I. ACTION ITEMS
   A. Approval of the Minutes of October 9, 2018 Subcommittee Meeting
   B. Deliberation and Approval of Fiscal Year 2020 Spending Rate

II. INFORMATION ITEMS (EXECUTIVE SESSION)
   A. Investment and Performance Review
      Chaunice Peebles, Vice President, Meketa Fiduciary Management
      Ed Omata, Co-Chief Investment Officer, Meketa Fiduciary Management
      Ghiane Jones, Consultant, Meketa Fiduciary Management
The meeting was called to order by Chairperson William C. Thompson, Jr. at 5:17 p.m.

The following people were present:

**Committee Members:**
Hon. William C. Thompson, Jr., Chair  
Hon. Barry F. Schwartz, Vice Chair  
Hon. Fernando Ferrer  
Hon. Kevin D. Kim  
Hon. Sandra Wilkin

**Faculty Members:**
Prof. John Verzani, faculty representative

**Student Member:**
Mr. Jaleel Thomas, student alternate

**COP Liaison:**
President José Luis Cruz

**Observer:**
Prof. Ned Benton

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

**University Staff:**
Senior Vice Chancellor and Chief Financial Officer Matthew Sapienza  
Associate General Counsel Richard J. Naddeo

### DISPOSITION

The agenda items were considered and acted upon in the following order:

**I. ACTION ITEMS:**

**A. APPROVAL OF THE MINUTES OF THE MEETING OF APRIL 16, 2018.** Moved by Trustee Fernando Ferrer and seconded by Prof. John Verzani, the minutes were approved as submitted. Trustees Sandra Wilkin and Kevin Kim abstained.

**B. POLICY CALENDAR**

1. Approval of Interim Asset Allocation.

Chairperson Thompson, Jr. moved to go into Executive Session at 5:18 p.m. The motion was seconded by Trustee Ferrer.

**CONVENING 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 5:20 p.m. to 5:59 p.m.

The Subcommittee reconvened in Public Session at 6:00 p.m.

**I. ACTION ITEMS, continued:**

**B. POLICY CALENDAR**

1. Approval of Interim Asset Allocation. Moved by Chairperson Thompson, Jr. and seconded by Vice Chairperson Barry Schwartz, this item was unanimously approved for submission to the Board.
Moved by Chairperson Thompson, Jr. and seconded by Vice Chairperson Schwartz, the reconvened meeting was adjourned at 6:01 p.m.
CUNY INVESTMENT POOL
FY2020 SPENDING DELIBERATIONS

Committee on Fiscal Affairs
Subcommittee on Investments
April 15, 2019
NEW YORK PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT (NYPMIFA)

1st
• Similarly Situated Fund Categories

2nd
• 8 Prudence Factors

3rd
• Deliberate on Prudent Spending Rate
## 8 PRUDENCE FACTORS

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Type</th>
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<tbody>
<tr>
<td>1.</td>
<td>Duration &amp; Preservation of the Endowment Fund</td>
<td>Universal</td>
</tr>
<tr>
<td>2.</td>
<td>Purposes of the Institution &amp; the Endowment Funds</td>
<td>Factor Specific</td>
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<tr>
<td>3.</td>
<td>General Economic Conditions</td>
<td>Universal</td>
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<tr>
<td>4.</td>
<td>Possible Effects of Inflation/Deflation</td>
<td>Universal</td>
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<td>5.</td>
<td>Expected Total Return from Income &amp; Appreciation</td>
<td>Universal</td>
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<tr>
<td>6.</td>
<td>Other Resources of the Institution</td>
<td>Universal</td>
</tr>
<tr>
<td>7.</td>
<td>Alternatives to Expenditure of the Endowment Fund</td>
<td>Special</td>
</tr>
<tr>
<td>8.</td>
<td>The CUNY Investment Policy</td>
<td>Universal</td>
</tr>
</tbody>
</table>
2018 NACUBO ENDOWMENT STUDY

Average Spending Rate: 4.4%
Commonfund Higher Education Price Index: 2.8%
Increased Spending Rate: 22%
Decreased Spending Rate: 58%
SPENDING RATE RECOMMENDATION

4.25%

Risk of Pool Depletion
% Average Pool Spending
New Deliberation if Crisis

Economic Conditions
Lower Expected Returns
Pool Net Withdrawals
Reversible If Too Conservative

4.5%

4.0%
APPENDIX
HISTORICAL COLLEGE SPENDING RATE

FY2017: 2.40%
FY2018: 2.45%
FY2019 (YTD): 2.37%
FY2018 SPENDING
(BY PURPOSE)

- Scholarship and Fellowship: 47%
- Academic Support: 27%
- Institutional Support: 13%
- Student Service: 5%
- Instruction: 8%
QUESTIONS
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 establish an expenditure appropriation of 4.25% for the funds in the Investment Portfolio for the fiscal year ending June 30, 2020.

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 2020.