



BOARD OF TRUSTEES

Investment Subcommittee

October 20, 2023

Minutes

President's Boardroom, Horace Mann Center

A live stream of the meeting for public viewing also took place on YouTube.

MEMBERS PRESENT: Committee Chair Paul Boudreau and Trustee Daniel Currier

MEMBERS PARTICIPATING REMOTELY: Vice Chair George Gilmer, Secretary Theresa Jasminⁱ, Trustee Chris Montemayor, and Board Chair Ali Salehiⁱⁱ, ex-officio member

Also present and participating from Westfield State University were President Dr. Linda Thompson, President, Vice President for Administration and Finance Stephen Taksar, and Corient representatives Robert Quinn and Duke Laflamme.

Committee Chair Boudreau called the meeting to order at 1:30 PM.

MOTION made by Trustee Gilmer, seconded by Trustee Montemayor, to approve the minutes of the July 28, 2023, Investment Subcommittee meeting.

There being no discussion, **ROLL CALL VOTE** passed motion unanimously with Trustees voting in the affirmative: Gilmer, Montemayor, Currier, and Boudreauⁱⁱⁱ

It was announced that the meeting was being livestreamed and recorded, and all committee members and guests participating were announced as listed above.

Subcommittee Workplan.

- Committee Chair Boudreau and Mr. Taksar developed the workplan for issues that make the most sense in sequence for discussion, review, and decision making.

Short-Term vs. Long-Term Investment Strategy.

- This past year the University leveraged short-term cash investments and shifted cash assets at local banks to Federated Hermes/Massachusetts Municipal Depository Trust (MMDT) through a competitive procurement process. The subcommittee discussed rebalancing funds from the short-term investment accounts to the long-term investment account. Currently, 71% of cash assets are in money market funds and 29% are in long-term investments with Corient.
- The FY24 budget relies on the income stream (currently 4%) from long-term investments for the innovation fund and short-term investments for campus operations (\$1.8M).
- The committee requested a summary of total cash position prior to every meeting.

- Mr. Taksar will prepare documents showing the history and quarterly summary of current cash and cash flows over the last few years for the committee to determine timing for drawing funds that will not affect campus operations. Total cash available should be reviewed by the committee on a quarterly schedule.

Third Quarter Update and Market Review. Corient representatives summarized the third quarter report based on the current asset allocation.

- The range of asset allocation from the investment policy was reviewed with the goal allocation in fixed income and equity as of September 30. The benchmark guides decisions for the portfolio.
- It was requested that for future reports, Corient add CPI for the benchmark to measure whether the portfolio is beating CPI, since that would indicate whether purchasing power is preserved.
- The S&P was up double digits, which brings back the conversation about index funds versus actively managed funds. The portfolio is far behind the return it would have received if indexed. It is not always accurate to compare Westfield's return with the S&P 500.
- The guidelines from the policy provide the range for equities and Corient determines the allocation within those guidelines.

Alternative Investment Strategies Analysis.

- Illustrations of risk and reward for rolling five-year annualized returns were highlighted.
- The long-term investment account is treated as an endowment to grow with minor risk, using only a percentage of the interest (currently 4%).
- Moving from active management to an index fund may generate higher returns, more volatility and potentially less fees.
- The investment advisor contract will be going to bid in the spring. Placing a higher percentage into an index fund could be done before the request for proposals (RFP) to bid. The fees would not change if the type of fund changed but moving more into an S&P index fund may generate better returns. The asset allocation and subcomponents of assets in each class could also be changed.

FY25 Projected Quarterly Calculations on Investment Income Withdrawal. The quarterly calculation to maintain the income withdrawals was provided for information. It was noted that if the investment structure and allocation between short- and long-term investment funds change, the drawdown calculations will need to be reviewed to maintain consistency between investment strategies.

Investment Subcommittee Charter. The subcommittee charter was approved at the July meeting and the final copy was provided for information showing the revisions made.

The committee will meet in December to review the University's cash needs and discuss the investment policy, adjusting the percentage of funds in short- and long-term investments, and investing in index funds versus actively managed funds.

There being no further business,

MOTION made by Trustee Currier, seconded by Trustee Jasmin, to adjourn. **ROLL CALL VOTE** passed motion unanimously with Trustees voting in the affirmative: Gilmer, Jasmin, Montemayor, Currier, and Boudreau

The meeting adjourned at 3:15 PM.

Attachment(s):

- a. Draft Minutes of July 28, 2023
- b. Subcommittee Workplan

- c. Third Quarter Update and Market Review
- d. Alternative Investment Strategies Analysis
- e. FY25 Projected Quarterly Calculations on Investment Income Withdrawal
- f. Investment Subcommittee Charter (Revised)
- g. Investment Subcommittee Charter (Clean)

Secretary's Certificate

I hereby certify that the foregoing is a true and correct copy of the approved minutes of the Westfield State University Board of Trustees Investment Subcommittee of the Financial Affairs Committee meeting held on October 20, 2023.

Theresa Jasmin, Secretary

Date

ⁱ Trustee Jasmin joined the meeting at 1:40 PM

ⁱⁱ Board Chair Salehi joined the meeting at 1:35 and left at 2:27 PM

ⁱⁱⁱ Trustee Jasmin and Board Chair Salehi had not yet joined the meeting