

THE ASSOCIATED STUDENTS OF THE UNIVERSITY OF HAWAII‘I AT MĀNOA
2465 Campus Road, Campus Center Room 211A
Honolulu, Hawaii 96822

General Senate Meeting #2 of the 112th Senate

July 10th, 2024

Online

I. OPENING

A. Call To Order

1. Meeting called to order at 4:02 PM

B. Roll Call - Quorum established

112th Senate

(P) President Reed

(P) Sen. Bielawski

(P) Sen. Watson

(P) Treasurer Pale

(P) Sen. Giardina

(EL) VP Crabbe

(P) SAL Leong

(P) Sen. Gomez

(EA) Secretary Roysdon

(P) SAL Paschoal

(P) Sen. Li

(EA) SAL Benevente

(P) SAL Sasaki

(P) Sen. Rosinski

(EA) Sen. Akuwe

(P) Sen. Akiu

(P) Sen. Song

(EA) Sen. Tauala

(P) Sen. Bachiller

(P) Sen. Stanford

(EA) Sen. Watanabe

Guests

(P) Peter Backus - Graystone

(P) Dustin B Zimmerman - Graystone

Advisors

(P) Healani Sonoda-Pale

(P) Bonnyjean Manini

Motion to first address items A and B of New Business prior to "Reading & Approval of Minutes."

Moved by Senator Li; Second by Senator Stanford

Motion is approved

APPROVED BY THE 112TH SENATE ON THE 18TH OF JULY 2024

I. NEW BUSINESS

A. 2024 3rd Quarter ASUH Stadium Stock Fund Report

a. March Report by Dustin Zimmerman as of March 31, 2024

- i. Total portfolio is up by 11.6% for Fiscal year to date and up 5.3% in terms of calendar year
 - ii. In terms of positioning, we are slightly overweight equities (a positive in performance)
 1. Allocation to value & equal weight to ETF = detractor
 2. Bottom of 2022 Equity Sell-off where growth style is experienced has outperformed value
 - a. No direct value manager for this portfolio
 - b. Exposure to growth is the iShares Core S&P 500 ETF
 - c. Equal weight and S&P value have underperformed slightly (still having strong returns on absolute basis)
 - d. Mid Cap and Small Cap continue to underperform Large Cap (to keep pace with large and mega cap names part of AI craze)
 - i. An attempt to give attention to smaller companies and broaden market; once investors move back down market cap spectrum, Mid Cap & Small Cap will catch up
 3. International & Emerging Equity
 - a. Equal weight to target allocation
 - b. Both areas continue trend on trailing domestic markets (still having respectable returns on absolute bases)
 - i. Up 12% & 6.7% for FY24, March 31
 4. Boyd Waterson
 - a. Fairly in line with benchmark performance
 - b. Invests predominately in treasuries and government agencies (safe issues & corporate issue debt)
 - i. T-Mobile & Citibank
 5. Managed Cash
 - a. Maintaining decent amount of cash; over 5% in money market funds
 - i. Influenced by short end of yield curve (manipulated by the FEDs to keep elevated)
 - b. Outflow of \$200,000 in late May to wrap up fiscal year
- b. Questions from the Senate
 - i. **Senator Bachiller:** Note the importance of what we are investing in—morally. Discuss what the companies we are investing in and ensure that

this is aligned within the values of ASUH. Divestment campaigns have been gaining traction due to the genocide in Palestine.

1. **Advisor Manini:** Divesting is against ASUH current stance
2. **President Reed:** Suggests to discuss this further in an ILRP Meeting

B. 2024 4th Quarter ASUH Stadium Stock Fund Report

- a. Magnificent Seven led by Nvidia (a growth stock)
 - i. Forefront of AI Focus
 - ii. Nvidia has been gaining greater focus as their chips have been the main driver for Machine Learning
 - iii. Including Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla (all part of the Nasdaq)
 - iv. Red Line: Return of the Nasdaq Market
 1. Significantly higher than the blue line: US S&P 500 (bellwether benchmark in US)
 2. Significant difference between the return over last few years compared to international stock (the green line; price only movements)
 - v. Green Line: Europe, Australia, Far East
 1. Most common benchmark for developed international
 - vi. Yellow Line: Emerging Markets
 1. China (primarily), India, etc.
 2. Issues with chinese real estate sector that have defaulted on their debt have affected stock market
- b. Momentum Market
 - i. Need the market to broaden in order to sustain it (market is unhealthy if lead by 5-7 stocks)
 - ii. S&P 500 has exceed base case scenario of next June's target of \$5,400
 1. We are closer to \$5,600 as of today
- c. Slowing of Economy
 - i. Currently at an inverted yield curve
 1. It has led to high rates of interest rates on credit cards & long term mortgages
 2. Real estate not affected yet as supply is limited
 3. Fiscal Policy has been tight with curve, US government is running large deficits
 - a. Government is spending more money than they are taking in
- d. June Report by Peter Backus as of June 30, 2024

- i. Absolute returns are stunningly good. Portfolio is up by 12.8% for the FY
- ii. Added 1% of the quarter
 1. A little behind benchmark because focus was not placed on growth stocks; placed more money in S&P 500 (positive result = up by 24.6% in FY)
 2. Any diversification done aside from S&P and Nasdaq, detract from performance
 - a. Traditional solution of adding Mid Cap & Small Cap did not help in current environment; any risk was given to Large Cap (so results are lower than benchmark)
- iii. International & Emerging Equity
 1. EAFE and EAFE Value
 - a. Value did better than growth
 - b. Both EAFE did far less than US because all Magnificent 7 stocks are all US based
 - c. S&P 500 without M7 stocks reacted to generate only 12% (see Invesco S&P 500 Equal Weight); not weighted to the the same size as Amazon or Apple in S&P 500
 2. Has been lagging develop markets
 - a. In the last 3 years, emerging markets have been lagging despite develop markets reaching even (EM is still in the negatives)
 - b. Doing worse than US Stocks (we have been focusing more on US investments)
- iv. Managed Cash
 1. Finished Qtr with \$340,000; and more in unmanaged cash (see footnote on page 5 of report)
 2. \$200,000 cash withdrawal in May (mention by Dustin)
- v. Discussions with Board of Regents
 1. BOR Presentations have conversed about utilization of funds to greater extent than that of the past
 - a. They noted that the majority of \$147,163.00 budgeted for FY24 would likely be expended in this FY.
 - b. However, Graystone sees that only \$200,000 was withdrawn. Graystone recommends ASUH to be prepared on gathering external expenditures spent from the fund to ensure full transparency during presentation to BOR.
- vi. Asset Allocation
 1. Breakdown between US vs International Equities
- vii. Fiscal Year Performance Summary

1. [FY22] July 2021 - June 2022
 - a. Difficult year for equities and fixed income (interests rates were rising)
 - b. Economy was slowing and heading towards possible recession
 - c. Occurrence of double digit losses of ASUH fund during this time
2. [FY23] July 2022 - June 2023
 - a. Followed up from FY22 with an increase of 11.33%
- viii. NACUBO Study of Similar Sized Endowments
 1. Referencing FY23 Report as FY24 report has not come out yet (to be released in March 2025)
- ix. Investment Policy Guidelines
 1. Demonstration that ASUH is within policy
 2. Table shows that ASUH is in compliance (it references where all the data is sourced which is helpful for the auditor)
- x. Key Takeaways
 1. Fund is well-positioned for current market environment
 2. Maintained all cash necessary for last FY spending
 - a. We will continue to do so, so that it will be available as needed for withdrawal. If not needed, it will be kept in the market at 5% until rates drop.
 3. Total of \$200,000.00 out of \$417,163.00 withdrawn
 4. Recently put forth spending policy calculations
 - a. 4.25% spending policy based on 20 quarter average will be \$435,000 for the next FY (\$18,000 increase from last year)
 5. Note the timing of when withdrawals are taking place
 6. Understand whether balance of the \$417,163.00 will be potentially drawn into this year (in addition to the \$435,000)
 - a. Should we be planning on a total of some \$635,000 that might be withdrawn in this next FY?
 7. No recommendations to make any modifications to the portfolio.
- e. Questions/Discussions from the Senate
 - i. **Advisor Manini:** Nature in which ASUH operates: Senate allocates funds and they can 100% control what has been spent. They would not request for the full \$400,000 to be withdrawn as it may do better in the market. \$75,000 estimated is taken out at a time depending on the need (Cash Awards, RIO Funding, Scholarships, etc.).
 - ii. **Advisor Manini:** By the BOR policy, ASUH is not allowed to take the balance from last FY into this year. We will go with the new numbers of

\$435,000. Refer to the updated 20 cycle to draft the budget for this year. Withdrawn amount from the fund will be decided by the senate as they make their budget (i.e. will they pull the full amount or less than).

- iii. **Advisor Manini:** With regard to withdrawal time, the maximum would be \$435,000 budgeted. This will be split into payments between each semester. If ASUH is berated to create a monthly withdrawal schedule, it is highly likely that they will withdraw more than what is needed. Feel free to advise them on this, as we would like to avoid carrying an excess of cash in the internal university account when it can be better managed with Graystone.
- iv. **Senator Watson:** Requesting clarification; The past 2 years, we have significantly underspent or pulled out. Does this mean in the upcoming years, we should try to spend as much as possible of the available budget?
 1. **Peter Backus:** Previous President Azama had included a slide in the BOR presentation that has showcased the ratio of budgeted monies available versus the actual amount withdrawn. This also raised questions. The reasons as to why the amount taken out has been so low in the previous years were due to COVID and its recovery. However, the amount taken out in FY23 was also very low, which led the BOR to question whether the programs held by ASUH were worthwhile (aka not enough use of the money). I am in no position to recommend how or where you will be using your money, but this was a comment made by the previous presentation with the BOR. I am also expecting more questions about this in the upcoming presentation for FY24.
- v. **Senator Kapuni:** While we have the investors on here, I am requesting to have a briefing document and the companies we are invested in for ease of dissemination. Can we have a list of companies, from your perspective, that actually reflect more sustainable considering ASUH stance has been quite conservation (i.e. fossil fuels)? Looking for alternative companies to make shifts in the future.
 1. **Peter Backus:** Vast majority of investments are in index funds. It is not a matter of who it is titled under (i.e. Vanguard or iShares). It is more important for us that it is indexed exactly to the S&P 500. All equities are indexed funds (neither ESG focused or abstaining; simply constituents of index). Only active manager is Boyd Waterson because they can hold the bonds to maturity. So, we can show you the list of all 500 companies and their weights.
 2. **Advisor Manini:** If the senate identifies specific companies they don't want to invest in, and the strategy is to invest in index funds,

will Graystone be able to use this strategy if ASUH decides to come up with a list of companies they do not want you to invest in?

3. **Peter Backus:** Yes, we can adapt the strategy to exclude companies as requested. In the index funds themselves, you do not get the chance to say I like 490 companies but not 10. Some alternatives can be investing in an index fund that simply does not do fossil fuels. Similar to the university endowment (fossil-free mandate), which is not extended to ASUH funds so we do not practice this. We can do direct indexing, we can exclude names from index strategy. From there, we will advise what you can do to exclude them from your investments. Your list will help us accommodate this request.
4. **President Reed:** This will be worked on internally. We will be thinking of other things to divest from.
- vi. **Senator Bielawski:** Is it possible to increase other investments to offset the losses? If we don't do fossil fuels or other companies and suffer losses, can we implement this strategy to invest heavily elsewhere? Or implementing a higher student fee than \$5. Can we allocate funds to ASUH itself to directly invest in? Using endowment for direct investments.
 1. **President Reed:** As Bonny is stating, we can't just raise the fee (it is approved by BOR). BOR may also not approve of ASUH directly investing.

Motion to accept the 2024 3rd Quarter ASUH Stadium Stock Fund Report.

Moved by SAL Sasaki.; Second by Senator Bachiller.

Motion is approved.

Motion to accept the 2024 4th Quarter ASUH Stadium Stock Fund Report.

Moved by SAL Sasaki.; Second by Senator Kapuni.

Motion is approved.

II. READING AND APPROVAL OF MINUTES

A. [General Senate Meeting #01](#)

- a. Motion to approve and adopt GSM#01 meeting minutes. Moved by Senator Watson, seconded by SAL Sasaki.

No opposition, motion passes

III. OFFICIAL CORRESPONDENCE

IV. TESTIMONY

V. REPORTS

A. Executives

a. President

i. Committee Appointments

1. Maximizing peoples first choice, if not, they will be given their second choice.
2. All placements are looking great and are aligned with the requests.

ii. Finance Committee

1. We should be having an idea of how much money we want to work with. The more involved to help the better.
2. The committee, myself, and the advisors will be working on the budget soon.

b. Vice-President

i. Workshop Plans

1. In development as we move towards the school year.
2. We are prepared to advance more on our agendas with the cohort.

c. Treasurer

i. Awards for Service

1. Working on this with Healani. Once finished, payments should be sent out soon.
2. Attendance was not complete for the spring. Secretary did not do his duties, so staff and I (Healani) had to complete this. The budget needs to get this finished for us to process this.

d. Secretary

B. Administrative

a. Advisor

- i. VP Crabbe, please take note of this (see report by Operations Manager). The Secretary and Vice-Chairs need this to help the entirety of the ASUH body. Welcome and thank you for coming to this meeting. Keep an eye out for meeting notices and the creation of the ASUH Budget.

b. Operations Manager

- i. If you need training to write minutes, come into the office so that we may help you anytime.
- ii. Check-in with Bronson if any of the appointed student courts were notified of their duties and appointments, They are only needed if a case is filed.

C. Judicial Branch

- a. Student Court
- b. Standing Committees
 - i. No committees have been established at this moment.
- c. Campus Life
- d. Elections
- e. External Affairs
- f. Finance
- g. Internal Affairs
- h. Investments and Long-Range Planning
- i. Student Affairs
- j. Undergraduate Academic Affairs

D. Other Committees

VI. SPECIAL ORDERS

VII. UNFINISHED BUSINESS AND GENERAL ORDERS

- A. [Senate Bill 26-24](#)
 - a. To Reallocate Funding For Fiscal Year 2023 (2022 - 2023) For The Rio: Supporting Women In Technology & Computing Hawaii (Switch)
 - b. Discuss the bill and revisit this once the FY25 Budget has been created.
- B. [Senate Bill 27-24](#)
 - a. To Reallocate Funding For Fiscal Year 2022 (2021 - 2022) For Asuh Textbook Fund Relief Award
 - b. Discuss the bill and revisit this once the FY25 Budget has been created.

VIII. NEW BUSINESS - CONTINUATION

- C. [President's Message #01](#)
 - a. Appointment of Committees
 - b. *Motion to approve President's Message #1*
Moved by Senator Watson, Second by SAL Sasaki
 - c. Discussion on approval
 - i. *Senator Kawai*: Redo the survey outlining the Presidential Message
 1. GSM #2 is the first formal meeting informing the senate of what is going on
 2. Outlining communication is much better, so it would be fair to redo the survey now that everyone is in the loop
 3. Aside from myself, others are unsatisfied with their current positions
 - ii. *President Reed*: A new survey will be released and I will update the committee positions based on your new answers.

APPROVED BY THE 112TH SENATE ON THE 18TH OF JULY 2024

1. *SAL Sasaki*: Add a section stating, in the event you can't be a chair of your chosen committee, you would be able to sign-up for the committee you are interested in as a member.
 2. *President Reed*: The second question states this, so you do have an opportunity to do this. I would also like to note that this is the second official meeting and this was also brought up then.
 3. *SAL Sasaki*: Adjust wording of the form for clarity.
 4. *Treasurer Pale*: We have a lot of time to sort this out so I see no issues with resending the form.
 5. *Senator Kawai*: Inquiry on how positions are chosen. Experience in ASUH or external experience should be considered.
 6. *President Reed*: I am considering your answers from the form, trusting your personal judgment on your expertise to be in the position you chose.
 7. *Bonny*: I recommend you to rank your positions of choice as committees do need to be filled. Allow open ended part of the form to add experiences
 8. *President Reed*: 26 people got their first choice or second choice. Nobody got their 3rd or 4th choice. 11 people did not respond. External Affairs, Internal Affairs and ILRP need positions to be filled.
- iii. Senator Kapuni: Creation of ad hoc committees
1. Can involve other students who aren't in ASUH to be in these committees
- d. *Majority voted against the approval if the Presidential Message #01. Motion is opposed.*

IX. OPEN FORUM

- A. GenEd Committee
 - a. Get the ball rolling for this to have an ASUH representative to provide better times to attend their meetings
 - b. Internal Affairs needs to post information to collect feedback and rank these to submit to the President (appointment process)
- B. Contact Bonny on position responsibilities and tasks required (if you are unsure, new, etc.)
 - a. Do not operate on assumptions.
- C. Reviving ASUH Newsletter

X. CLOSING

- A. Announcements
- B. Adjournment

*Senator Stanford motioned to adjourn the meeting. SAL Sasaki seconded. Vote was unanimous;
Motion carries.*

General Senate Meeting #02 was adjourned at 5:31 p.m.

Respectfully Submitted,

Baleigh Roysdon
Secretary