

**SAN FRANCISCO STATE UNIVERSITY FOUNDATION
INVESTMENT COMMITTEE MEETING MINUTES
Via Zoom
Thursday, May 13, 2021 at 11:00 AM**

Sheldon Gen called the meeting of the Investment Committee to order at 11:02 AM.

Committee Members Present

Jeff Jackanicz, Foundation President
Kimberly Brandon, Board Chair
Neda Nobari, Vice Chair
Taylor Safford, Immediate Past Chair
Leona Bridges, Director
Don Endo, Director
Todd Feldman, Non-Voting Member
Sheldon Gen, Committee Chair

Committee Members Absent and Excused

Herb Myers, Director
David Serrano Sewell, Director
Jeff Wilson, Director

Others Present

Vicky Lee, Director of Finance
Tammie Ridgell, Associate Vice President (AVP), Auxiliary Business Services
Venesia Thompson-Ramsay, Secretary & Treasurer
Wendy Walker, Cambridge Associates
Mike Pearce, Cambridge Associates
Madelyn Mathai, Cambridge Associates

- I. **Review 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.
Motioned by: Neda Nobari Seconded by: Taylor Safford Motion: Passed

- II. **Approval of Meeting Minutes & FY 2021-2022 Meeting Schedule:** The Committee reviewed the minutes from the February 11, 2021 meeting. One correction was made to add Todd Feldman to the attendance roster. 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 11, 2021 meeting, with correction.
Motioned by: Leona Bridges Seconded by: Kimberly Brandon Motion: Passed

Thompson-Ramsay presented the proposed meeting dates for FY 2021-2022, as follows: August 26, 2021; November 5, 2021; February 10, 2022 and May 12, 2022.

MINUTE ACTION: that the Committee approves the proposed meeting dates for FY 2021 – 2022, as stated above.

Motioned by: Leona Bridges

Seconded by: Taylor Safford

Motion: Passed

III. Discussion Items

- a. Market Environment: Pearce reported that the market continued to do well in April. He said we were seeing 40-50% type returns that do not happen very often. Pearce attributed this to the rapid rebound we have had from what was pretty much a bottom, a year ago. Pearce said the month of May was a little bit more choppy with some concerns over inflation, especially in the developing world. He said what drove the bounce-back was the massive stimulus with expectations of significant GDP growth for the calendar year 2021, including in the US, where the expectation now is over 6% GDP growth. Pearce said recent announcements about a 4.2% inflation were based off the one-year number being so massive (making the year-over-year inflation number look quite high). Pearce said the Fed's have come out and described the inflation situation as transitory and would fade. Pearce said that, nonetheless, there were some inflationary pressures as Covid had done damage to the global supply chain that can flow through into prices. For example, wage pressure caused by employers struggling to hire could increase wages. Pearce said when it came to inflation it was difficult to make a high confidence prediction. As such, their strategy for the portfolio was to spread our chips and not plan for any one given scenario, but to be sensitive and understand what we have in the portfolio that would be hurt in a deflationary environment and what would potentially protect in an inflationary environment. Pearce said this meant they were sticking relatively close to policy targets, maybe have some modest tactical positioning of underweighting some of the most overvalued segments.
- b. Performance Review and Asset Allocation: Walker reported that the endowment returned 22.9% for the fiscal year to date. This was 410 bps ahead of the policy benchmark. She shared that International Stocks was the top performing asset class, returning 39.7%. Walker said that although still positive, Fixed Income was the weakest performing asset class, returning 2.8%. With regards to the Green Fund, Walker said the return was 25.7% for the fiscal year to date also beating its policy benchmark. Walker said Inflation Protection was the top performing asset class, returning 71.0% while Fixed Income and Cash were the weakest performing asset class, returning -0.5%. Pearce then moved into a discussion about manager fees. He said for the calendar year 2020, the Foundation paid a total of \$1.76 million or 1.4% of assets in fees, split between management fees (52%) and incentive fees (varied). Pearce said the Foundation made about \$3.6 million, which was basically two times what it earned. Finally, Pearce said the active management approach provided an additional \$1.8 million to the endowment market value than a passive approach would have.
- c. Rebalancing: Walker the rebalancing recommendation was the final tranche of what had been a six-month exercise in reviewing the foundation's needs and risk tolerances (balancing the different goals of growing the pool versus the ability to tolerate short-term volatility). Walker said there were two recommendations for action: 1) deploy the \$2.5 million of cryptocurrency proceeds and 2) terminate Acadian Non-US MicroCap to reduce fees and simplify the manager structure by consolidating from three to two International Stocks managers. Walker said Acadian's above-average management fee of 1.5% made it necessary to lock in its recent outperformance by rotating capital into City of London and Harris Value. On motion duly made, seconded and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the committee terminates Acadian Non-US MicroCap to reduce fees and simplify the manager structure by consolidating from three to two International Stocks managers and deploys the \$2.5 million cryptocurrency proceeds to rebalance Total Growth toward the 70% policy target approved in October 2020.

Motioned By: Taylor Safford Seconded By: Jeff Jackanicz Motion: Passed

- d. Green Fund Review: Pearce reviewed the Green Fund and provided an update on the latest trends in sustainable investing for institutional investors. Pearce said one of the things he was seeing in the industry was an embrace in doing sustainable and impact investing as part of the main pool across all investments and less as a carved-out function. Pearce also said that with regards to the environment, specifically fossil fuel divestment, increasingly he was seeing, as a common language, some commitment to net zero (colleges and universities, governments and corporations).
- e. Inter-Meeting Decision Process: Skipped in the interest of time.
- f. Private Investments Recommendation: Walker presented three recommendations for private investments, as follows:
 - \$500k commitment to Urban Innovation Fund II. This is an SF-based, female-led team that invests in “urban tech” startups shaping the future of cities.
 - \$1 million commitment to Vistria Fund IV. Vistria is a lower-middle-market buyout firm that focuses on three growing sectors – healthcare, education and financial services.
 - \$500k commitment to Seae Ventures I. Seae is an early-stage venture fund whose team has a proven track record as the VC arm of Blue Cross Blue Shield of MA.

Walker said that both Vistria and Seae are Black-owned/Black-led healthcare sector specialists. On motion duly made, seconded and unanimously carried, the following Minute Action was taken:


MINUTE ACTION: that the Committee approves the recommended investments in Urban Innovation Fund II, Vistria Fund IV and Seae Ventures I.

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

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

V. **Adjournment**: There being no further business to discuss, the Investment Committee meeting adjourned at 2:38pm without objection.

Respectfully submitted,

DocuSigned by:

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05/18/2022 | 5:33 PM PDT

Sheldon Gen, Chair

Date