

INVESTMENTS SUBCOMMITTEE  
of the  
COMMITTEE ON FINANCIAL AFFAIRS

February 7, 2019

8:00 – 9:00 a.m.

Room 201 -- Blow Memorial Hall

Mirza Baig, Chair

H. Thomas Watkins III, Vice Chair

- I. Opening Remarks - Mr. Baig
- II. Approval of Minutes – September 18, 2018
- III. Investment Portfolio Evaluation Overview – Bryce Lee, Karen Logan, James Johnson, The Optimal Service Group of Wells Fargo Advisors
  - A. Investment Update for Periods Ending December 31, 2018. *Pre-Read*
- IV. Closed Session (if necessary)
- V. Discussion
- VI. Adjourn

**INVESTMENTS SUBCOMMITTEE  
MINUTES – SEPTEMBER 27, 2018**

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**MINUTES**  
**Investments Subcommittee**  
**September 27, 2018**  
**Blow Memorial Hall – Room 201**

Attendees: Mirza Baig, Chair; H. Thomas Watkins III, Vice Chair; and James A. Hixon. The Optimal Service Group Attendees: Bryce Lee; Karen Logan; Robin Wilcox; and James Johnson. Others in attendance: President Katherine A. Rowe; Senior Vice President for Finance and Administration Samuel E. Jones; and Vice President for Finance/Chief Financial Officer Amy S. Sebring.

Chair Mirza Baig convened the Investments Subcommittee meeting at 8:00 a.m. Recognizing a quorum was present, Mr. Baig requested a motion to approve the minutes of the April 20, 2018. Motion was made by Mr. Hixon, seconded by Mr. Watkins and approved by voice vote.

Mr. Baig then called on the Optimal Service Group, investment advisors for the Board's endowment, for an update on performance and any recommendations. Optimal Service Group staff reviewed FY 2018 performance as well as performance for the first two months of FY 2019.

Relative to performance, Optimal reported:

- Generally, markets continue to perform well with U.S. stocks, and particularly growth stocks, leading the way. They see U.S. stocks as being somewhat over valued and are watching closely interest rate increases and the resultant impact on bond returns.
- They noted a market value for the BOV endowment as of August 31, 2018 of \$86.8 million, and a fiscal year-to-date return of 2.8% versus 2.3% for the benchmark.
- The portfolio structure remains consistent with guidelines with a slight overweigh to U.S. stocks given the favorable environment.

Optimal recommended and the Subcommittee approved (motion by Mr. Baig, second by Mr. Hixon) liquidating the BlueTrend ASP Fund (08/31/2018 value of \$368,636), an investment manager in the alternative space and redistributing these funds to other alternative strategies (\$100,000 to Marshall Wace; \$100,000 to Graham; and \$168,636 to Canyon Balanced). In support of this type of review the Chair asked that, in the future, Optimal provide a ranking of investment managers by performance.

The Subcommittee reviewed options for investment of the "Green Endowment" given new opportunities in that space. The "Green Endowment" has a 08/31/2018 market value of \$624,086. Ultimately the Subcommittee approved (motion by Mr. Watkins; second by Mr. Hixon) an overall 70/30 equity to fixed income mix for these funds and the Optimal recommendations for a broader allocation among managers with one adjustment.

Mr. Baig moved that the Investments Subcommittee of the Board of Visitors Committee on Financial Affairs convene in Closed Session for discussion or consideration of investment matters relating to the investment of public funds where competition or bargaining is involved, where, if made public initially, the financial interest of the governmental unit would be adversely affected.,

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as provided for in Section 2.2-3711.A. 6., of the Code of Virginia. Motion was seconded by Mr. Hixon and approved by voice vote of the Committee. The observers were asked to leave the room and the Subcommittee went into closed session at 8:45 a.m.

The Subcommittee reconvened in open session at 9:00 a.m. Mr. Baig reviewed the topic discussed in closed session, then moved to adopt the Resolution certifying that the closed session was held in compliance with the Freedom of Information Act. Motion was seconded by Mr. Hixon and approved by roll call vote conducted by Mr. Baig. (Certification **Resolution** is appended.)

There being no further business, the Chair adjourned the meeting.

September 27, 2018

CERTIFICATION OF CLOSED SESSION

WHEREAS, the Board of Visitors' Investments Subcommittee of the Committee on Financial Affairs has convened a closed session on this date pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

WHEREAS, §2.2-3712.D. of the Code of Virginia requires a certification by this Subcommittee that such closed session was conducted in conformity with Virginia law;

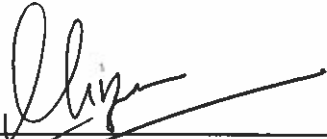
NOW, THEREFORE, BE IT RESOLVED, That the Investments Subcommittee of the Committee on Financial Affairs, reconvening in open session, hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed session to which this certification applies, and (ii) only such public business matters as were identified in the motion convening the closed session were heard, discussed or considered by the Investments Subcommittee.

VOTE

AYES: 3

NAYS: 0

ABSENT DURING CLOSED SESSION:

  
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Mirza Baig  
Chair  
Investments Subcommittee of the  
Committee on Financial Affairs