

**SAN FRANCISCO STATE UNIVERSITY FOUNDATION  
INVESTMENT COMMITTEE MEETING MINUTES**

**San Francisco State University**

**Wednesday, February 28, 2018 at 11:30 AM**

Kimberly Brandon called the meeting of the Investment Committee to order at 11:39 AM.

Committee Members Present

Kimberly Brandon, Committee Chair

Robert J. Nava, President

Herb Myers, Director (via phone)

Neda Nobari, Director (via phone)

Taylor Safford, Vice Chair

Absent and Excused

Leona Bridges, Director

Phil King, Director

Ann Sherman, Director

Brent Stranathan, Director

Others Present

Venesia Thompson-Ramsay, Secretary and Treasurer

Ravi Karra, Cambridge Associates

Steve Burke, Cambridge Associates

Ashley Cohen, Cambridge Associates

- I. **Review of Agenda:** The Committee reviewed the agenda.
- II. **Approval of Meeting Minutes:** The Committee reviewed the minutes from the November 29, 2017 meeting and the January 10, 2018 special meeting. Brandon pointed out that she was not in attendance at the November 29, 2017 meeting. On motion duly made, seconded and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the Committee approves the minutes for the November 29, 2017 meeting, with corrections and the minutes for the January 10, 2018 special meeting, as prepared.

Motion by: Taylor Safford      Seconded by: Neda Nobari      Motion: Passed

- III. **Investment Update and Recommendations**

- a. Market Environment: Karra provided an overview of the current market environment. He mentioned that capital markets had performed positively in the fourth quarter in 2017. He said this was due to strong economic data, solid earnings growth and political and policy developments that were friendly to the market. Karra also

mentioned that the euro and the pound sterling had strengthened, but the US dollar performance was mixed. He said the 2018 year-to-date data showed volatility in the markets above average levels due to concerns about rising rates. Finally, Karra said the US ten-year Treasury reached a high of 2.8% earlier that month due to expectations for a stronger than expected US employment report.

- b. Investment Performance: Karra reported that the Foundation's investments continued to perform well in the current market. For the trailing year ending December 31, 2017, our investments saw a return on our main portfolio of 12.6% and 19.25% on our Green Fund.
- c. Portfolio Update and Recommendations: Karra reported that we continued to build out our portfolio to align with our policy targets. He mentioned that implementation was well underway in several asset classes including common stocks (Global, US, Non-US and Emerging Markets), real assets, hedge funds, private investments and bonds. He said they expected it to take several months to fully implement the hedge fund allocation given the liquidity of the Foundation's existing investments. Karra said the remaining common stocks investments would be made following the selection of a custodian. He also pointed out that although the first commitments had been made, it would take several years to fully implement the private investments allocation. Finally, Karra presented a \$1 million recommendation in Vanguard's REIT Index Fund, the final investment manager in the Foundation's real assets investments. Karra said the fund would provide low-cost, consistent exposure to a diversified portfolio of US REITs. On motion duly made, seconded and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the Committee approves the recommended investments in Vanguard REIT Index Fund with an initial subscription of \$1 million.

Motion by: Taylor Safford      Seconded by: Neda Nobari      Motion: Passed

- d. Update on Unitization and Spending Policy: Karra mentioned that the Committee had expressed an interest in unitizing the endowment and implementing a spending rule with a longer smoothing horizon. Karra said Foundation team was researching software that would simplify this process. He said the new process would be implemented in the 2019-2020 fiscal year.

- IV. **Aperio Group**: Aperio presented the Committee with a set of ESG guidelines for the \$1.75 million portfolio that the firm would be managing as part of the Green Fund. Aperio is a Sausalito-based investment management group that provides customizable indexing solutions to institutional and high net worth clients. Aperio presented the Committee with a couple of SRI-ESG portfolio options and the Committee voted to go with the portfolio that excluded coal, tar sands, tobacco, carbon reserves, oil, gas and consumable fuels, in keeping with the investment policy for the Green Fund. On motion duly made, seconded and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the Committee approves the ESG guidelines proposed under portfolio #2 relating to the Green Fund's investments in global stocks.

Motion by: Taylor Safford      Seconded by: Neda Nobari      Motion: Passed

- V. **Adjournment:** There being no further business to discuss, and with Nava making the motion and Nobari seconding the motion, the Investment Committee meeting was adjourned at 1:37 pm.

Respectfully submitted,

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Kimberly Brandon, Chair

Date