

BOARD OF TRUSTEES
THE CITY UNIVERSITY OF NEW YORK

SUBCOMMITTEE ON
INVESTMENT

MINUTES OF THE MEETING
OCTOBER 24, 2011

The meeting was called to order at 5:34 p.m.

There were present:

Committee Members:

Hon. Joseph J. Lhota, Chair
Hon. Valerie L. Beal
Hon. Kathleen M. Pesile
Prof. Terrence Martell, faculty member

University Staff:

Chancellor Matthew Goldstein
Executive Vice Chancellor and Chief Operating
Officer Allan H. Dobrin
Senior Vice Chancellor Marc V. Shaw
Associate Vice Chancellor Matthew Sapienza
University Controller Barry Kaufman
Chief Investment Officer Janet Krone

Trustee Staff:

Senior Vice Chancellor and Secretary of the
Board Jay Hershenson
Senior Vice Chancellor and General Counsel
Frederick Schaffer
Deputy to the Secretary Hourig Messerlian
Mr. Steven Quinn

Cal. No.	DISPOSITION
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The agenda items were considered in the following order:

I. ACTION ITEMS:

- A. APPROVAL OF THE MINUTES OF THE MEETING OF FEBRUARY 7, 2011.** The minutes were approved as submitted.

II. INFORMATION ITEMS:

- **Update on the Endowment Council Meeting of October 4th.**

Chief Investment Officer Janet Krone stated that the Endowment Council was established as a forum for CUNY's foundations to discuss and disseminate best practices in investments and investment management, which is particularly timely given the increase in the complexity of the global investment markets, as well as increasing regulations, especially in New York, with NYPMIFA. The Council's first meeting was on October 4th. It was well-attended, and had an agenda of relevant topics. Cambridge Associates spoke on best practices in endowment management, and there were two additional segments: on a new gift agreement that colleges and foundations could use that is NYPMIFA compliant, and about the steps that need to be taken for compliance with NYPMIFA by the July 1, 2012 deadline.

CIO Krone noted that the next item on the agenda is a recommendation to make a non-substantive amendment to CUNY's investment policy in order to simplify the administration of spending for non-endowed accounts. Currently, the policy does not distinguish between endowed and the non-endowed funds in terms of spending. The pool has participants with varying needs, and the policy permits the Senior Vice Chancellor for Budget, Finance and Fiscal Policy to authorize spending of non-endowed accounts in excess of the 5% rate under special circumstances. The proposed amendment would permit the Senior Vice Chancellor to delegate

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this decision making to the Associate Vice Chancellor and the University Controller for ease of administration.

In response to a question from Professor Terrence Martell on the subsequent monitoring of delegated areas, Subcommittee Chair Joseph Lhota asked University Controller Barry Kaufman and CIO Krone to work with Professor Martell on this matter

I. ACTION ITEMS (continued):

B. POLICY CALENDAR

- Recommendation to Amend the Investment Policy for Spending from Non-Endowed Funds. The Committee unanimously voted to express its support for the recommendation.

II. INFORMATION ITEMS (continued):

- **Performance Update as of September 30, 2011.**

***PRESENTATION ON THE PERFORMANCE UPDATE BY CAMBRIDGE ASSOCIATES
MANAGING DIRECTOR THOMAS SMITT-JEPPESEN ***

In response to a question from Trustee Kathleen Pesile on a timeline for replacing Investment Manager Philadelphia International, Mr. Smitt-Jepesen stated that although it is a solid firm that has been on the portfolio for a long time, it has underperformed over the long term. CIO Krone added that Philadelphia International does not hedge currencies, and the fact is that the portfolio needs a manager that is active in hedging currencies, which is very important in the current environment.

I. ACTION ITEMS (continued):

B. POLICY CALENDAR (continued)

1. Approval of the Manager recommendation on SMID cap mandate. Following discussion, the item was unanimously approved.

The meeting was adjourned at 6:03 p.m.