

**SAN FRANCISCO STATE UNIVERSITY FOUNDATION
INVESTMENT COMMITTEE MEETING MINUTES
San Francisco State University
Tuesday, May 15, 2018 at 11:30 AM**

Kimberly Brandon called the meeting of the Investment Committee to order at 11:37 AM.

Committee Members Present

Kimberly Brandon, Committee Chair
Leona Bridges, Director
Robert J. Nava, President
Herb Myers, Director (via phone)
Neda Nobari, Director
Taylor Safford, Vice Chair

Absent and Excused

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
Daria Mashouf, Guest

- I. **Review of Agenda:** The Committee reviewed the agenda.
- II. **Approval of Meeting Minutes:** The Committee reviewed the minutes from the February 28, 2018 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 February 28, 2018, as prepared.

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

III. **Discussion Items**

Nava announced that the San Francisco Business Times was honoring Kimberly Brandon and Neda Nobari. He also shared that Phyllis Carter would be joining San Francisco State on June 1 as the new CFO/Vice President for Administration and Finance. Nava said Carter would serve on the Investment Committee. Finally, Nava shared that Dr. Ramona Tascoe, one of the first student strikers on campus over 40 years ago, was coming back as Commencement Speaker on May 24, 2018 at AT&T Park.

- a. Market Environment: Karra provided an overview of the current market environment. He said that the market surge in January tapered in February and March at the prospects of rising inflation, higher bond yields, increasing trade protectionism and tighter regulations in technology. Karra said the fundamental picture was modestly positive in that we still had a healthy Gross Domestic Product (GDP) growth forecast (all major economies were doing well). He said that when the GDP started to trend downwards we can expect issues with the market. Nonetheless, Karra said he was recommending a tilt toward non-US stocks to protect our endowments.
- b. Investment Performance: Burke reported that the Foundation's investments continued to perform well in the current market, outperforming its policy benchmark. For the trailing year ending March 31, 2018, our investments saw a return on our main portfolio of 9.4% and 13.2% on our Green Fund. Karra said that he would set aside one meeting per year to go deep on investment performance.
- c. Portfolio and Manager Update: Karra reported that we were nearing the end of implementing the asset allocation and manager decisions that the Committee made last fall. He said the remaining actions would be implemented once a custodian was in place. Karra said that US Equity was furthest from its target so he might recommend that Headlands Strategic Opportunity Fund be moved to US Equity instead of alternatives and the invested amount reduced from \$1.8 million to \$1 million. Karra said Headlands' performance was good the past quarter.

Karra provided updates on two existing managers: Via West Properties and March Capital. Karra said ViaWest had exited one of its six investment properties and was planning to make a distribution of about 50% of the equity in the fund. Karra said the fund would convert to an open-ended structure and advised the Investment Committee to redeem its share when the fund moved to the new structure. Additionally, Karra said that March Capital was raising funds for its third fund (same strategy as Funds I and II). Karra said the fees were excessive (50% carryover threshold) and the investment was not independently audited. Unless these two issues were addressed, Karra said he could not advise the Foundation to invest in Fund III. The Investment Committee agreed not to invest in March Capital's Fund III.

- d. Custody Search Update: Karra reported that his team had reached out to internal and external sources for custodian recommendations. He mentioned that they had requested proposals from US Bank, Northern Trust, Comerica and Charles Schwab and were reviewing the responses. Karra said the goal was to have a recommendation by the next Committee meeting.
- IV. **Endowment Unitization Update**: Karra said he and Venesia met with UCorp staff who handled Foundation accounting to review the timeline for unitizing the Foundation's investments. Thompson-Ramsay said the accounting team would begin the process in the fall of 2018, following the Foundation's independent audit. Thompson-Ramsay said the investment data from the September 2018 quarter would be used to determine the endowment value for the purpose of unitizing the fund.

- V. **Adjournment:** There being no further business to discuss, and with Bridges making the motion and Safford seconding the motion, the Investment Committee meeting was adjourned at 1:19 pm.

Respectfully submitted,

Kimberly Brandon, Chair

Date