



Board of Trustees

Executive Committee

Minutes

President's Boardroom, The Horace Mann Center

August 19, 2019

MEMBERS PRESENT: Committee Chair Queenin, Vice Chair Sullivan, and Secretary Martinez-Alvarez

MEMBERS EXCUSED: Trustee Hagan, Past Chair

TRUSTEE GUESTS PRESENT: Trustee Landrau

Dr. Ramon S. Torrecilha, President of Westfield State University, was also present. Mr. Sheridan Carey participated by Zoom as a guest.

The meeting was called to order at 1:12 PM by Chair Queenin.

MOTION made by Trustee Sullivan, seconded by Trustee Martinez-Alvarez, to approve the minutes of the June 27, 2019 meeting. **Trustee Sullivan abstained from voting and Motion passed.**

Chair Queenin gave an update on the Presidential Evaluation for FY19 and stated Trustee Martin would be drafting the evaluation with the assistance of Trustee Martinez-Alvarez. Outside assistance is being brought in for the evaluation and Trustee Martin is in communication with that person. Once all the details are worked out, an announcement will be made of how the procedure will work.

Chair Queenin distributed a letter of August 14, 2019 from Commissioner Santiago of the Board of Higher Education approving Westfield State University's Strategic Plan, and Chair Queenin congratulated all who participated in the process.

Dr. Jalisa Williams, Assistant Vice President of Human Resources, came to the table to share information on offering a Voluntary Separation Incentive Program (VSIP) similar to the Salem State VSIP. Westfield State has been in discussions with representatives of the Department of Higher Education (DHE) and has provided draft documents to them. The DHE will share the documents and have discussions with the state unions, who have supported the Salem State plan. Once that has been done, the proposed timeline would be to give notice to employees in October and start the plan in November. The final Incentive Program would need to come back to the Board for approval. It was stated that this current proposal is for the APA and AFSCME unions and discussion with the MSCA union will take place once the faculty are back in September.

Mr. Stephen Taksar, Vice President for Administration and Finance, expressed appreciation to the Executive Committee for meeting to discuss and approve the Investment Policy and transition plan so that the investment strategy can be implemented as soon as possible.

Mr. Robert Quinn and Mr. Duke Laflamme from Eaton Vance gave a presentation of the proposed transition plan. Eaton Vance manages \$475 billion and the majority of their employees are located in Massachusetts. Their goals for Westfield State University are to enhance and preserve the funds and protect inflation adjusted purchasing power of the portfolio by placing 60% of the funds in equities and 40% in bonds and cash. All funds will be invested in cash first and then investments planned quarterly or as needed after discussions with the investment team. It was suggested to put 85% in U.S. equities and up to 15% in developed and emerging market equities. Mr. Carey suggested a three-year phase-in could be done for less risk as well.

Eaton Vance's proprietary research analysis will guide the investment opportunities and manage risk. Mr. Quinn stated that they are part of the Eaton Vance Investment Council, which makes decisions and allocations. They also have access to all of Eaton Vance's leadership team, and meet with the chief investment officer every morning. Eaton Vance has shown good performance with all the state college funds they manage. The fee structure is 36 basis points. Charles Schwab will be the custodian for the assets, charging \$4.95 per trade with no fee structure (in addition to the 36 basis points). Fees are typically \$300 per year in years two, three, and going forward. For performance reporting purposes, the portfolio will be compared to a blended benchmark of a 60% equity index (comprised of 60% S&P 500 index and 40% All Country World equity index) and a 40% bond index (Bloomberg Barclay Intermediate Term Government Credit Bond index). It was requested that Eaton Vance attend the next Finance and Capital Assets Committee meeting on October 10.

The Investment Policy (No. 0430) was brought forward for discussion.

MOTION made by Trustee Sullivan, seconded by Trustee Martinez-Alvarez, to approve and adopt the updated Westfield State University Investment policy (0430), as presented.

The following discussion of the Policy took place.

- Asset allocation figures were changed to 60% in equities, 38% in fixed income, and 2% in cash
- Acceptable ranges were changed to 45-65% for Equities and 35-65% for Fixed Income.
- Strike the last sentence on page 2. Eaton Vance can make the rebalancing decisions.
- In the Investment Section, change the language so if a bond is downgraded below Baa/BBB, it should be sold as quickly as prudently possible.
- Bonds below Baa/BBB: colleges have 15% of fixed income in their portfolio. Below investment grade bonds offer a good investment. Mr. Carey agrees there should be some. Agreed not to put in the policy initially and it can be revisited later.
- On page 7, the fossil fuel and alternative investment strategy was discussed. Of the 10 state colleges Eaton Vance works with, 9 do not have the language. It was agreed to keep it in the policy.
- It was agreed to keep the best practice of reviewing the policy every year.

Motion to approve and adopt the updated Westfield State University Investment policy (0430), as amended in the meeting, passed unanimously.

MOTION made by Trustee Martinez-Alvarez, seconded by Trustee Sullivan, to establish an account with Charles Schwab as custodian for Eaton Vance Investment Counsel, and to approve the transfer of twenty million (\$20,000,000) dollars from Westfield State University's checking account at Berkshire Bank to the newly established Charles Schwab account for investment purposes.

Mr. Taksar stated there was \$50 million in Berkshire Bank as of July 1. After transferring these funds out, it will leave \$30 million in operating funds. **Motion passed unanimously.**

Mr. Taksar stated that he and Ms. Lisa Freeman, Associate Vice President of Administration and Finance, were signers on the Schwab account. He requested that at least two trustees be added to the account in a “trusted advisor” role who would have access to the information and to whom Eaton Vance or Charles Schwab could call if needed. It was agreed that the following Trustees should be added to the accounts as trusted advisors: The chair of the full Board (Kevin Queenin), the chair of the Finance and Capital Assets Committee (Edward Sullivan), and Trustee James Hagan.

There being no further business, **MOTION** made by Trustee Martinez-Alvarez, seconded by Trustee Sullivan, to adjourn. **Motion passed unanimously.**

Meeting adjourned at 2:09 PM.

Attachments presented at this meeting:

- a. Minutes of June 27, 2019 (Draft)
- b. Eaton Vance Transition Plan
- c. Motion – Investment Policy
- d. Investment Policy #0430 (Revised with Tracked Changes)
- e. Investment Policy #0430 (Revised – Clean Copy)
- f. Motion – Investment Account and Fund Transfer
- g. Investment Cash Balances
- h. Handout: August 14, 2019 correspondence from Commissioner Santiago–approval of Strategic Plan