

## **MINUTES OF THE JUNE 6, 2017, INVESTMENT COMMITTEE MEETING**

The Investment Committee (“Committee”) of the Board of Regents of the Smithsonian Institution (“Smithsonian”) conducted a meeting on Tuesday, June 6, 2017, in Committee member J. Tomilson (“Tom”) Hill’s office in New York City. Participating were Committee Chair Tim O’Neill, Committee members Alice Handy, Kathryn (“Katie”) Hall\*, J. Tomilson (“Tom”) Hill, and David Rubenstein\*. Committee Vice Chair Steve Case and Committee members Henry Ellenbogen and Michael Tennenbaum were unable to participate.

Participating Smithsonian staff included Secretary Dr. David Skorton; Director of Investment Operations Genta Arovas; Chief of Staff to the Secretary Greg Bettwy\*; Chief Investment Officer Amy Chen; Investment Officer Ryan Dotson; Inspector General Cathy Helm\*; Under Secretary for Finance and Administration and Chief Financial Officer Albert Horvath; General Counsel Judith Leonard\*; Investment Officer Jeff Smith\*; Director of OPMB David Voyles\*, and Chief of Staff to the Board of Regents Porter Wilkinson\*.

### **CALL TO ORDER / REPORT OF THE CHAIR**

Committee Chair Tim O’Neill called the meeting to order at 12:12 p.m. He firstly thanked Committee member Tom Hill for hosting this meeting and then congratulated him for being awarded of Allocator Lifetime Achievement by Institutional Investor magazine. He also announced that Roger Ferguson, former Vice Chairman of the Board of Governors of Federal Reserve System and President and Chief Executive Officer of the Teachers Insurance and Annuity Association (“TIAA”), has been appointed a member of the Board of Regents and will join Investment Committee after approval by Board of Regents.

### **APPROVAL OF THE MARCH 21, 2017, COMMITTEE MEETING MINUTES**

Upon motion duly made and seconded, the draft minutes of the March 21, 2017, Committee meeting were approved without modification.

### **PORTFOLIO REVIEW**

Investment Officer Ryan Dotson reported that the Endowment’s one-year return as of March 31, 2017 was 11.6% versus the policy benchmark of 9.3%. Mr. Dotson reviewed both the integrated risk framework and risk/return analysis for the portfolio, and also reviewed the portfolio attribution analysis. He noted that the Committee and Investment staff have played significant roles in adding value to the portfolio through manager selection. Mr. Dotson lastly reviewed the liquidity of the total portfolio.

*\* Participated by telephone*

## **PAYOUT DISCUSSION**

Under Secretary for Finance and Administration Al Horvath reviewed the presentation of the Smithsonian's FY 2018 Payout Recommendation and sought advice and feedback from committee members regarding the payout strategy.

## **PORTFOLIO IMPLEMENTATION**

Ms. Chen reported new investments activities during the first quarter and the Watch List.

## **OPEARTION REVIEW**

Ms. Chen updated the Committee on the status of staffing and the intern program. Director of Investment Operations Ms. Arovas reviewed the implementation process of the new investment system, and discussed the overall benefits of system integration.

## **ADJOURNMENT**

The meeting was adjourned at 1:29 p.m. and an executive session was held.