

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

**Via Zoom**

**Thursday, August 24, 2023 at 11:00 AM**

I. **Call to Order:** Chair Endo called the meeting of the Investment Committee to order at 11:06 AM.

Committee Members Present

Kimberly Brandon, Immediate Past Chair  
Leona Bridges, Director  
Don Endo, Chair  
Todd Feldman, Member (non-voting)  
Sheldon Gen, Director  
Jeff Jackanicz, Foundation President  
Dan Neumann, Director

Neda Nobari, Board Chair  
Taylor Safford, Director  
Jeff Wilson, Director

Committee Members Absent and Excused

David Serrano Sewell, Director

Others Present

Neil Harvey, Guest  
Neema Esfandiari, Guest  
Vicky Lee, Director of Finance, SF State Foundation  
Deron Parcell, Cambridge Associates  
Mike Pearce, Cambridge Associates  
Tammie Ridgell, Associate Vice President, Auxiliary Business Services, University Corp  
Hannah Solomon, Guest  
Venesia Thompson-Ramsay, Secretary & Treasurer, SF State Foundation  
Wendy Walker, Cambridge Associates

II. **Approval of Agenda:** The Committee reviewed the agenda. On motion duly made, seconded and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the Committee approves the agenda for the August 24, 2023 meeting.

Motioned by: Taylor Safford      Seconded by: Sheldon Gen      Motion: Passed

III. **Approval of Meeting Minutes:** The Committee reviewed the minutes from the May 19, 2023 meeting. On motion duly made, seconded and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the Committee approves the minutes from the May 19, 2023 committee meeting, as prepared.

Motioned by: Leona Bridges      Seconded by: Kimberly Brandon      Motion: Passed

IV. **Discussion Items**

- a) Market Environment: Pearce provided an overview of recent market performance. He said that risk assets rallied in July. This along with slowing inflation and pockets of economic resilience helped to boost performance. In addition, Pearce stated that global equities advanced, as the recent gains driven by artificial intelligence and mega-cap stocks broadened amid better-than-expected earnings results. Likewise, value-edged growth, and small caps topped large caps and emerging stocks outperformed developed peers, as Chinese equities soared on signs of economic support measures. Pearce also mentioned that corporate bonds bested government peers, with spreads continuing their tightening trend over the last year. Finally, Pearce mentioned that real assets surged across the board, highlighted by rebounding energy and industrial metals prices.
- b) Portfolio Update: The Foundation's portfolio returned a preliminary 8.3% for the calendar year to date through June 30, 2023, compared to the Policy Benchmark's return of 10%. For the fiscal year ended June 30, 2023, the Foundation's portfolio returned a preliminary 9.7%, lagging the 11.9% return of the Policy Benchmark. Walker noted that since the start of the Cambridge relationship back in 2017, the Foundation's portfolio had returned 5.6% annualized, outperforming the Policy Benchmark's return of 5.2%. In terms of the growth of the portfolio, Walker estimated that the total endowment market value had increased from \$145 million as of June 30, 2022 to \$153.9 million as of March 31, 2023 and \$156.7 million as of June 30, 2023. The Private Investment (PI) valuations of \$25.2 million were as of March 31, 2023, given PI manager reporting lag.
- c) Private Investment Review & Recommendations: Walker said that as of March 31, 2023, the SF State Foundation had committed \$25.2 million to 25 Private Investment (PI) partnerships. She said the net asset value stood at \$15.8 million (or 10.1% of Total Assets). She said the total PI portfolio return of +20.8% is net of all fees and expenses and represents a significant premium over the +5.9% return that would have been delivered by public market equivalents. As such, she presented three Private Investment fund recommendations, as follows:
- A re-up commitment to Seae Ventures II, an African American-founded and -led early-stage venture fund, seeking to invest in women and diverse founded healthcare technology and services companies.
  - New commitment to Congruent Ventures III, an early-stage climate tech fund, investing across mobility and urbanization, energy transition, food and agriculture, and sustainable production and consumption themes.
  - New commitment to Crayhill Principal Strategies III, a minority-owned alternative asset management firm, offering asset-based private credit solutions to specialty finance origination platforms.

On motion duly made, seconded and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the Committee invests \$1.5 million in Seae Ventures II; a \$1.5 million in Congruent Ventures III; and \$1 million in Crayhill Principal Strategies III.

Motioned by: Leona Bridges      Seconded by: Kimberly Brandon      Motion: Passed

d) US Equity Recommendations: Walker provided two recommendations in the US Equity class. The first was a new investment with Impactive Capital Master Fund, a Latinx owned and -led concentrated quality value strategy. She said Impactive took a private equity approach to public equities to both drive sustainable change and generate alpha. She said Impactive was a relatively young strategy and had demonstrated strong value-add, returning 14.6% (annualized, net) since its inception March 1, 2019, well ahead of its benchmark Russell 2000 return of 7.7% and the broader S&P 500 return of 13.3% over the same period. The second recommendation was a new investment with Redwood Grove Capital Fund, an opportunistic value U.S. Equity strategy. She said Redwood Grove managed a concentrated portfolio that was differentiated from many diversified and/or growth-oriented sustainability peers. She said the portfolio managers did deep research with third-party climate scientists, environmental non-governmental organizations (NGOs), and climate policy experts to inform the integration of climate science into fundamental equity research. Walker said their investment universe will include companies focused on climate change mitigation and adaptation as well as exhibiting leadership on sustainability issues. Finally, Walker said Redwood Grove had returned 9.2% (annualized, net) since its inception, outperforming the Russell 1000 Value index return of 7.6% over the same period. On motion duly made, seconded and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the Committee invests \$3.5 million in Impactive Capital Fund LP and \$3.5 million in Redwood Grove Capital Fund LP.

Motioned by: Taylor Safford    Seconded by: Kimberly Brandon    Motion: Passed

e) Rebalancing Recommendations: Pearce provided recommendations to rebalance the portfolio and raise cash for annual spending. He said that the market had rebounded in 2023 and recommended trimming some of the year-to-date gains in public equity, to move the portfolio back to targeted equity exposure. The specific changes included:

- In the U.S. Equity class, full redemptions from Eagle Capital Equity (~\$4.6 million) and Snyder Small Cap Value (\$3.5 million).
- In the International Developed Equity class, partial redemptions from City of London (\$2.5 million) and Harris International Equity (\$1.5 million).
- In the Fixed Income/Cash class, modestly increase the fixed income portfolio with additions to BCA Sustainable Government Credit Strategy (\$1 million), and Vanguard Intermediate Term Treasury Index Fund (\$2 million).
- In the Diversifiers class, initiate a full redemption from Farallon (~\$3.9 million).

Pearce said that most of the proceeds from these redemptions would be used to fund Impactive and Redwood Grove as well as add \$2 million to cash for capital calls and endowment spending, as needed. On motion duly made, seconded and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the Committee adopts the recommendations for rebalancing, as outlined above.

Motioned by: Taylor Safford    Seconded by: Kimberly Brandon    Motion: Passed

f) ESG/DEI Update: Though time did not allow for a presentation, Pearce reminded the committee that the packet included information showing that the Foundation had doubled its percentage of assets with diverse managers since 2020.

V. **Executive Session**: The Committee moved into executive session.

VI. **Adjournment**: There being no further business to discuss, the Investment Committee meeting adjourned at 1:38 pm, without objection.

Respectfully submitted,

DocuSigned by:  
  
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Don Endo, Chair \_\_\_\_\_ Date