

**Minutes of Meeting
Of
COLORADO STATE UNIVERSITY FOUNDATION
Committee on Investor Responsibility
February 23, 2023**

The meeting of the Colorado State University Foundation (CSUF) Committee on Investor Responsibility (CIR) was called to order at 11:00 a.m. online via Zoom Meetings. A quorum was established.

The Committee on Investor Responsibility consists of students, members of the CSUF Board and staff, CSU faculty (CSU College of Business sponsoring faculty), alumni (CSUF Board and Committee members who are alumni), CSU Governing Board members, and community members.

Those in attendance:

Board of Directors:

- Ric Thomas, Chair
- Deb DeMuth, Vice Chair
- James A. Martell, Past Chair
- Cherí O’Neill, Director & President
- David Diehl, Director
- Jim Detterick, Director
- Luke Daniel, Director
- Mark Smith, Director
- Michelle Martinez, Director

Ex-Officio members:

- Polly Baca, Board of Governors Representative

CSUF:

- Allen Padilla, VP & CFO/Treasurer
- Jill Higham, General Counsel
- Terilyn Larson, Controller
- Sara Campbell, Director of Operations/Board Secretary

Others in attendance:

- Jorge Garcia, CSU Summit Fund Student Representative
- Moranda Ramey, CSU Summit Fund Student Representative
- Brad Ryan, CSU Summit Fund Student Representative
- Chris Stein, Senior Instructor, Finance & Real Estate, CSU
- Rick Miranda, Interim Executive Vice President, Colorado State University
- Rick Ciccione, Principal, Senior Consultant, NEPC
- Alix Bold, Senior Consulting Analyst, NEPC

Not in attendance:

- Morris Price, Director
- Scott Thisted, Director

- Brendan Hanlon, Vice President for University Operations & CFO
- Karen Dunbar, Co-Interim Vice President for University Advancement

Introduction and statement of purpose

Padilla reminded attendees that the committee was established in 2010 when the university was in its first round of participation in the Association for the Advancement of Sustainability in Higher Education (AASHE) Sustainability Tracking Assessment & Rating System (STARS) reporting process. Multiple universities participate in the STARS reporting process, which takes a holistic approach to evaluating university sustainability. Participants are rated and ranked. CSU was the first university to achieve the platinum rating. CSU was also the first three-time platinum-rated university. One portion of the STARS reporting process focuses on sustainable investing. To support the university's efforts, the foundation established the CIR, which consists of students, faculty, alumni, and community members.

The foundation has a socially responsible investing (SRI) policy. The foundation's mandate is to maximize returns on the private donations the foundation receives while minimizing risk. The foundation recognizes and respects the passion of various groups with interests in environmental, social, and governance (ESG); as well as justice, diversity, equity, and inclusion (JEDI) issues. As part of the foundation's investment process, the foundation requests all of its investment managers to consider ESG and JEDI factors. Reminder letters are sent to investment managers every 12-18 months. When all other investment considerations are equal, the foundation prefers investments that positively impact the areas of sustainability and diversity, equity, and inclusion. When proxy voting opportunities arise, the foundation submits proxy votes in a manner that supports these issues.

Summit Fund student presentation

Ramey explained that the Summit Fund is a student-run, long-equity-only portfolio of nearly \$600,000. The Summit Fund class replicates real-world portfolio management. The portfolio returned 5.93% YTD, while the portfolio's benchmark (SPY) returned 6.47% YTD. Ramey further explained how the class is organized and the functional roles students are assigned. The Summit Fund's stock valuation process includes financial, operational, and performance factors. To be considered, an investment firm must have sound ethical practices and sustainable ESG scores.

Ramey, Garcia, and Ryan co-presented a detailed case supporting their decision to buy into Ameriprise Financial (AMP) in 2022. AMP is among the largest independent broker-dealers in the U.S. and one of the largest investment advisors. AMP was recognized as one of the most trusted financial companies in 2022 by *Investor's Business Daily*. A-rated according to MSCI ESG rating standards, AMP has made great strides in reducing carbon emissions since 2016. Students believed AMP was undervalued by 11.0% and suspected individuals would flock to AMP in anticipation of a possible recession. The investment has returned 26.31% since inception. Analysts are projecting earnings to increase by 13.0% in 2023 and only 4.0% in 2024. Students will continue to monitor the holding to avoid a trickle-off in revenue or potential losses moving forward. AMP has historically focused on sustainability and ethical practices and is strongly committed to continued improvement. A brief question-and-answer segment ensued. Students shared their majors and future plans.

Baca departed the meeting at 11:29 a.m. Stein, Ramey, Garcia, and Ryan departed the meeting at 11:37.

NEPC presentation

Impact/ESG investing. Bold reviewed impact investing tactics, including screening, ESG integration, thematic investing, and engagement. Bold further explained the impact level of each of the tactics as well as the associated performance. ESG integration and thematic investing are focus areas in NEPC's research process and are prevalent in the foundation's portfolio. Thematic investing is more prevalent in private market holdings.

Ciccione reviewed NEPC's definition of diverse managers, usually defined by ownership characteristics. Diverse-owned firms are at least 50% owned by an under-represented group while diverse-led firms are 33%-50% owned by an under-represented group. NEPC has implemented a diverse manager policy. In the interest of equitable representation, NEPC's focused placement list, comprised of NEPC's highest-rated strategies, has a 15% diverse-manager target for 2024. NEPC's target exposure for OCIO accounts is also 15% for 2024. NEPC was the first in its industry to publish an annual progress report on DEI. Additionally, a new "explorer platform" provides an alternative way for diverse managers to engage with the research team and receive a formal rating.

NEPC has expanded its industry leadership on DEI. Annual diverse manager goals are reviewed and even expanded to include a longer-term commitment. Further, NEPC is focusing on expanding its goals beyond its advisory business to heighten the impact of diverse manager representation. NEPC has a proprietary rating system related to ESG and is working to develop a sister system related to DEI. The system will assess more than manager ownership diversity, examining DEI in the workforce, portfolio management, governance, policies, and community impact.

JEDI & ESG dashboard

Bold reviewed the CSUF JEDI & ESG dashboard. NEPC rates ESG integration on a scale of 1 through 5, with 1 indicating a best-in-class approach at both a firm and strategy level, and 5 indicating no integration. The endowment portfolio has an average ESG rating of 2.7 as of December 31, 2022. 7.8% of the endowment portfolio is managed by diverse-led and/or diverse-owned firms. This percentage is expected to continue to increase. Bold concluded the presentation with commentary on implementing thematic investments through private markets. A brief question-and-answer discussion ensued. Ciccione explained Blackrock's best-in-class ESG rating. NEPC's ESG integration evaluation considers firm- and strategy-level commitments, integration, policies, and resources. Blackrock does a better-than-average job at integrating ESG into its processes. The specific Blackrock fund CSUF holds has an ESG lens, which rates the holding better than other Blackrock funds.

Thomas thanked attendees for their participation and input.

Diehl moved to adjourn the meeting. Daniel seconded. All were in favor. The motion carried.

With no further business, the meeting adjourned at 11:55 a.m.

Respectfully submitted,



Sara Campbell
Director of Operations/Board Secretary