



Investment Committee Report and Recommendations 3-22-2022

The committee members met with Thiesen Dueker Advisor, Ryan Purkiss on 2-7-2022, to review portfolio performance and discuss any need for spend policy changes.

Attendees: Robert Ainley, Richard Artis, Gary Artis, Tim Foster, Ryan Purkiss

Portfolio performance for 2021 was 10.28%(net of fees), 12.09% for the past three years, and 8.89% since inception in June 2018.

There was much discussion about the unique amount of market swings experienced, but still with a net positive effect on the portfolio's market value. There continues to be relatively quick "market corrections" but also followed by recoveries that improve the overall portfolio position. The portfolio performance has shown consistent returns over three and one-half years that is can consistently outperforms the current spending levels.

The was some committee discussion about possibly expanding the diversification of the portfolio to have a very small percentage (less than 5%) in very high-yield investments that also have higher risk. But at this time, no investment policy or investment strategy changes are being recommended.

There was a discussion about the previous methodology of calculating an operating spend dollar amount. It was agreed that a three-year average of the fiscal year-end unrestricted balance multiplied by the spend rate was more appropriate than the previous twelve-quarter methodology.

Recommendations

Endowed Fund Spend Rate Recommendation: The consistent 8.9%+ rate of return on the investment portfolio has warranted a recommendation to increase the spend rate on restricted fund balances from 4% to 5%, effective for the July 2023, fund transfers. The recommendation is intended to apply to all endowed funds, not just endowed scholarship funds.

Operating Spend Rate Recommendation: Staff reported that with the increased portfolio average balance valuation, the 3% spend should provide sufficient additional resources to absorb increased operating costs for the upcoming fiscal year. With a 3% spend being sustainable and no request from staff for additional operating resources, the committee recommends hold the operating spend rate at 3%.