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**SRJC Foundation Investment Committee**

*Unadopted Minutes*

Thursday, November 2, 2023 / 7:30 am – 9 am

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**Members:** Sue Nelson – Vice Chair, Marion Walker, Scott Bartley

**Staff:** J Mullineaux, Katie Greenwald

**Consultants:** Tony Parmisano, Drew Aviles

**Absent:** Don Chigazola – Chair; Matt Huntstock, Noah Jacobson, Evan Hershey, Kate Jolley

- 1) **Call to Order** – Sue Nelson
  - The meeting was called to order at 7:32 am
- 2) **Public Comment** – Sue Nelson
  - There were no members of the public present and no comments
- 3) **Approval of Minutes** – Sue Nelson
  - Minutes from Investment Committee meeting on 8.3.23 were not approved, as we did not have quorum
- 4) **Consultant's Report** – Tony Parmisano
  - a) Q3 Capital Markets Review & Outlook
    - a. Graystone first covered a capital markets overview, highlighting the capital market performance for the quarter, and providing a forward outlook for the economy and various capital markets
    - b. Graystone highlighted that equity and bond markets saw broad declines across most geographies and sectors, while hedge funds and certain real asset markets remained resilient and moved modestly higher
    - c. Looking forward, they continue to be cautious as it relates to both the economy and the near-term direction of markets
    - d. While the inflationary pressures have eased significantly giving the fed the flexibility to pivot if needed, financial conditions have tightened which may ultimately lead to economic pressure
    - e. From a market perspective, markets continue to look modestly expensive relative to fair value, which may resolve itself via a correction in price, or as time passes and earnings improve
    - f. Graystone covered their outlook on rates as well, mentioning they expect the Fed is done hiking and expect the see Fed cuts beginning in the first half of 2024 – although, acknowledging this will be data dependent and could change depending on path of the economy and inflation



- b) Portfolio Review
  - a. Next Graystone covered the portfolio review ending September 30, 2023
  - b. First Graystone discussed the asset allocation relative to policy targets, and highlighted that the portfolio is currently positioned well within the guidelines of policy, and consistent with their broader conservative market views. As such, Graystone is not recommending any change in allocation at this time.
  - c. Graystone next discussed the portfolio returns through September 30<sup>th</sup> 2023, focusing on returns for the quarter and for the more extended time periods
  - d. Performance continues to be very strong with the Foundation experiencing outperformance over every time period listed, net of all fees and expenses
  - e. Graystone took the committee through individual manager returns, highlighting those that did well and those that struggled for the quarter and highlighted that they continue to be happy with the existing construct of the portfolio
- c) Investment Policy Statement amendment
  - a. Next and as a follow up to discussion from the previous IC meeting, Graystone presented an amended investment policy statement
  - b. Changes to the IPS included a nomenclature change from the “alternatives” asset class to “hedge funds,” as well as some updated language for the liquidity section
  - c. The policy will next head to the Foundation Board for approval
  - d. The committee members present supported the IPS amendment, although no formal actions were taken
- d) Investment Recommendation – McMorgan Infrastructure
  - a. Next, Graystone presented the McMorgan Infrastructure Fund II as a potential new investment for the Real Asset component of the portfolio, at a \$1,000,000 commitment
  - b. Graystone covered the infrastructure asset class, the McMorgan & OMERS firm backgrounds and investment process, and the specific background and terms of the fund
  - c. Graystone discussed utilizing the private REIT portion of the portfolio as a source of funds when capital is called
  - d. The committee members present supported the recommendation for investment in the McMorgan fund, although no formal actions were taken
- e) November 30<sup>th</sup> Graystone Presentation to SRJC Foundation Board
  - a. Board Retreat
    - i. Graystone will present; Board to vote on above items
    - ii. Focus of presentation will be on year end with updates; June 30, 2023 materials to be provided: asset allocation, updates on economy and edit
- 5) **Other Business**
  - Tony introduced Drew Aviles, Assistant Vice President, Wealth Management, Institutional Consulting Analyst, Graystone
- 6) **Adjourn**
  - Next meeting Thursday, February 1, 7:30 – 9 am
  - Meeting adjourned at 8:58 am

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