

**SAN FRANCISCO STATE UNIVERSITY FOUNDATION  
INVESTMENT COMMITTEE MEETING MINUTES  
Cambridge Associates Office, San Francisco  
Friday, August 30, 2019 at 11:00 AM**

Venesia Thompson-Ramsay called the meeting of the Investment Committee to order at 11:11 AM.

Committee Members Present

Venesia Thompson-Ramsay, President  
Leona Bridges, Director  
Sheldon Gen, Director  
Jeff Wilson, Director (via phone)  
Don Endo, Director

Absent and Excused

Neda Nobari, Committee Chair  
Taylor Safford, Board Chair  
Kimberly Brandon, Board Vice Chair  
Herb Myers, Director

Others Present

Tammie Ridgell, Associate Vice President (AVP), Auxiliary Business Services  
Vicky Lee, Director of Finance  
Ravi Karra, Cambridge Associates  
Will Wise, Cambridge Associates

- I. **Review of Agenda:** The Committee reviewed the agenda and agreed to move the approval of the minutes towards the end of the meeting when quorum was expected.
  
- II. **Discussion Items**
  - a. Market Environment: Karra reported that global equities rallied in the second quarter despite mounting trade and geopolitical uncertainties. US equities gained 4.3% in the second quarter, reaching a new all-time high. He said that emerging market shares lagged their developed market counterparts. This is due to trade uncertainty weighed on Chinese stocks. In an effort to shore up their economies amid signs of slowing growth and rising trade tensions, central banks worldwide left their key interest rates unchanged. The US Federal Reserve also kept its benchmark interest rate steady and signaled a possible cut in the coming months. Karra mentioned that global economic growth concerns and falling inflation

expectations provided a boost to global government bonds, while investment-grade and high-yield corporates also gained as credit spreads tightened.

- b. Performance Update: Wise reported that for the second quarter of 2019, the Endowment returned 2.7%, underperforming the benchmark return of 3.2%. On an absolute basis, all asset classes experienced positive performance in the second quarter. Real Assets and Global stocks were the two best classes with gains of 7.2% and 5% respectively in absolute terms. On a relative basis, Global Stocks, Emerging Markets, Alternative Investments, and Real Assets led their respective benchmarks, while U.S. and International Stocks dampened relative performance. For the trailing one year as of June 30, 2019, the Endowment returned 3%, underperforming the benchmark return of 6.1%. The disparity is largely due to the high amount of cash donation that we had at the beginning of the year that had not yet been deployed.

For the Green Fund in the second quarter, it gained 4% which is ahead of the policy benchmark return of 3.3%. All asset classes experienced positive performance on an absolute basis. For the trailing one year as of June 30, 2019, the Green Fund returned 6.6% which outperformed the policy benchmark return of 5.9%.

- c. Portfolio Update: Karra mentioned that hedge fund manager Adamas Partners had decided to close the firm due to health issues with one of the partners. Adamas Partners will return the capital to their investors. Karra said the endowment was nearly finished with the process of deploying the two large gifts the Foundation had recently received. Karra said the Foundation was also in the final stages of signing an agreement with investment manager Aperio, to manage the SRI global stocks mandate in the Green Fund. Karra also shared that the US and international stock strategies currently managed by Parametric and Calvert would be liquidated to fund the Aperio account. In addition to the liquidation from Parametric and Calvert, Karra also recommended an additional \$500,000 from cash to be invested in Aperio. On motion duly made, seconded and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the Committee approves the recommendation to invest \$500,000 into Aperio, in addition to the proceeds from Parametric & Calvert Equity, as presented.

Motion by: Leona Bridges    Seconded by: Sheldon Gen    Motion: Passed

Finally, Karra said the completion of the setup of Aperio would conclude the changeover of custodian from UBS to US Bank.

- i) Investment Manger Fees: Karra discussed the total estimated management fees that are currently being paid to all fund managers. He said that private investments were usually more expensive than others and that Cambridge Associates was able to negotiate discounted fees with five different managers.
- ii) Private Investments: Karra reported that the Foundation's current allocation to private investments was about \$2.2 million or 1.9% of the endowment as compared to its long-term target of 10%. Karra reminded the committee that it was expected to take several years to achieve this target and recommended an annual commitment pace of \$2 -4 million in order to meet the 10% target rate.

III. **FY2019 Audit Update**: Ridgell reported that Grant Thornton, the Foundation's external auditors were on campus completing their audit field work. She said a draft of the financials would be prepared the following week and should be ready by September 13. She also thanked Karra & Wise for their assistance in providing information to the auditors.

IV. **Approval of Minutes**: The Committee reviewed the minutes from the May 7, 2019 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 May 7, 2019 meeting with a correction that Don Endo attended the meeting as "Others Present".  
Motion by: Sheldon Gen    Seconded by: Venesia T-Ramsay    Motion: Passed

V. **Approval of Investment Policy**

Thompson-Ramsay reminded the committee that a change in spending policy was discussed and approved at the last meeting. She mentioned that staff had since updated the Investment Policy Statement (IPS) to reflect the new spending policy and, as such, she was bringing the revised IPS before the committee for final review and approval. Thompson-Ramsay said the full board would ratify the committee's action at its meeting on September 11 and the updated IPS would be available on the Foundation's website. On motion duly made, seconded and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the Committee approves the Revised Investment Policy Statement for Restricted Funds.  
Motion by: Sheldon Gen    Seconded by: Don Endo    Motion: Passed

VI. **Adjournment**:

There being no further business to discuss, and with Thompson-Ramsay making the motion and Gen seconding the motion, the Investment Committee meeting was adjourned at 1:00 pm.

Respectfully submitted,

 10/16/19  
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Venesia Thompson-Ramsay, President      /Date