FINANCE COMMITTEE MINUTES

SSUAF Finance Committee Agenda
Tuesday March 11, 2014
VPAF Conference Room, Salazar Hall (TELECONFERENCE)
3:00- 4:00 p.m.

Members Present: Laurence Furukawa-Schlereth, Erik Greeny, Wally Lowry, Mike Marovich, Irv Rothenberg, Michael Troy

Committee Staff: Ian Hannah, Amanda Visser, Katie Robinson, Katelynn White

Guests: Todd Au, Tony Parmisano – Graystone Consulting

Members Absent: Robert Eyler, Tom Gillespie, Michael Sullivan

I. OPENING COMMENTS

Laurence Furukawa-Schlereth welcomed the committee members and opened the meeting at 3:02 p.m. Ian Hannah summarized for the committee that the reason for the teleconference was to continue the discussion from the previous meeting. At the last meeting there was a consensus of the committee to accept Graystone’s recommendation of re-allocating some of the endowment investments to the Infrastructure space but consensus was not reached regarding whether this would be achieved through a private or public fund.

II. GRAYSTONE
   A. Private Infrastructure Allocation Recommendation

Todd Au and Tony Parmisano from Graystone Consulting provided slides to the committee to facilitate continued discussion regarding investing in either a private or public Infrastructure Fund. Au started by explaining that Infrastructure vehicles are defined as one asset class; however, they may be publicly traded or privately managed. The sources of the asset class characteristics are the underlying physical assets, hence both listed and unlisted property are considered part of the same asset class. The primary trade-off between low volatility (private) and high liquidity (public) are what split the committee’s view in the previous meeting. The committee also discussed additional pros and cons of each as well as the particular managers being recommended.
The discussion ended with a chart comparing the private McMorgan Borealis Infrastructure Fund and the public Cohen and Steers Global Listed Infrastructure Fund investment returns over the last five years. Overall, the trailing five year returns were comparable; however, the annual returns varied drastically. The chart showed that the consistency of cash flow and lack of market and economic correlation for McMorgan led to a very attractive risk adjusted return stream that could not be replicated via a public market vehicle.

Wally Lowry voiced his preference for the consistency of McMorgan’s returns. Hannah clarified that a $1M investment to this fund would bring the illiquid asset portion of the total endowment portfolio managed by Graystone up from approximately 1.5% to less than 5% percent. Per the SSUAIF Investment Policy, the overall portfolio illiquidity limit is 15%. Graystone added that all investment terms being offered were favorable. The $1M would be re-allocated from the existing funds in the Real Assets portion of the portfolio. Schlereth inquired if any of the committee members disagreed with the Graystone recommendation to invest in the McMorgan Fund. There were none.

**Motion:** Accept Graystone Consulting’s recommended changes to the SSUAIF Portfolio, re-allocating $1M to McMorgan Borealis Fund

**Action:** Unanimously approved.

III. OPEN ITEMS

None.

Meeting adjourned at 3:37 p.m.

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*Minutes Approved by:*
Laurence Furuwaka-Schlereth
Chief Operating Officer, SSUAIF

*Minutes Prepared by:*
Katelynn White
Staff, SSUAIF