

**ASSOCIATED STUDENTS OF THE UNIVERSITY OF HAWAI‘I AT MĀNOA
2465 Campus Road, Campus Center 211A
Honolulu HI 96822**

SENATE RESOLUTION 03-18

APPROVE THE HIRING OF INVESTMENT MANAGERS AND INVESTING IN INDEX FUNDS FOR THE ASUH STADIUM STOCK FUND

BE IT ENACTED BY THE UNDERGRADUATE SENATE:

- WHEREAS*, the Associated Students of the University of Hawai‘i at Mānoa Senate is the elected body representing approximately 10,000 full-time classified undergraduate students; and,
- WHEREAS*, 1,481 shares of stock of Honolulu Stadium, Ltd., were held in the name of the ASUH; and,
- WHEREAS*, upon liquidation of said Honolulu Stadium, Ltd., proceeds of \$839,258.77 were paid in respect of said 1,481 shares and used to constitute the “ASUH Stadium Stock Fund”; and,
- WHEREAS*, the Board of Regents of the University of Hawai‘i and the ASUH agree upon an investment policy (BORP 8.207E) for the ASUH Stadium Stock Fund; and,
- WHEREAS* “the investment of the ASUH Mānoa Stadium Stock Fund’s asset shall be for the exclusive purpose of providing benefits to ASUH and defraying reasonable expenses of administering the ASUH Mānoa Stadium Stock Fund” (BORP 8.207E); and,
- WHEREAS*, in late Spring 2015, ASUH’s former Investment Consultant/Financial Advisor, Merrill Lynch, formally resigned and the Board of Regents approved the hiring of Graystone Consulting, a Morgan Stanley Company; and,
- WHEREAS*, following this action, former Investment Consultant/Financial Advisor, Merrill Lynch requested immediate transition of securities before an agreement could be drafted, reviewed, or formalized with Graystone Consulting; and,
- WHEREAS*, during this transition, the Committee on Investments and Long Range Planning worked with Susan Lin, UH Director of Financial

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Management and Controller as well as Wendall Ho, former UH Treasury Officer to house the securities; and,

WHEREAS, during this transition, the securities of the ASUH Stadium Stock Fund was housed with Bank of Hawai'i; and,

WHEREAS, the Committee on Investments and Long Range Planning worked from Fall 2015 through June 2017 with the assistance of Duff Zwald, Director of Office of Procurement and Real Property Management and Kalbert Young, UH Vice President for Budget and Finance and Chief Financial Officer, in consultation with Carrie Okinaga, Vice President of Legal Affairs and General Counsel to reach a legal agreement with Graystone Consulting; and,

WHEREAS, from July 2017 through August 2017, the Committee on Investments and Long Range Planning worked with Graystone Consulting to open a new account and to have the ASUH securities being held at Bank of Hawai'i moved to said account; and,

WHEREAS, on September 1, 2017, Graystone Consulting officially became the new Investment Consultant/Financial Advisor for the ASUH Stadium Stock Fund; and,

WHEREAS, as specified by Board of Regents policy, ASUH may use up to 5% of the value of the portfolio each year to supplement its budget; and,

WHEREAS, the securities held in the portfolio have not been formally managed since the release of the Investment Managers by the former Investment Consultant/Financial Advisor, Merrill Lynch; and,

WHEREAS, although the securities were not formally managed during this period the value of the portfolio grew from \$8,281,805 to \$8,891,593; and,

WHEREAS, the current value of the ASUH Stadium Stock Fund, as of September 19, 2017 is \$8,891,593; and,

WHEREAS, the Investment Consultant/Financial Advisor, Graystone Consulting, proposed a long-term strategic allocation as well as Investment Manager and Index Fund investments recommendations; and,

WHEREAS, Board of Regents Policy 8.207E(9) dictates that the range for asset allocation is: 5%-60% in Money Markets/Cash (maturities 1 year or less), 20%-70% in Fixed Income (bonds) and 20%-70% in Equities (stocks); and,

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WHEREAS, on September 19, 2017, the Committee on Investment and Long Range Planning unanimously approved the recommended allocation of 65% Equities, 30% Fixed Income, and 5% Money Markets/Cash made by ASUH Investment Consultant/Financial Advisor, Graystone Consulting; and,

WHEREAS, the long-term strategic allocation is within the parameters set by Board of Regents policy; and,

WHEREAS, the process used by the Investment Consultant/Financial Advisor in developing the proposal is in line with BORP 8.207E(10d), to screen and classify all investment managers, compare all investment managers against their peers to find top performers who ranked in the top 33th percentile over trailing 3, 5, and 10 year periods, to determine consistency of the returns, and to determine the level of risk the investment managers take to achieve returns; and,

WHEREAS, the proposed combination of Investment Managers and Index Fund Investments comes from the following Asset Categories: Large Cap Equity, Small-Mid Cap Equity, Small Cap Equity, Developed, and Core Fixed; and,

WHEREAS, the proposed Investment Managers, by category, are as follows: Small-Mid Cap Equity: Golden Capital Small Mid Cap, Developed: Cambiar International, and Core Fixed: Boyd Watterson Ultra Enhanced Core; and,

WHEREAS, the proposed Index Fund Investments, by category, are as follows: Large Cap Equity: iShares Core S&P 500 ETF, Small Cap Equity: Vanguard Small Cap ETF, Developed: iShares Core MSCI EAFE ETF; and,

WHEREAS, on September 19, 2017, the Committee on Investments and Long Range Planning unanimously approved the proposal for Investment Managers and Index Fund Investments recommended by the Investment Consultant/Financial Advisor, Graystone Consulting; and,

BE IT RESOLVED, the ASUH Senate endorses the hiring of Investment Managers and Investing in Index Funds as proposed by the Investment Consultant/Financial Advisor, Graystone Consulting; and,

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BE IT FURTHER RESOLVED, in line with BORP 8.207B(2) the ASUH Senate requests the support and approval of the University of Hawai'i Vice-President for Budget and Finance/Chief Financial Officer, the BOR Committee on Budget and Finance, and the Board of Regents with the engagement/hiring of Investment Managers and investing in Index Funds; and;

NOW, THEREFORE, BE IT FINALLY RESOLVED, that copies of this resolution shall be sent to:
the University of Hawai'i Board of Regents Chair Jan Naoe Sullivan, University of Hawai'i Vice-President for Budget and Finance/Chief Financial Officer Kalbert Young and UH President/UHM Interim Chancellor David Lassner, Vice Chancellor for Administration, Finance & Operations Kathy Cutshaw, and Interim Vice Chancellor for Students Lori Ideta.

ROLL CALL VOTE TO SPECIAL ORDER

Aye(s): Vice-President Urasaki, Treasurer Hinshaw, Senators-at-Large Chen, Honda, Lao, Leval, Senators Chun, Finau, Hortizuela, Lieu, Ng, Nishihara, Petersen, Willis, Utashiro **[15]**

Naye(s): [0]

Abstention(s): [0]

ROLL CALL VOTE TO ACCEPT WITH AMENDMENTS

Aye(s): Vice-President Urasaki, Treasurer Hinshaw, Senators-at-Large Chen, Honda, Lao, Leval, Senators Chun, Finau, Hortizuela, Lieu, Ng, Nishihara, Petersen, Willis, Utashiro **[15]**

Naye(s): [0]

Abstention(s): [0]

Introducers: Clinton Ng, Investment and Long Range Planning Chairperson, Senator, College of Engineering; Maggie Hinshaw, Treasurer