

**Minutes of Meeting  
Of  
COLORADO STATE UNIVERSITY FOUNDATION  
Committee on Investor Responsibility  
February 17, 2022**

The meeting of the Colorado State University Foundation (CSUF) Committee on Investor Responsibility (CIR) was called to order at 11:16 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
- David Diehl, Director
- Jim Detterick, Director
- Luke Daniel, Director
- Mark Smith, Director
- Michelle Martinez, Director
- Morris Price, Director
- Scott Thisted, Director

Ex-Officio members:

- Joyce McConnell, President of CSU
- Lynn Johnson, VP of University Operations

CSUF:

- Allen Padilla, CFO/Treasurer
- Jill Higham, General Counsel & Communications Strategist
- Terilyn Larson, Controller
- Sara Campbell, Director of Operations/Board Secretary
- Vanessa Heilbrun, Senior Administrative Assistant

Others in attendance:

- Drew Bowers, CSU Summit Fund Student Representative
- Paul DeCelles, CSU Summit Fund Student Representative
- Ben Zirl, CSU Summit Fund Student Representative
- Chris Stein, Senior Instructor, Finance & Real Estate, CSU
- Beth Walker, Dean of the College of Business, CSU
- Rudy Garcia, Sr. Associate Vice President of University Advancement

- KC Connors, Partner, NEPC
- Rick Ciccione, Principal, Senior Consultant, NEPC
- Alix Bold, Consulting Support Analyst, NEPC

Not in attendance:

- Polly Baca, Board of Governors Representative

### **Summit Fund student presentation**

Stein, who provides faculty support for the Summit Fund, and three Summit Fund student representatives (Bowers, DeCelles, and Zirl) briefly introduced themselves. The students described their involvement with the fund and reflected on the impact of their participation in the program. Students have found significant employment benefits from participating in the program. Donors are welcome to help expand the program by providing funding for additional terminals.

Bowers provided an update on the status of the Summit Fund, which is currently valued at nearly \$700,000. The portfolio balance is down 5.42% year-to-date, but is still outperforming on a relative basis.

The students collaboratively presented information regarding the Summit Fund investment screening process, which involves selecting a security, performing analysis, discussing sustainability standards, and final selection. Environmental, social, and governance (ESG) factors for each security are evaluated at corporate, societal, and economic levels.

The students presented a detailed case supporting their decision to sell out of Meta (aka Facebook) in 2021. Meta was positively positioned at the time of purchase in 2020 with dominance in the social media market, high user growth, strong financials, and no negative news. Meta's story shifted by 2021; negative news abounded, and Meta no longer fit the Summit Fund's *ethical and sustainable* IPS requirement. Summit Fund evaluation determined Meta was underperforming on the ESG front relative to peers. Combined with rapid price declines and Meta's overdependence on advertisement revenue, the students decided to proceed with selling out of Meta, realizing a 20% gain. Meta will likely be reevaluated in the spring to see if ESG factors have improved and to determine eligibility for repurchase. DeCelles noted that consideration of ESG factors is becoming more significant each semester.

Daniel applauded the student team for their excellent work. A brief question-and-answer segment ensued. Oil and gas investing was discussed. The Summit Fund invests in the energy sector for diversity purposes. Oil and gas are not negatively screened; however, a competitive alternative energy option would receive priority selection. Other topics touched on included cash flow analysis and the students' capital markets overview.

Padilla thanked the students for their presentation and participation.

### **Socially responsible investing policy (SRI)**

Daniel reported that the Investment Committee (IC) recently met and discussed the revision of the SRI. The IC further voted to recommend the revised SRI to the CIR for approval. The revisions strengthen language related to consideration of ESG factors in manager selection, investment, and proxy voting. CSUF requests its investment managers to consider ESG factors, including justice, equity, diversity, and inclusion (JEDI). When all other investment considerations are equal, CSUF prefers investments that

positively impact the areas of sustainability and diversity, equity, and inclusion. Additionally, where possible, CSUF's investment consultants have been charged with submitting proxy votes in a manner that supports the environment, justice, equity, diversity and inclusion, and other socially responsible initiatives. Discussion ensued.

***Daniel proposed approval of the revised SRI. Martell seconded. All were in favor.***

**NEPC presentation**

*Impact/ESG investing.* Connors briefly reviewed impact investing tactics including screening, ESG integration, thematic investing, and engagement. Connors further explained the impact level of each of the tactics as well as associated performance.

*Racial equity investing.* Connors discussed racial equity investing and the need for intentionality in this area to foster economic empowerment, influence the asset management industry, and create meaningful societal impact. NEPC is working to develop a DEI rating system to measure managers on firmwide commitment to DEI, team diversity, ownership diversity, and other related factors.

*Dashboard review.* Bold reviewed the CSUF JEDI & ESG dashboard noting that 7.6% of the endowment portfolio is managed by diverse-led and/or diverse-owned firms. This percentage is expected to continue to increase as private equity commitments to diverse firms are funded. NEPC rates ESG integration on a scale of 1 through 5, with 1 indicating a best-in-class approach and 5 indicating no integration. The endowment portfolio has an average ESG rating of 2.8 as of December 31, 2021. Bold concluded the presentation with commentary related to implementation of thematic investments through private markets.

Thomas thanked attendees for their participation and input. With no further business, the meeting adjourned at 12:03 p.m.

Respectfully submitted,



Sara Campbell  
Director of Operations/Board Secretary