

INVESTMENT COMMITTEE MEETING MINUTES

Florida A&M University Foundation Board of Directors

Wednesday, September 16, 2020 | 4 p.m. – 5 p.m.

Teleconference

Committee Members Present

Dir. Clifton Goins, IV, *Chair*

Dir. Marcelia Freeman, *Vice Chair*

Dir. William Bryant

Dir. Gregory Clark

Dir. Lorin Crenshaw

Dir. John Crossman

Dir. Maurice Gilbert

Dir. Lisa LaBoo

Dir. Kenneth Neighbors

Dir. T.J. Rose

Committee Members Not Present

Dir. Larry Robinson

Dir. G. Scott Uzzell

Guests Present

Ms. Nancy Bard, *Commonfund*

Dir. Shawnta Friday-Stroud

Ms. Caroline Greer, *Commonfund*

Dir. Lenetra King

Dir. Carmen Cummings Martin

Mr. David Self, *Associate Gen. Counsel, FAMU*

Staff Present

Ms. Shelia Fields, *Information Tech. Office, FAMU*

Ms. Kim Hankerson

Ms. Juanita Johnson

Mrs. Gena Palmberg

Mrs. Audrey Simmons-Smith

Mr. Eric Swanigan

Ms. Brandi Tatum-Fedrick

Mrs. Sabrina Thompson

Ms. Angie Wiggins

Call to Order and Roll Call

The meeting was called to order at 4 p.m. by Chair Clifton Goins. Ms. Angie Wiggins called the roll and confirmed that a quorum was present.

Conflict of Interest Disclosure

Chair Goins requested that Committee members disclose any conflict of interest with items on the Agenda; none were disclosed.

Approval of Minutes

May 13, 2020, Investment Committee Meeting

Director Gregory Clark moved to approve the minutes; Director William Bryant seconded the motion. The minutes were approved, unanimously.

Presentation by Commonfund

a. Macro Discussion

Macro views and asset allocation transformed in the second quarter compared to the first quarter; growth outperformed value the second quarter by 14 percent; real assets had a strong snapback, but not enough to neutralize first quarter losses; and fixed income saw a strong rebound in credit both investment grade and high yield.

- Investment grade, the rebound wiped out the negative performance for the first quarter.
- High yield, it reduced year-to-date losses to low single digits.

b. Investment Performance Review for April – June 2020

- The quarter started with a trough value after the first quarter market drawdown with approximately \$108.8M.
- With the strong market rebound in the first quarter, the portfolio gained a net \$14.7M to close the quarter at \$123.5M.
- As of September 15, the portfolio is valued at an estimated \$129.2M.
- Longer term, the portfolio continues to lag the benchmark mostly due to three factors:
 - The REIT benchmark is a mismatch (will be addressed at the November Board Meeting)
 - The former overweight to value-oriented strategies in the equity book (corrected at the beginning of April 2020)
 - Capital calls on private commitments
- Core real estate outperformed, and rates were in line with the index for the quarter, but the spread to the benchmark continues to be very wide (will have a proposal at the November meeting).

As it relates to changing the benchmark and making it more accurate, Director Lorin Crenshaw requested that Commonfund share their thoughts earlier than the November Board Meeting for a conclusion and to move forward. Commonfund staff responded that their asset allocation committee would have to approve to put it forward. Expect that the REIT benchmark would then be tied to the REIT index with no discrepancy.

c. Fearless Fund Discussion

Commonfund evaluated the Fearless Fund that was founded by three African-American women; two are FAMU alumni. Commonfund staff advised that their venture team met with the group and in that process made the decision to not pursue an investment in this Fund due to risks.

Commonfund, its venture capital team and private equity team, were requested to take a more thorough look at the market and to think about their rubric for evaluating these funds. They were asked to do a comprehensive look at their venture capitals (VCs), including the Fearless Fund, and then make a recommendation. The action items below followed the discussion.

- 1) Look at VCs and other managers who focus on minority entrepreneurs and business owners.**
- 2) Look at what Commonfund’s mandate from the FAMU Foundation is in terms of investing in black general partners regardless of their target market underneath.**
- 3) There are a growing number of investors in both pools. The FAMU Foundation needs a running list to be evaluating.**
- 4) Commonfund staff advised that they have opened up their diverse manager portal to invite diverse managers into private equity and venture to try to increase their pipeline. They will continue to look at the Fearless Fund and will perhaps come back with a smaller allocation but will look at it and continue to do their due diligence; will follow-up with this Committee.**
- 5) Dr. Friday-Stroud was advised to circulate the Fearless Fund Deck to the Board.**
- 6) Commonfund staff was requested to share their notes on the due diligence that was done regarding the Fearless Fund.**

d. Andreessen Horowitz Cultural Leaders Fund II Recommendation

Vice Chair Marcelia Freeman recommended to the Committee to pause on deciding today and to set-aside 45 mins. to an hour to have a discussion on this Fund, the Fearless Fund, and other research that will have been done by that date. Staff will find a date for the Committee to reconvene.

Status of Action Items

May 13, 2020, Investment Committee Meeting

1. Commonfund staff to provide follow up regarding benchmarks.

Other Items

No other items were presented.

Action Items

1. Commonfund staff to look at venture capitalists and other managers who focus on minority entrepreneurs and business owners.
2. Commonfund staff to look at what Commonfund's mandate from the Foundation Board is in terms of investing in black general partners regardless of their target market underneath.
3. Dr. Shawnta Friday-Stroud was requested to circulate the Fearless Fund Deck to the Board.
4. Commonfund staff was requested to provide their due diligence notes regarding the Fearless Fund.
5. The Investment Committee will reconvene in a couple of weeks to discuss the Andreessen Horowitz Fund, Fearless Fund, and other research that will have been completed by the date of the meeting.

Adjournment

The meeting was adjourned at 5:09 p.m. by Vice Chair Marcelia Freeman.

Minutes Prepared By

Ms. Angie Wiggins