

## University of Memphis Foundation Investment Committee Meeting

### Committee Members Present:

Committee Members		<u>In Attendance</u>
John Wilfong	Treasurer/Chair Investment Committee	Yes
Fred Towler	President	Yes
Harry Smith	Immediate Past President	Yes
Dr. Douglas Scarboro	Secretary	Yes
Sudhir Agrawal		Yes
Dr. B. Hardgrave	University President	No
Tanya Hart		Yes
Raaj Kurapati	University CFO	Yes
Dr. P.K. Jain	University Faculty-FCBE	Yes

### Others Present:

		<u>In Attendance</u>
Holly Ford	AVP, UMF	Yes
Bill Burns	Out-Sourced Chief Investment Officer (OCIO)	Yes
Matt Ruhl	Out-Sourced Chief Investment Officer (OCIO)	No
Mark Nicell	Controller (Contractor)	Yes

#### I. Opening Prayer – John Wilfong, Committee Chairman

Committee Chairman Wilfong opened the meeting with prayer. A quorum was present, and Committee Chairman Wilfong called the Investment Committee for the University of Memphis Foundation Meeting to order at 2:04pm.

#### II. Approval of Minutes – John Wilfong, Committee Chairman

Mr. Wilfong asked if there were any revisions to the minutes from the May 26, 2022, meeting provided in the Investment Committee Meeting Packet sent in advance. There were no revisions. Mr. Smith made a motion to approve, and the motion was seconded by Mr. Kurapati. All were in favor and the motion carried to approve the minutes as they stand.

**MOTION TO APPROVE:** Mr. Smith

**SECOND:** Mr. Kurapati

**MOTION CARRIED**

#### III. UofM Financial Update – Raaj Kurapati, EVP and CFO of the University of Memphis

Mr. Kurapati shared how the University finished FY22, sharing sources of revenue and outlining expenses. At the end of FY22 the University's total assets is just shy of \$1B, which doesn't include the Foundation funds. If those are included the University is close to \$1.3B.

#### **IV. Advancement R1 Updates – Holly Ford, Foundation CEO**

Ms. Ford presented on behalf of VP of Advancement, Joanna Curtis, providing an update on the fundraising efforts towards the \$50M R1 Endowment Match from the state. To date, a little more than \$21M has been secured with another nearly \$13M pending, totaling close to \$34M.

Mr. Kurapati provided an update on the status of receiving the funds from the State, stating we have received the first payment disbursement from the state and we will continue to receive installments for the next 11 months. Funds received from the state will need to be in a separate investment account and the funds raised to match the state's gift will also need to be housed separately in order to provide transparent accounting to the state and properly illustrate the full match has been achieved.

#### **V. Vanguard Update – Bill Burns**

Bill Burns shared the first half of the year, was one of the roughest on record. Factors impacting the market, the Russian invasion of the Ukraine and inflation. In July and August, there's already been a bit of a recovery in the U.S. equity markets.

Anticipating a risk of a shallow recession in the next 12 to 18 months. Things to watch would be the Federal Reserve getting interest rates up, which would help to bring down inflation. Also helping with inflation would be the cost of oil lowering. Lastly, he stated we need an inventory build-up comparable to pre-pandemic numbers, recognizing inventory build-up levels will be industry specific.

Vanguard holdings are down -14.98% versus a benchmark of -15.26%. Since holdings were moved to Vanguard, the portfolio is up 7.48% versus a benchmark of 7.46%. Chairman Wilfong and Mr. Kurapati, requested future reporting to include a dollar amount from when the Foundation moved to Vanguard and where the Committee and the Board can see progress from inception until now. Mr. Burns shared Vanguard has procured a new reporting tool and this is a feature they will be able to provide moving forward.

Total portfolio is down -10.55%, compared to a benchmark of -13.01% and since inception, up 6.79% versus a benchmark of 6.83%.

Discussion moved to the Expendable Pool managed by Vanguard. This portfolio was developed to have liquidity and with minimal risk. There has been recent discussion on whether the Committee and the Board should consider the amount which is needed to remain readily accessible and if there is a surplus of funds greater than what must remain readily accessible, could a little additional risk be taken against those funds to yield greater returns.

#### **VI. Expendable Pool – Cash on-hand needs – Raaj Kurapati, EVP and CFO of the University of Memphis**

Mr. Kurapati stated if we move to a more aggressive strategy on the Expendable Pool, he recommends creating a policy around usage and investment for this pool.

Mr. Wilfong recommended a liquidity strategy for at least a three year period. He then recommended for a discussion to take place between him, President Towler, Mr. Kurapati and Ms. Ford to determine the investment strategy and then develop a proposal to share with the investment committee and the board.

**VII. Other Business**

No other business

**VIII. Call to Adjourn the Investment Committee for the University of Memphis Foundation Meeting – John Wilfong, Chairman**

Investment Committee Chairman, John Wilfong, called for a motion to adjourn. Ms. Hart made the motion, and Mr. Agrawal seconded the motion, all were in favor and the meeting was adjourned at 3:44 p.m.

**MOTION TO APPROVE:** Ms. Hart

**SECOND:** Mr. Agrawal

**MOTION CARRIED**