FINANCE COMMITTEE MINUTES

SSUAF Finance Committee
Wednesday, February 19, 2014
A&F Conference Room A, Salazar Hall
3:00-5:00 p.m.

Members Present: Laurence Furukawa-Schlereth, Robert Eyler (tele.), Tom Gillespie (tele.), Wally Lowry, Mike Sullivan (tele.), Michael Troy

Committee Staff Present: Ian Hannah, Katie Robinson, Amanda Visser

Guests: Todd Au, Tony Parmisano- Graystone Consulting

Members Absent: Erik Greeny, Mike Marovich, Irv Rothenberg

I. OPENING COMMENTS

Larry Furukawa-Schlereth welcomed the committee members and opened the meeting at 3:05 p.m. He announced that Letitia Coate had retired in January and he would be chairing the committee in the interim. Staffing for the Foundation will have a more clear direction once the University completes its reorganization of Financial Services, hopefully by the next Board meeting.

II. APPROVAL OF THE MINUTES- September 9, 2013
(See February 19, 2014 agenda packet.)

Minutes were unanimously approved.

III. 2013 NCSE RESULTS
(See February 19, 2014 agenda packet.)

Ian Hannah shared with the committee the preliminary results from the 2013 NACUBO-Commonfund Study of Endowments (NCSE), which compares 835 higher education institutions. The study analyzes a broad range of investment data for support foundations of both public and private U.S. colleges and universities. The primary cause of the difference between SSUAF’s return and that of other institutions of a similar size is due to asset
allocations, and how the different asset classes performed in the previous year. Todd Au also reviewed how the various investment funds managed under Graystone performed vis-à-vis their benchmarks. Hannah will present a more comprehensive comparison at the March Board Meeting.

IV. GALBREATH ENDOWMENT UPDATE
(See February 19, 2014 agenda packet.)

Philip Brewster, Investment Manager for the Galbreath endowment, had provided Hannah with the calendar year-end performance review of the Galbreath Endowment. Hannah briefly reviewed the results of the calendar year and inquired if there were any questions. There were none.

V. GRAYSTONE QUARTERLY UPDATE
(See February 19, 2014 agenda packet.)

Todd Au and Tony Parmisano from Graystone Consulting provided the committee with a snapshot of the balances and asset allocation as of December 31st, 2013. Market Value of the endowment assets managed by Graystone is approximately $35M. The portfolio ended the quarter with an increase of approximately 4%, slightly outperforming the benchmark. Global equities have been the one of largest recent drivers of this return.

Au and Parmisano introduced the committee to the Real Asset area of Private Equity Infrastructure. Infrastructure investment opportunities arise from the private sector taking over public sector responsibilities; for example bridges, toll roads, pipelines, and electricity generation. These assets typically have a consistent income stream and a strong competitive position. Graystone brought forth a recommendation to invest $1M of the Real Assets allocation into the McMorgan Infrastructure Fund. This particular fund had low liquidity (up to 15 year lock up period); however, the trade-off was improved expected performance with minimal volatility. The committee was split with half the members showing a preference towards low volatility- the other half were looking for more liquidity. It was determined the best solution would be to re-examine the issue and compare the recommended private infrastructure allocation and fund to a public infrastructure allocation and fund during a follow-up meeting.

Todd and Tony gave a brief presentation on Investing with Impact, which included Socially Responsible Investing and Environmental, Social, and Governance/Sustainable (ESG) Investing. The concept of investing with impact reflects the belief that investors can build an investment portfolio that considers social and/or environmental issues in addition to financial performance potential. Graystone does not exclude ESG managers when building a portfolio; however, they are compared based on other factors as well. After some discussion, there did not appear to be much of an appetite for specifically addressing ESG type investing at the moment, but the committee determined it would be good topic to revisit down the line.
VI. OPEN ITEMS

None.

Meeting adjourned at 4:45 p.m.

Minutes Approved by:
Laurence Furukawa-Schlereth
Chief Operating Officer, SSUAF

Minutes Prepared by:
Katie Robinson
Staff, SSUAF