

Santa Rosa Junior College Foundation

Investment Committee Meeting

Date: 2/2/2023

Purpose for Visit/Call: Quarterly IC Meeting, Lexington Private Equity, Crypto Donations

Attendees (Graystone): Tony Parmisano and Todd Au

Attendees (SRJCF): Sue Nelson (Vice Chair), Suzy Marzalek, Marion Walker, Kate Jolly, Noah Jacobson, J Mullineaux, Scott Bartley

Absent: Don Chigazola (Chair), Matt Hunstock, Jorge Servin

General Notes:

- Graystone
 - Graystone first covered a capital markets overview, highlighting the capital market performance for the quarter, and their firm's forward market outlook.
 - In the short term, Graystone continues to be cautious as they expect a challenging earnings environment to weigh on markets in the first half of the year.
 - They believe we are nearing the end of the rate hike cycle which will likely include the Fed keeping rates elevated for the majority of 2023.
 - Beyond 2023, Graystone believes there are reasons to be optimistic and that markets at some point will begin focusing on the new cycle – so while caution is warranted in the short term, ultimately markets will focus on the good news of the years ahead.
 - Next Graystone covered the portfolio review ending December 31, 2022.
 - Asset Allocation: The portfolio allocation remains well within the guidelines of the investment policy statement. The portfolio is positioned in a defensive fashion relative to strategic targets. This includes an overall modest underweight to total equity and overweight to fixed income.
 - The portfolio modestly underperformed the benchmark for the quarter but remains ahead on a fiscal year to date basis.
 - Graystone highlighted the trends that have been driving returns of managers in the portfolio for the quarter and year.
 - Graystone is not making any major shifts in the portfolio at the moment. They continue to make modest adjustments to the portfolio periodically in light of cash needs and market behavior, but the manager lineup continues to remain steady and they are pleased with portfolio positioning.
 - Graystone next took the committee through the manager level details, highlighting areas of strength and weakness.
 - Next Graystone gave a recommendation for a commitment to a new Private Equity Fund, the Lexington Capital Partners X Fund
 - Graystone first presented an updated commitment pacing model to the committee, highlighting that to continue down our Private Equity path we need commitments of roughly \$900,000 in 2023.
 - Graystone then discussed a recommendation to commit half of this year's commitment to the fund (\$450k) reserving the other half for an impact oriented strategy that Graystone believes will be fundraising in the coming months.

- Graystone covered an overview of the secondaries market and opportunity, the Lexington firm background, process, portfolio construction and track record, and the fees associated with the strategy.
 - While no vote is required given the discretionary relationship with Graystone, there were no objections to adding the additional illiquid investment into the portfolio.
- As a follow up to a request from the previous meeting, Graystone next took the committee through a discussion on establishing a mechanism for the Foundation to accept and liquidate crypto currency donations.
 - The committee had a good discussion on the topic and agreed to continue moving forward in exploring potential options.
 - Next step is for J and team to review gift acceptance policies and have a conversation with the executive committee, and then start interviewing potential service providers.
- Endowed Fund distributions
 - J reported that the SRJC Foundation Board approved FY24 endowed fund distributions at their January meeting.
 - The Foundation has up to \$1,458,995 to distribute from 494 endowed scholarship funds for FY24. They had \$1,224,295 available in FY23.
 - The Foundation has up to \$350,025 to distribute from 66 endowed program funds. They had \$372,595 available in FY22.
 - Currently, The Foundation has a total of 560 endowed funds. We had 544 funds in FY23.

Next Meeting: May 4, 7:30am-9:00am at 707 Elliott Avenue