I. ACTION ITEMS

A. APPROVAL OF THE MINUTES OF FEBRUARY 26, 2018

B. DELIBERATION AND APPROVAL OF FISCAL YEAR 2019 SPENDING RATE

Janet Krone, Chief Investment Officer, The City University of New York
Timur Yontar, Senior Vice President, Meketa Fiduciary Management
Chaunice Peebles, Assistant Vice President, Meketa Fiduciary Management

II. INFORMATION ITEMS (EXECUTIVE SESSION)

A. INVESTMENT AND PERFORMANCE REVIEW

Timur Yontar, Senior Vice President, Meketa Fiduciary Management
Chaunice Peebles, Assistant Vice President, Meketa Fiduciary Management
The meeting was called to order by Chairperson William C. Thompson, Jr. at 4:19 p.m.

The following people were present:

**Committee Members:**
- Hon. William C. Thompson, Jr., Chair
- Hon. Barry Schwartz, Vice Chair
- Hon. Fernando Ferrer
- Prof. John Verzani, faculty member
- Prof. Kay Conway, alternate member
- Ms. Francesca Royal, student alternate
- President José Luis Cruz, COP Liaison

**University Staff:**
- Senior Vice Chancellor and Chief Financial Officer
  - Matthew Sapienza
- Interim Chief Operating Officer
  - Marc V. Shaw
- Deputy Chief Financial Officer
  - Christina Chiappa
- Chief Investment Officer
  - Janet Krone
- Deputy General Counsel
  - Jane Sovern

**Trustee Observer:**
- Hon. John Aderounmu

**Staff:**
- Senior Advisor to the Chancellor and Secretary of the Board
  - Gayle M. Horwitz
- Ms. Fenella Ramsami

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<th>Cal. No.</th>
<th>DISPOSITION</th>
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The agenda items were considered and acted upon in the following order:

I. **ACTION ITEMS:**

A. **APPROVAL OF THE MINUTES OF THE MEETING OF NOVEMBER 13, 2017.** Moved by Chairperson Thompson, Jr. and seconded by Vice Chairperson Barry Schwartz, the minutes were unanimously approved as submitted.

B. **POLICY CALENDAR**

1. **The City University of New York – Revised Investment Policy Statement.**

   Senior Vice Chancellor and Chief Financial Officer (SVC&CFO) Matthew Sapienza explained the changes to the policy reflect the relationship the Office of Budget and Finance has with the University's new Outsourced Chief Investment Officer (OCIO), Meketa Fiduciary Management.

   Senior Vice President Timur Yontar and Assistant Vice President Chaunice Peebles of Meketa Fiduciary Management discussed the summary of recommended changes to the Investment Policy Statement, including governance structure, asset class categorization, risk management, and long-term goals relating to Minority- and Women-Owned Enterprises (MWBE) and Service-Disabled Veteran-Owned Businesses (SDVOB).

   SVC&CFO Sapienza proposed amended language to the Revised Investment Policy Statement to specifically mention the University Student Senate as part of the composition of the Subcommittee.

   Moved by Chairperson Thompson, Jr. and seconded by Trustee Fernando Ferrer, and following discussion, the item was unanimously approved for submission to the Board as amended as follows:
In Section III: Responsibilities of the policy, letter C is amended to read: “The Subcommittee on Investments ("Subcommittee") shall be composed of trustees, appointed by the Chairperson of the Board of Trustees in consultation with the Chancellor, with expertise and/or experience in the financial industry and, one faculty member recommended by the University Faculty Senate for consideration by the Chairperson, and one student member recommended by the University Student Senate for consideration by the Chairperson. The Subcommittee shall be responsible for the total investment program and will provide prudent oversight of the Portfolio in order to further the goals and mission of CUNY, its Colleges and the participating College Foundations, and to ensure that CUNY’s investment and management of investment assets comply with NYPMIFA. More specifically, the Subcommittee shall be responsible for:”

II. INFORMATION ITEMS:

Chairperson Thompson, Jr. moved to go into Executive Session at 4:29 p.m. The motion was seconded by Vice Chairperson Schwartz.

CONVENCING OF EXECUTIVE SESSION:
Chairperson Thompson, Jr. called for an Executive Session pursuant to Section 105, Article 7, of the Public Officers Law, for the purpose of discussing confidential financial investment matters of the University. The Subcommittee met in Executive Session from 4:30 p.m. to 5:14 p.m.

The Subcommittee reconvened in Public Session. Moved by Chairperson Thompson, Jr. and seconded by Trustee Ferrer, the reconvened meeting was adjourned at 5:15 p.m.
THE CITY UNIVERSITY OF NEW YORK

INVESTMENT PORTFOLIO EXPENDITURE APPROPRIATION

WHEREAS, the University’s policies and procedures with respect to spending from its Investment Portfolio shall comply with the New York Prudent Management of Institutional Funds Act (NYPMIFA), and

WHEREAS, in order to ensure compliance with NYPMIFA, the funds in CUNY’s Investment Portfolio are categorized into groups of similarly situated funds according to purpose, and

WHEREAS, decisions with respect to spending from the Investment Portfolio shall be made by CUNY’s Board of Trustees on recommendation from the Board’s Subcommittee on Investments, and

WHEREAS, that in making this determination, the Board of Trustees, and its Subcommittee on Investments, have acted in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, be it

RESOLVED, that the Board of Trustees has determined, in accordance with the University’s Investment Policy, that it is prudent and appropriate to maintain an expenditure appropriation of 4.5% for the funds in the Investment Portfolio for the fiscal year ending June 30, 2019.

EXPLANATION: The CUNY Investment Portfolio is a pooled investment vehicle for multiple individual accounts that include both endowed and non-endowed funds. The sources of the Portfolio are funds received by CUNY for its general purposes, funds received by CUNY for the benefit of a specific college, and funds belonging to one or more of the College Foundations that have chosen to invest in the Portfolio.

In making this expenditure appropriation determination, the Board’s Subcommittee on Investments has reviewed the categories and the composition of each group to ensure funds are properly classified. It has deliberated on the prudence of the spending rate for each of the categories based upon the eight prudence factors mandated by NYPMIFA, and listed in Exhibit B Subsection 1A of the Investment Policy, prior to making its recommendation to the Board for Fiscal Year 2019.
CUNY Investment Pool - Spending Deliberations
Fiscal Year 2019

Committee on Fiscal Affairs
Subcommittee on Investments
April 16, 2018
Overview

1st • 4 Similarly Situated Fund Categories

2nd • 8 Prudence Factors

3rd • Deliberate on Prudent Spending Rate
4 Similarly Situated Fund Categories

- Academic support
- Institutional Support
- Scholarships
- Instruction

Similarly situated funds
8 Prudence Factors

1. Duration & Preservation of the Endowment Fund
2. Purposes of the Institution & the Endowment Funds
3. General Economic Conditions
4. Possible Effects of Inflation/Deflation
5. Expected Total Return from Income & Appreciation
6. Other Resources of the Institution
7. Alternatives to Expenditure of the Endowment Fund
8. The CUNY Investment Policy
Spending Deliberation Process

1st
• Factor 2: Purpose of Institution & Endowment Funds by Category

2nd
• Factor 7: Brief Review of Factors Applicable to Exigent situations

3rd
• Universal Factors: Discuss Jointly for all 4 Fund Categories
Factor 2: Factors Specific to the Institution & Endowment Fund

Scholarships
- 56% Total Spending
- Long-term funds/donor-designated
- Key part of support endowment offers
- Attract, retain, provide access

Academic Support
- 12% Total Spending
- Long-term funds/donor-designated
- Key part of support endowment offers
- Supports professional, technical, educational programs

Institutional Support
- 20% Total Spending
- Long-term funds/donor-designated
- Key part of support endowment offers
- Supports college operations
Factor 7: Factors Applicable to Exigent Situations

1. Duration & Preservation of the Endowment Fund
2. Purposes of the Institution & the Endowment Funds
3. General Economic Conditions
4. Possible Effects of Inflation/Deflation
5. Expected Total Return from Income & Appreciation
6. Other Resources of the Institution
7. Alternatives to Expenditure of the Endowment Fund
8. The CUNY Investment Policy
Joint Discussion – Universal Factors

- Other Resources
- CUNY Investment Policy
- Expected Total Return
- General Economic Conditions
- Possible Effects of Inflation/Deflation

- Duration & Preservation of Endowment Funds
- Scholarships
- Academic Support
- Instruction
- Institutional Support
- CUNY Investment Policy
- Scholarships
**Recommendation**

**Maintain 4.5% Spending Rate**

- **Economic Conditions**: Lower expected returns
- **Pool Net Withdrawals**: Trend to lower spending is reversible if too conservative

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<th>Meets Current Needs of Recipients</th>
<th>Ensures Sustainability of Spending</th>
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Ensures sustainability of spending.
Historical College Spending Rate
FY 2006 – FYTD 2018

<table>
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<tr>
<th>Year</th>
<th>Spending Rate</th>
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<tbody>
<tr>
<td>2006</td>
<td>3.3%</td>
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<tr>
<td>2007</td>
<td>4.6%</td>
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<tr>
<td>2008</td>
<td>4.5%</td>
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<td>2009</td>
<td>4.1%</td>
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<tr>
<td>2010</td>
<td>2.4%</td>
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<tr>
<td>2011</td>
<td>3.7%</td>
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<tr>
<td>2012</td>
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<tr>
<td>2017</td>
<td>2.4%</td>
</tr>
<tr>
<td>2018 FYTD</td>
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