

ESS Finance Committee Call NOTES

Monday, February 14, 2022, at 2 pm ET, 1 pm CT

Committee Page: <http://escop.info/blcfinance/>

Membership:

Moses Kairo, Past ESCOP Chair (Finance Chair), mkairo@umes.edu

Matt Wilson, Incoming ESCOP Chair, mwilso25@wvu.edu

Glenda Humiston, BLC Chair, Glenda.Humiston@ucop.edu

Saied Mostaghimi, At-large BLC member, smostagh@vt.edu

Jeff Jacobsen, Executive Vice-chair jjacobsn@msu.edu

Chris Hamilton, Assistant Vice-chair christina.hamilton@wisc.edu

Doug Steele, APLU VP FANR, dsteele@aplu.org

Call Attendees: Moses Kairo, Matt Wilson, Saied Mostaghimi, Doug Steele, Jeff Jacobsen (recorder), Suzanne Moran and Matt Kappa (TD Wealth Managers, guests)

Agenda/Call Notes:

1. Approve Agenda – Approved by Moses and Matt Wilson.
2. ESS TD Wealth Account Update – Jeff
 - See [Excel table and figure](#) pasted below illustrating the account performance since inception. Our starting value was \$582,420 back in 10/2020 and as of 1/2022 was \$635,622.
 - As a reminder the ESS Investment Policy defines moderately conservation investment framework as: Fixed (60-70%, Equity (30-40%) and cash (0-10%).
 - Jeff reviewed the historical monthly performance since inception.
 - The group discussed the ESS Investment Policy as a moderately conservative investment framework of Fixed (60-70%), Equity (30-40%) and cash (0-10%). The group was reminded that these investments are truly liquid assets when needed by ESS.
 - Lastly, given the approved ESS budget for 2022 funded via an assessment is 50% less than recent historical levels and we've had the 100% paying compliance from states, we will not need to tap into the TD account for FY2022. This assumes adequate carryover cash reserves from our existing cash account managed by APLU from prior years. APLU has not provided this information as of this meeting.
 - NOTE: For the future per TD Wealth policy and practice, the NCRA office can screen share the performance reports.
3. TD Wealth Update, Q&A as needed – Suzanne, Matt
 - For CY21 the account was framed by the ESS allocation distribution allowance between Fixed, Equity and cash as a moderately conservative strategy.
 - Overall higher performance than long-term expectations for returns (weighted 7.59%).
 - Inflation numbers at 7% has caused market adjustment in stocks and bonds at a 4.9% pullback. Unusual to have stocks and bonds react similarly. Have not seen this level of inflation since 1982.
 - Federal Reserve likely more aggressive during CY2022 with interest rate increases. Market may react a bit depending upon the first adjust of 0.25% or 0.50%.

- Quarterly rebalancing of the portfolio is the standard practice within the ESS framework, and this also incorporates market fluctuations.
 - General discussion ensued on various types of investment focused themes such as agriculture, climate, water quality/quantity, and so on. TD Wealth refers to this as ESG, Environment-Social Governance. Depending upon the sector of the investment details, these types of investments may not allow for higher returns given the nature of the focus.
4. Other, as needed
- ESS Finance Committee members reviewed the governance document the ESS Investment Policy and determined it currently reflects ESS priorities and expectations.

Call adjourned at 2:52 pm ET.

ESS Investment Account Performance Since Inception (10/2020)

Period (MonthYear)	Fixed Income	Equity	Cash	Total
Oct20	406,013	164,659	11,747	582,420
Nov20	419,967	176,667	10,441	607,075
Dec20	424,033	181,768	11,007	616,808
Jan21	421,976	177,153	12,937	612,066
Feb21	420,653	177,483	13,026	611,161
Mar21	422,802	180,982	13,242	617,026
Apr21	423,093	193,280	11,031	627,404
May21	426,864	193,600	11,111	631,575
Jun21	429,673	197,589	11,930	639,192
Jul21	435,173	197,311	14,210	646,693
Aug21	436,628	201,976	14,290	652,894
Sep21	431,602	195,097	14,519	641,218
Oct21	437,485	200,422	11,317	649,225
Nov21	436,299	198,719	11,393	646,410
Dec21	441,560	201,293	12,548	655,401
Jan22	428,499	196,118	11,004	635,622
Feb22				
Mar22				
Apr22				
May22				
Jun22				
Jul22				

