



BOARD OF TRUSTEES

Investment Subcommittee

February 2, 2023

Minutes

President's Boardroom, Horace Mann Center

A live stream of the meeting for public viewing also took place on YouTube.

MEMBERS PRESENT: Committee Chair Madeline Landrau

MEMBERS PARTICIPATING REMOTELY: Trustees Theresa Jasmin and Ali Salehi

MEMBERS ABSENT: Trustee Paul Boudreau

TRUSTEE GUESTS PARTICIPATING REMOTELY: Trustee George Gilmer

Also present and participating from Westfield State University were Dr. Linda Thompson, President, Mr. Stephen Taksar, Vice President for Administration and Finance and Ms. Lisa Freeman, Associate Vice President for Administration and Finance; Mr. Gary Duggan, Director of Procurement and Administrative Services; and Messrs. Robert Quinn and Duke Laflamme from CI Eaton Private Wealth (CI Eaton). Mr. Sheridan Carey, Westfield State Foundation Board member, was also present.

The meeting was called to order by Committee Chair Landrau at 2:01 PM and it was announced that the meeting was being livestreamed. All committee members and guests participating were announced as listed above.

MOTION made by Trustee Salehi seconded by Trustee Jasmin, to approve the minutes of the November 15, 2022, Investment Subcommittee meeting. **ROLL CALL VOTE** passed motion unanimously with Trustees voting in the affirmative: Jasmin, Salehi, and Landrau.

Fourth Quarter Update and Market Review was provided by CI Eaton representatives and discussed by the committee.

- The asset allocation since September has been as follows:
 - 59% equities and 41% bonds and cash on September 30
 - 62% equities and 32% bonds and cash on December 31
 - 65% equities and 35% bonds and cash today
- The cumulative portfolio return since inception has been 9.1%.
- The broad bond market was down 13% in 2022.
- The rolling three-year was aligned with the benchmark at 2.2% vs. 2.9% gain.

- The decline and underperformance in large cap equities was discussed. CI Eaton shared that the portfolio outperformed in bonds and small caps. Asset allocation will drive returns. In moving from active to passive there is a potential for outperformance in active management. If a passive strategy was used last year, the funds would have been down 20% instead of 15%. The institution should weigh one year's bad performance against all allocations over the long term.
- Mr. Taksar shared that what is important is to grow the investment so that income can be used to subsidize the operating budget. The University and committee need to determine its risk tolerance and whether it is comfortable in seeing the swings in the market or mitigate risk and lean more toward a passive index approach.
- CI Eaton will do what is best for the University and will adjust the investments as the committee wishes.

Messrs. Laflamme and Quinn left the meeting at 2:48 PM.

Active vs. Passive Investment Strategy. Mr. Carey referenced the material provided to the committee and stated that long-term passive investing will outperform active investing and suggesting discussing the pros and cons at the next meeting. Trustee Gilmer advised against making a change now and missing the high returns coming. It makes sense but need to focus on timing to have the right type of process ready at the correct time.

Investment Subcommittee Charge. At the next meeting, the committee will review the charge and discuss whether to create a charter or update the charge.

Motion – Investment Advisor Contract.

MOTION made by Trustee Jasmin, seconded by Trustee Salehi, to extend the current investment advisor contract with CI Eaton Private Wealth, formerly known as Eaton Vance WaterOak Advisors and Eaton Vance Investment Counsel, from July 1, 2023, through June 30, 2024.

The current contract with CI Eaton Private Wealth is for three years with the possibility of two, one-year extensions. This would be the second, one-year extension.

The University will develop a request for proposal (RFP) for investment advisor services which will go out to bid in fiscal year 2024 (FY24), based on the Investment Policy that is in place at the time of the bidding process.

Discussion: The strategy is to renew CI Eaton for one year and construct a RFP over the summer to invite a mix of organizations (large and local firms) to bid in order to explore options. If needed, the CI Eaton contract allows termination in 30 days. The committee should decide on active or passive investing first so the RFP could be based on what is desired. Many state universities are using CI Eaton to manage their investments.

There being no further discussion, ROLL CALL VOTE passed motion unanimously with Trustees voting in the affirmative: Jasmin, Salehi, and Landrau.

There being no further business, **MOTION** to adjourn made by Trustee Jasmin, seconded by Trustee Salehi. **ROLL CALL VOTE** passed motion unanimously with Trustees voting in the affirmative: Jasmin, Salehi, and Landrau.

The meeting adjourned at 3:09 PM.

Attachment(s):

- a. Minutes 11-15-22 (Draft)
- b. Fourth Quarter Update and Market Review
- c. Fourth Quarter Update and Market Review (Statement of Spending Policy)
- d. Active vs. Passive Investment Strategy
- e. Active vs. Passive Investment Strategy (Common Sense on Mutual Funds)
- f. Active vs. Passive Investment Strategy (Great Mutual Fund Trap)
- g. Active vs. Passive Investment Strategy (Investors Manifesto)
- h. Active vs. Passive Investment Strategy (Unconventional Success)
- i. Active vs. Passive Investment Strategy (Burton Malkiel 50 Years Later)
- j. Active vs. Passive Investment Strategy (Against the Gods)
- k. Investment Subcommittee Charge
- l. Motion – Investment Advisor Contract

Secretary's Certificate

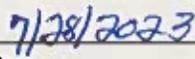
I hereby certify that the foregoing is a true and correct copy of the approved minutes of the Westfield State University Board of Trustees Investment Subcommittee of the Financial Affairs and Advancement Committee meeting held on February 2, 2023.



Theresa Jasmin, Secretary

Paul Boudreau, Committee Chair

In her absence



Date