

# WILLIAM & MARY

BOARD OF VISITORS  
INVESTMENT SUBCOMMITTEE  
DRAFT MINUTES  
APRIL 22, 2022  
ALAN B. MILLER HALL – ROOM 2018B

## **COMMITTEE MEMBERS PRESENT**

Mr. James A. Hixon, Chair  
Ms. Anne Leigh Kerr, Vice Chair

Mr. John P. Rathbone

## **OTHER BOARD MEMBERS PRESENT**

Dr. Karen Kennedy Schultz

## **OTHERS PRESENT**

Ms. Amy Sebring, Chief Operating Officer  
Ms. Carrie Nee, University Counsel  
Mr. Ben Spencer, Dean of the Law School  
Dr. D. Derek Aday, Dean and Director of the Virginia Institute of Marine Science  
Ms. Melanie T. O'Dell, Assistant Vice President for Financial Operations/ Controller  
Mr. Colin Smolinsky, University Operations Chief of Staff  
Mr. R. Bryce Lee, The Optimal Service Group  
Mr. H. James Johnson III, The Optimal Service Group  
Ms. Karen H. Logan, The Optimal Service Group  
Ms. Jessica L. Walton, Deputy Secretary to the Board of Visitors

## **CALL TO ORDER**

Mr. James A. Hixon, Chair, called the Investment Subcommittee Committee meeting to order at 8:13 a.m.

## **APPROVAL OF MINUTES**

Recognizing that a quorum was present, Mr. Hixon asked for a motion to adopt the minutes of the April 22, 2021 and August 26, 2021 meetings. Motion was made by Mr. John P. Rathbone, seconded by Ms. Anne Leigh Kerr, and approved by voice vote.

## **GENERAL REPORTS**

Ms. Amy Sebring, Chief Operating Officer, provided brief background on the Board's decision to allocate a portion of the university's bond issuance to a quasi-endowment, managed by The Optimal Service Group. She noted The Optimal Service Group would provide an update on the performance and administration of the quasi-endowment and the remaining balance of bond proceeds.

Mr. R. Bryce Lee of The Optimal Service Group, summarized the overall investment strategy of the quasi-endowment, highlighting that the principal investment started with \$60M shifting from a short-term to long-term strategy. The remaining \$10M of the proceeds are invested mostly in short-term duration securities.

Mr. Lee highlighted that the investment manager overseeing the \$10M balance is Merganser, a firm also providing services for the Commonwealth's cash assets and those of other institutions which provides cost savings in terms of management fees.

Mr. Hixon inquired about the bond rating requirements of portfolio holdings and Mr. Lee mentioned that they are required to hold securities with at least an A-rating.

Mr. Lee highlighted the \$60M quasi-endowment portfolio and the underlying strategy to have the portfolio reflect the Board of Visitor's asset allocation. Mr. Lee underscored that in constructing the portfolio they emphasized environmental, social, and governance (ESG) considerations.

Mr. Rathbone inquired whether the university or state has an ESG policy. Ms. Sebring shared that presently the university does not have a formal ESG policy, but that work is ongoing to explore how to appropriately implement a clear approach to ESG.

Mr. Lee highlighted that 6.82% of the short-term portfolio has exposure to companies not considered ESG, noting that Morningstar's criteria for non-ESG oriented companies is less than 7%. The quasi-endowment has even less exposure at 6.4%.

**ADJOURNMENT**

There being no further business, Mr. Hixon adjourned the meeting at 8:48 AM.