I. OPENING COMMENTS

Ian Hannah welcomed the committee members and opened the meeting at 3:05 p.m.

II. APPROVAL OF THE MINUTES- MAY 29, 2014
(See September 8, 2014 agenda packet.)

Minutes were unanimously approved.

III. 2014/15 SSUAF OPERATING BUDGET
(See September 8, 2014 agenda packet.)

The committee reviewed the draft SSUAF General Fund Budget for the 2014/15 year. It was presented as a balanced budget with revenues equaling expenses to the amount of approximately $186,000, which is $50,000 less than the previous year’s budget. Last year’s actual expenditures came in well under budget, adding to the fund balance (“operating reserve”). There was a decrease in both “Legal” and “Contingency” which accounted for the drop from the previous year. Hannah pointed out that the line item for “Legal Fees”
went down $25,000 from the prior year, but is still higher than normal due to the recent litigations.

**Motion:** Forward the proposed 2014/2015 SSUAF Operating Budget to the full Board for their approval.

**Action:** Unanimously approved.

IV. TOWNHOME RENTAL RATES FOR 2015/16
(See September 8, 2014 agenda packet.)

The townhome rental rate comparison spreadsheet was introduced, which tracked the recent rental rates of other properties comparable to SSUAF’s ten townhomes. Hannah explained that in order to avoid a tax implication, the rental rate needs to be within the range of comparable units, which was according to the spreadsheet $1,550-$2,200, with an average cost of $1,854/month. The range and average went up about $100 dollars from last year’s spreadsheet. Hannah pointed out that the townhomes also provide a service of affordable housing for new staff/faculty, so while they should remain within the range, they typically fall to the lower end of the spectrum. Upon further discussion, the committee determined that $1,700/month would be an appropriate amount, while remaining within tax compliance.

**Motion:** Increase SSUAF Townhome rent from $1,600/month to $1,700/month for the 2015/2016 fiscal year.

**Action:** Unanimously approved.

V. SSUAF INVESTMENT POOLS
(See September 8, 2014 agenda packet.)

Hannah introduced the SSUAF Investment Pools, providing the breakout of underlying assets and values of SSUAF’s various investment pools as described in SSUAF’s Investment Policy. This categorization also assists the committee members to review investments other than the endowment. In addition to the approximately $43M in endowment assets as of 6/30/14, there was also approximately $6M in cash/current assets, CRTs, and other assets. Hannah explained that the endowment assets increased by about $4M due to a combination of investment performance, new gifts, and the townhomes being valued at their estimated market value per Zillow.com average, not cost net of depreciation as in previous years and in financial statements. This was at the recommendation of CSU Asst Vice Chancellor for Advancement Lori Redfearn and the revised methodology will also be reflected in the values to be reported in the annual NACUBO-Commonfund Study of Endowments.
VI. GALBREATH ENDOWMENT QUARTERLY INVESTMENT REPORT
(See September 8, 2014 agenda packet.)

Phil Brewster joined via telephone for a 3:45 p.m. time certain.

Brewster summarized the Equity and Income portfolios for the Galbreath Endowment, which had performed well. The combined Income and Equity Portfolios resulted in a year to date return of 6.5% and one year return of 16.9% as of 6/30/14. Income paid out year to date was $30,315. Brewster ended by assuring the committee of their ongoing plan to take advantage of any “greater than average” volatility to strengthen SSUAIF’s position.

VII. GRAYSTONE QUARTERLY UPDATE
(See September 8, 2014 agenda packet.)

Todd Au from Graystone Consulting provided the committee with a quarterly report as of 6/30/14. Market Value of the endowment assets managed by Graystone was approximately $36.5M. This endowment portfolio slightly underperformed the benchmark for the quarter and for the current fiscal year. However, the public equities as a whole performed well for the year, resulting in an overall one year return of 12.7% for the portfolio.

Overall, asset allocation is close to target in all areas except Private Equity, which is currently under target but can be achieved over time through gradual commitments to this space. The SSUAIF endowment stills currently remains well positioned.

Au presented a couple of recommended changes to the Endowment Pool section of the SSUAIF Investment Policy, particularly under the Risk and Asset Allocation sub-sections.

Under the Risk section Au suggested the addition of “beta” to the portfolio’s volatility target. The sentence now reads, “The total Fund portfolio volatility target shall be managed within a (+/-) 20% bandwidth of the standard deviation, and beta of this normal portfolio benchmark over a 5-year rolling period analysis.”

The other recommended change was in the Asset Class benchmarks for the Private Equity and Real Asset/Real Estate portions of the endowment portfolio’s long term strategic asset allocation. It was suggested a custom blend of indices be used for these two asset classes which would more closely represent the underlying sub-asset allocation and/or fund vintage years.

Motion: To accept changes to SSUAIF Investment Policy as recommended by Graystone and forward to the Board for their approval.

Action: Unanimously approved.
Au also reviewed Gaystone’s recommendation for Private Equity commitment pacing with the Committee. The recommendation was to commit $750,000 per year, for the next few years in order to reach SSUAF’s Private Equity long term policy pooled endowment allocation target of 5%.

**Motion:** Accept Graystone Consulting’s recommended commitment of $750,000 now to the recommended manager Private Advisors Small Company Private Equity Fund VI and to generally agree to the concept of a commitment schedule of approximately $750,000 a year as it relates to Private Equity.

**Action:** Unanimously approved.

VIII. OPEN ITEMS

None.

Meeting adjourned at 5:00 p.m.

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*Minutes Approved by:*
Amanda Visser
Chief Financial Officer, SSUAF

*Minutes Prepared by:*
Katelynn White
Staff, SSUAF