
100 Campus Center ~~~ Seaside, CA ~~~ 93955-8001

Memorandum

TO: Investment Committee

CC: Robert C. Taylor, Chair

FROM: Nancy S. Ayala via Robert C. Taylor, Chair

DATE: January 31, 2022

SUBJECT: Agenda and Read-Ahead Materials

Enclosed are the agenda and read-ahead materials for the Investment Committee meeting on Monday, February 7, 2022. This virtual meeting will begin at 3 p.m. via Zoom. Meeting instructions were emailed.

If you have any questions or concerns before the meeting, please feel free to contact me at nayala@csumb.edu.



100 Campus Center ~~~ Seaside, CA ~~~ 93955-8001

Auxiliary Investment Committee Meeting

Monday, February 7, 2022 ~~~ 3:00 p.m. – 5:00 p.m.

Virtual Meeting

AGENDA

- | | | |
|-------------|---|-----------|
| I. | Call to Order | R. Taylor |
| II. | Approval of Minutes | |
| 2 min. | Approval of November 8, 2021 meeting minutes | R. Taylor |
| III. | Public Comment | R. Taylor |
| IV. | Business | |
| 20 min. | A. Financial Impact of divesting in Fossil Fuel Investments ESG vs. FFF | Verus |
| 40 min. | B. Investment Philosophy (cont.) | Verus |
| V. | Reports | |
| 10 min. | A. Quarterly Research Report
Attachment IV. A | Verus |
| 10 min. | B. Performance Monitoring Report
Attachment IV. B | Verus |
| VI. | Closed Session | |
| 10 min. | Other Topics | R. Taylor |
| VII. | Adjournment | R. Taylor |

Note: This agenda provides notice of the business to be transacted (i.e., topics for Committee discussion). Action may be taken on any item on the agenda. The italicized notations above are for guidance purposes only and the Committee may take action on any item listed on the agenda, whether action is specifically prescribed.



100 Campus Center ~~~ Seaside, CA ~~~ 93955-8001

Investment Committee Meeting

Monday, November 8, 2021 ~~~ 8:32 a.m. – 10: 27 a.m.

Via Zoom

Draft, Minutes

<u>Committee Members Present:</u>		<u>Members Absent:</u>
Robert C. Taylor, Esq., Chair	Gifford Lehman	Barbara Zappas
Bud Colligan	Stephen Mackey	Brian Corley, CIMA & AIF
<u>Staff Present:</u>		<u>Guests:</u>
Starr Lee, Corporation Associate Executive Director		Jason Taylor, Verus Investments (Verus)
Sherry Baggett, Corporation Controller		John Crosbie, Verus Investments (Verus)
Nancy Ayala, Gov. & Compliance Mgr.		Presdient Eduardo M. Ochoa

- I. **Call to Order:** A quorum being established, Chair Robert C. Taylor, Esq. called the meeting to order at 8:32 a.m.

- II. **Approval of Minutes:** Moved and seconded to approve the June 9, 2021 meeting minutes as presented. With no further discussion, the motion carried.

- III. **Public Comment:** The Committee received two Speaker Request Forms from students Ethan Quaranta and Gabriella Ulloa. Each speaker had three minutes to address the Committee per the Public Input Protocol. The speakers advocated for divestment from fossil fuel investments. Chair Taylor thanked the students for their remarks and welcomed them to stay for the remainder of the meeting. It was noted that various members of the campus community and the public were in attendance at this meeting.

- IV. **Business**
 - A. **Fossil Fuel Investments:** Chair Taylor welcomed CSUMB President Eduardo Ochoa to the meeting. President Ochoa announced his support to divest from fossil fuels noting that the CSU at the system level has recognized this is the appropriate step to take. Chair Taylor reported that the Committee has studied and monitored this topic throughout the years. Verus interjected by stating the Committee must first decide to invest in either Environmental, Social, and Governance "ESG" funds or Fossil Fuel free funds "FFF"; they cross over but are not identical. ESG funds will reduce energy exposure, while FFF funds will eliminate fossil fuel investing completely; however, they are more expensive. It was also noted that divesting from these managers too quickly could affect the portfolio. A slower divestment is likely to have less of an impact to the portfolio. The Committee unanimously voted to direct Verus to provide a financial analysis on the impact divesting from fossil fuel managers and investing in ESG or FFF funds would have on the portfolios. It was noted that while divesting from fossil fuel may take some time; the Committee is determined to do so.

- B. Investment Committee's Philosophy: Verus presented material on formulating a Statement of Investment of Beliefs to help the Committee establish its investing philosophy. Before the next meeting, Verus will send a questionnaire to the members to overview the group's goals and perspectives. The outcome is to create a living document that documents the Committee's set of shared beliefs and expectations and direction on how investment decisions are made. The Beliefs Statement could become a part of the IPS or be referenced. The Committee commended the exercise. Verus would return with the results of the group observation.

V. Reports:

- A. Quarterly Research Report: Verus provided a brief review of the market environment. At the period ending September 30, 2021, the Endowment held approximately \$35M. The Endowment portfolio had a 1.0% loss, underperforming the policy index by 0.5%. Over a five-year period, the endowment portfolio returned 8.9%, underperforming the policy index by 0.4%.

The Operating Fund had a 0.1% loss, underperforming the policy index by 0.4%. Over a five-year period, the operating fund returned 7.2%, underperforming the policy index by 0.3.

- VI. Closed Session:** The Committee did not enter into Closed Session.

- VII. Adjournment:** With no further business to discuss, the meeting adjourned at 10:27 a.m.

Robert C. Taylor, Esq., Committee Chair

Date