to provide a campus update.

Perez noted that at the October 24, 2024 Town Hall, the President announced that the CSU mandated SSU have a balanced budget and thus all options were on the table to achieve that. The $24M deficit had been caused by many factors, primarily the reduction in enrollment, reallocation of funding due to under enrollment, unfunded raises, an expected state allocation reduction of 8%, leaving the campus with very difficult decisions to make. As Chancellor Garcia noted at the Board of Trustees meetings, “Sonoma State is not going anywhere.” We have a plan to move forward and the campus felt it important for the community to have time before launching into to the next steps. The announced program eliminations were to meet this budget deficit, while attempting to have a minimal effect on the greater student body. Perez confirmed that the President is meeting with all the units and would also have a deeper conversation with the Board at the March 7th board meeting.

There is a plan being developed for addressing endowment and other gifts supporting discontinued departments and programs. Currently, the office is confirming the population and analyzing the list of impacted funds and will develop recommendations for next steps working with donors, impacted departments, the President and SSUF Board as appropriate. This will not be a quick move, as many scholarships in programs/departments affected will continue with teach out programs and we will want to be sure these students still have access to resources. Therefore, the general plan would be to continue to use funds for intended purpose where eligible expenses are available (ex. eligible students to receive scholarships) and thereafter potentially determine re-designation of gift purpose.

Ian Hannah announced the NACUBO Commonfund Study of Endowments (NCSE) final report results were released, to study participants only at this time. The data is still being digested for comparison with SSUF results. The NCSE has asked that we use this report for internal research purposes only and not share with investment management firms or board members at this time. The report will be released publicly 2/19/25. The 23/24 SSUF endowment talking points comparative summary sheet will be updated and included in the March SSUF Board packet.

Hannah provided a high-level look at the [CSU Donor Report 2023-2024](https://www.calstate.edu/impact-of-the-csu/student-success/philanthropic-support)*,* also to be included in March Board packet.

1. CONSENT AGENDA

Thomas called for the approval of the Consent agenda items:

* + Approval of the Minutes – October 29, 2024 Meeting Minutes
  + Galbreath Endowment Investments Quarterly Report

The consent agenda was approved.

1. SSUF ENDOWMENT REPORTS TO DONORS

Hannah shared that approximately 125 newly restructured endowment reports were sent to donors in December 2024, for those endowment funds with a corpus value of $25K or more and with a contactable “sponsoring donor”. The endowment report collateral will be added to the SSUF website. Hannah also mentioned that the ultimate goal will be to provide information on the impact of the individual endowments fund, which would require additional bandwidth.

The committee members were responsive and appreciated the new look and information being shared.

1. GRAYSTONE – POOLED ENDOWMENT INVESTMENTS

Todd Au and Tony Parmisano presented their quarterly update: capital markets update and portfolio review. Noting that GDP growth is positive, though slowing. Ten names in the S&P 500 represent 40% of the value. The plan is to maximize diversification of portfolio from geographic, style, etc. and focus on safety as uncertainty is very high. They reported fiscal year to date performance as of 12/31/24 = 3.85%; 5 years = 7.25%.

They also noted, new managers were added to the portfolio:

* + BNY Mellon Walter Scott International ADR – high quality shop, international growth strategy, sustainability growth out of Edinburgh.
  + Causeway International ADR – long term track record, traditional value, mandate.

And one Manager Eliminated:

* + T. Rowe Price International Core Equity ADR

1. REVISED STUDENT MANAGED INVESTMENT FUND CHARTER (SMIF)

*Disclosures related to committee members (not considered conflicts but could be perceived as a conflict and thus disclosing for transparency): Doug Jordan is a former faculty advisor for SMIF, Brent Thomas’ employer has donated to SMIF.*

Hannah noted the changes/revisions to the SMIF Charter are largely reflective of the fact that SMIF is now incorporated into the student curriculum as part of a new course: BUS 478 Portfolio Management & SMIF, being taught this semester for the first time by Professor Santos, also faculty advisor to SMIF. 29 students signed up to take the course this Spring. Hannah is scheduled to speak to the class in March.

The change to the portfolio composition is primarily large-cap U.S. equity common stocks and also ETFs, in line with course curriculum. This may lead to more volatility in returns and more downside risk than if there were other assets (such as fixed income) in the portfolio.

Hannah noted the current balance of the fund is $15K.

No objections from the committee. Will be moved forward to the March 7, 2025 Board for action.

Mike Sullivan had to leave the meeting at 4pm.

1. PROCUREMENT PROCESS FOR FUND CONTRACTS

Hannah provided follow-up on conversation from the October 29, 2024 Investment Committee meeting:

The procurement process/contract review was brought up during NorthPier’s evaluation as an area that could be re-evaluated, considering other CSUs operate with greater flexibility.

March 15, 2019, the Committee recommended and Board approved Action on OCIO Investment Manager Model: “investment consultant abides by CA McKee Act requirements which has implications on contracts with fund managers.” It has been an internal process (not board approved process) for the campus Procurement office to review underlying fund manager contracts. This is uncommon practice in CSU.

Hannah reached out to CSU colleagues for input on practice. Fresno, CSUSB, CSU Foundation responded: None use central procurement office for review. Typically, Foundation CFO or Executive Director/COO review/sign off on contracts and rely on language stating confidential to the extent permissible by law.

Hannah provided the drafted letter to the committee which has been provided to Graystone since the passage of McKee Act to share with new fund managers to inform of SSUF’s obligations under McKee – this is above what other institutions appear to be doing and is deemed as a reasonable step to continue doing to ensure compliance and provide notification up front.

Staff Recommendation: SSUF COO and/or CFO to coordinate with Graystone (OCIO) to review private equity fund manager contracts/offering kits to confirm no conflicts with CA McKee Act, and will not be submitted to SSU procurement office for review. Our “McKee Act notification letter” to continue to be provided to any new illiquid fund managers and confirm that any contract confidentiality provisions include language to the effect of “to the extent permissible by law”; if language not present then a side letter executed to correct the issue.

Still plan to have SSU Procurement office review other contracts entered into by SSUF (ex. OCIO contract; software contracts).

The committee was supportive of the process change, noting potential to reassess should there be significant SSUF leadership turnover (CFO and COO) in the future. The Board will be updated of this change at the next board meeting.

1. OPEN ITEMS

Next Board meeting scheduled for March 7, 2025 at 10am.

The meeting was adjourned at 4:11pm.

Alicia Hodenfield signed

Signature redacted

Ian Hannah signed

Signature redacted

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*Minutes Approved by: Minutes Prepared by:*

Ian Hannah Alicia Hodenfield

*Chief Operating Officer & Secretary, Administrative Manager for*

*SSUF Advancement and Foundation*

*Operations, SSU*