



SONOMA STATE UNIVERSITY FOUNDATION

INVESTMENT COMMITTEE MINUTES

SSU Foundation Investment Committee Agenda
Wednesday April 24, 2019
Salazar Hall – Conference Room A, Administration & Finance
2:30 - 4:30 p.m.

Members Present: Ian Hannah (Co-Chair), Michael Sullivan (Co-Chair) (*tele.*),
Gordon McDougall, Amanda Visser, Robert Eyler (*tele.*), Tom Gillespie (*tele.*),
Michael Troy, Brent Thomas

Committee Staff Present: Kyle Bishop-Gabriel

Guests Present: Todd Au, Tony Parmisano, Andrew Aviles, Suzanne Lindquist (*tele.*) – Graystone
Consulting

Members Absent: Joyce Lopes, Terry Atkinson

I. OPENING COMMENTS

Meeting opened at 2:35pm.

Hannah announced new member Terry Atkinson to the Committee. Atkinson was not able to attend this meeting but plans to be here for future ones.

Hannah also announced Certificates of Recognition for both Dr. Rob Eyler and Mr. Phil Brewster for their time and service to the SSUF Board and Investment Committee. Eyler is stepping down from the Investment Committee and Brewster stepped down as Investment Manager for the Galbreath endowment upon retiring from Merrill Lynch as of Dec. 31, 2018.

II. APPROVAL OF THE MINUTES

(see 4.24.19 meeting packet)

One attendance edit was made note of for the 2/15/19 Investment Committee minutes, staff made note to make the change.

Motion: To approve Investment Committee minutes from 1/25/19 & 1/31/19. Approve 2/15/19, as amended.

Action: Unanimously approved.

III. BOARD APPROVED SRI/ESG POSITION STATEMENT

(see 4.24.19 meeting packet)

Hannah briefly reviewed the approved and final SSUF Investment Committee SRI position statement that will be taken into consideration when updating the SSUF Investment Policy. Graystone will be making those edits for approval.

Hannah shared how CSU NTSE SRI survey results compared to SSU. Currently 13 out of the 23 campuses have some level of ESG, SRI and/or Impact Investing implemented into their investment policies. Changes to be implemented by SSUF will now make that 14 of 23 campuses.

IV. GRAYSTONE – POOLED ENDOWMENT INVESTMENTS

(see 4.24.19 meeting packet)

Todd Au first introduced Suzanne Lindquist, Managing Director/Head of Custom Solutions – OCIO who is based in New York. She will be a valuable resource now that Graystone will be acting as OCIO to the pooled endowment.

Tony Parmisano began with a brief overview of the capital market returns. He noted that the market had a nice bounce back at the beginning of the year. SSUF pooled endowment portfolio bounced back at 7.45% for the first quarter. Parmisano said the majority of the active managers outperformed.

Au then proceeded to review the red-lined version of the SSUF Investment Policy now that the Foundation will be moving to an OCIO investment manager model. Au pointed out key area change recommendations including changes in the asset allocation, delegation of authority, as well as added language to implement SRI language included in the newly Board approved SRI statement.

Au reviewed the asset allocation recommendation which is an attempt to get closer to SSUF's peer group in performance but still remain on the conservative side. Au said it would be a slight uptick in risk.

After committee discussion it was decided the committee needed more information before voting and approving the recommended asset allocation changes. Graystone agreed to provide committee with more data, simulation analysis and information prior to an additional special teleconference meeting to be scheduled prior to the next Board meeting on June 7, 2019.

V. 2019/20 POOLED ENDOWMENT DISTRIBUTION

(see 4.24.19 meeting packet)

Hannah review the proposed 2019/20 Pooled Endowment Distribution based on the spending policy of a target 4% of a 5 year rolling average. The 19/20 distribution would total \$1.5M with 36% going towards scholarships and 64% towards campus programs.

Motion: To recommend to Board the approval of the proposed 19/20 endowment distribution.

Action: Unanimously approved.

VI. REVISED UNIVERISTY GIFT FEE POLICY

(see 4.24.19 meeting packet)

Hannah explained to committee that recently the current Foundation and University Gift Fee Policy has been under review which was last updated in 2005. The current policy allows for several exemptions and exceptions for certain programs. The new draft policy would not differentiate and would remove all exemptions and exceptions from the policy and would charge a gift policy across the board.

Hannah shared the proposed changes as follows:

5% gift fee one time at time of receipt (all gifts)

1% campaign investment fee (only charged during periods of officially sanctioned campaigns)

1% annual endowment management/administration fee

The fees are in alignment with CSU standards across other campuses.

Committee discussed proposed changes and felt comfortable having the changes presented to Cabinet for approval and then forwarded to the Board for approval.

VII. 2019/20 SSUF OPERATING BUDGET

(see 4.24.19 meeting packet)

Hannah reviewed the proposed 19/20 SSUF operating budget pointing out the new changes due to income from the endowment management fee as a result of the draft Gift Fee policy revision as well as the revision on cost recovery expenses due to campus cost allocation methodology changes.

Hannah explained to committee that the Foundation has been exempt for a long time from campus cost allocation and now the University will be implementing these charges to the Foundation, phasing it in over the next 5 years. Hannah provided pro forma estimates to the committee for review of how it would impact the Foundation. The proposed budget includes typical Foundation operating costs as well as building up reserves. The proposed budget also includes supporting campus Advancement efforts in preparation for a comprehensive campaign, fundraising costs, and operating expenses primarily related to software, reporting, and stewardship functions.

Committee discussed changes and how it would affect the Foundation operating budget.

Motion: To recommendation to Board the approval of 19/20 Operating Budget with new changes.

Action: Unanimously approved.

VIII. STUDENT MANAGED INVESTMENT FUND CHARTER

(see 4.24.19)


Hannah provided committee with an update on the Student Managed Investment Fund (SMIF). He shared that a gift agreement has been created with the lead donor to the fund and soon the SMIF student group will have money in the established account with TD Ameritrade. Hannah noted that he has been working with the faculty advisor of the SMIF student group to shore up language in the charter to provide necessary parameters in doing trades and what will be allowable activity in the account.

IX. OPEN ITEMS

Before concluding meeting Hannah briefly shared the quarterly report for the Galbreath Endowment which is separately managed by Investment Consultants, Daniel Pantucci and Brian Bonvechio of Merrill Lynch.

He noted that due to increased activities for the Investment Committee two meetings will be scheduled this summer prior to the September Board meeting. The plan is for a meeting in July to discuss the Galbreath Endowment and next steps with RVK and then the normal quarterly meeting in August with Graystone and to discuss SSUF Townhome issues including setting rental rate for 20/21 and progress on renovations as well as possible transfer of ownership.

Meeting adjourned at 4:33pm.


Minutes Approved by:

Ian Hannah

*Chief Operating Officer &
Secretary, SSUF*


Minutes Prepared by:

Kyle Bishop-Gabriel

Advancement/Foundation Analyst, SSU