

HUMBOLDT STATE UNIVERSITY SPONSORED PROGRAMS FOUNDATION

INVESTMENT COMMITTEE MEETING

MINUTES

March 7, 2019
10:00 a.m. – 12:00 p.m.
SBS 405

MEMBERS PRESENT: Kacie Flynn
Carly Marino
C.D. Hoyle

MEMBERS ABSENT: Jason Ramos

OTHERS PRESENT: Nalee Yang, SPF
Vince Learned, NFP

I. Call to Order

Kacie Flynn called the meeting to order at 10:15 a.m.

II. Review 403(b) DC Plan – Participant Highlights

The Committee reviewed eligibility requirements, contributions, vesting, distributions and loans, and investments of the Humboldt State University Foundation 403(b) plan as outlined in Attachment A.

III. Review Investment Portfolio with Vince Learned, NFP Senior Plan Consultant

Vince Learned reviewed the current investment market and discussed about the Scorecard Methodology with the Committee. See attached *Fiduciary Investment Review Executive Summary*.

IV. Other

V. Adjournment

The meeting adjourned at 11:50 a.m.

Respectfully Submitted,


Kacie Flynn



Fiduciary Investment Review™ Executive Summary

Humboldt State University Foundation

Meeting Date: 3/7/2019

Attendees

	Name	Title
Committee Members	Kacie Flynn	Executive Director
	Carly Marino	Treasurer
	C.D. Hoyle	Chair, Finance Committee
	Jason Ramos (not present)	Community Director
Humboldt Guest	Nalee Yang	Office Manager
NFP	Vince Learned, CFA, CFP®, CRPS®	Senior Plan Advisor

Administrative Review

Prior Meeting Minutes :

Service Plan :

Signed Investment Policy Statement on file with NFP: Yes No

Market Review

U.S. equity markets declined 14.3% in the fourth quarter (Russell 3000) on a Fed rate hike, trade tensions and fear of an economic slowdown. After trailing domestic equities most of the year, international equities decreased at a slower pace, posting an 11.5% loss over the quarter (MSCI ACWI ex U.S.). The U.S. fixed income market was up 1.6% for the quarter (Bloomberg Barclays Aggregate) as interest rates declined. Additionally, the yield curve continued to flatten during the quarter. U.S. unemployment rose to 3.9% in December due to an increased participation rate, as more workers entered the workforce. U.S. GDP growth remained robust in the third quarter, up 3.5% However, this was a deceleration from the second quarter pace. Marking a change in recent performance, value outperformed growth this quarter with the Russell 1000 value outperforming the Russell 1000 growth by 4.2%. The Federal Reserve raised interest rates a quarter point in December for the fourth time in 2018. (All data from MPI.)

Methodology

A review of the Scorecard Methodology was discussed. The scoring system includes pass/fail criteria on a scale of 0 to 10 (10 being best). Eighty percent of the fund's score is quantitative, incorporating Modern Portfolio Theory statistics and peer group rankings. The other 20 percent of the score is qualitative. Primary considerations are given to manager tenure, fund expenses and strength of statistics, however, other significant factors may be considered in the qualitative review. Active and asset allocation strategies are evaluated over a five year time period and passive strategies are evaluated over a three year time period. The Scorecard Point System is as follows: Good: 9-10 points | Acceptable: 7-8 points | Watch List: 5-6 points | Poor: 0-4 points. The Scorecard Methodology supports upholding the impartial conduct standards as the scores and analytics do not include any adviser compensation components and are calculated incorporating all investment fees and revenue sharing. In addition, any and all compensation earned by the adviser (if any) is explicitly disclosed and reasonable given services provided. All information material to any investment recommendations has been disclosed and no misleading information has been provided to fiduciaries in their determination of action.

Scorecard as of 12/31/2018

Assets of the Plan as of 12/31/2018 were \$298,497. Results of the analysis showed that all but one fund received Good and Acceptable scores (7-10). All other funds not specifically listed in this executive summary were reviewed and met qualitative reviews and/or are scoring acceptable to good.

Fund Review

Watchlist

The Oppenheimer International Growth fund (OIGIX) is scoring a 6, its first quarter scoring a Watchlist score.

Additional Investment Discussion

- Overview of Scorecard System Methodology
- Asset Class Review



Fiduciary Investment Review™ Executive Summary

<ul style="list-style-type: none"> Principal Fixed Income Guaranteed Option – reviewed credit ratings and current crediting rate
Discussion of Fiduciary Topics
Fiduciary Fitness Program Module 1: Fiduciary Duties and Responsibilities
Fiduciary Fitness Program Module 2: Strategies to Help Minimize Fiduciary Liability
Review of Investment Policy Statement and Plan Governance Documents
Review of ERISA 3(21) vs 3(38)
Fidelity bond requirements and fiduciary liability insurance
Legislative and regulatory updates.
Additional Comments
Reviewed various plan provisions.

Pending Action Items			
Scheduler <input type="checkbox"/>	Employee Education <input type="checkbox"/>	Fund Changes initiated by <input type="checkbox"/>	NFP Support <input type="checkbox"/> NFP Consultant <input type="checkbox"/> Recordkeeper <input type="checkbox"/>

This material contains an assessment of the market and economic environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. Forward-looking statements are subject to certain risks and uncertainties. Actual results, performance, or achievements may differ materially from those expressed or implied. Information is based on data gathered from what we believe are reliable sources. It is not guaranteed by Kestra IS as to accuracy, does not purport to be complete and is not intended to be used as a primary basis for investment decisions. It should also not be construed as advice meeting the particular investment needs of any investor. The indices mentioned are unmanaged and cannot be directly invested into. Past performance does not guarantee future results.

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