



## BOARD OF TRUSTEES

July 21, 2023

Minutes

Via Zoom, in accordance with Massachusetts Executive Order Suspending Certain Provisions of the Open Meeting Law, G.L. c. 30A, § 20 dated March 12, 2020.

A live stream of the meeting for public viewing also took place on YouTube.

---

**MEMBERS PARTICIPATING REMOTELY:** Chair Ali Salehi, Vice Chair Melissa Alvarado, Secretary Dr. Gloria Williams, and Trustees Paul Boudreau, Daniel Currier, George Gilmer, Theresa Jasmin, Madeline Landrau, Dr. Robert Martin, Chris Montemayor, and William Reichelt

Also participating remotely were Westfield State University President Dr. Linda Thompson and cabinet members Dr. Michael Freeman, Dr. Kevin Hearn, Richard Lenfest, Jr., Lisa McMahon, Dr. LaRue Pierce, and Stephen Taksar.

The meeting was called to order at 10:30 AM by Chair Salehi. A roll call was taken of the Trustees participating as listed above and it was announced that the meeting was being livestreamed and recorded.

Chair Salehi shared the importance of adding a new board committee to help advance the cause of the University through advancement and marketing and taking advantage of current interest rates by transferring funds into a higher-yield account.

Governance and Nomination Committee Chair Alvarado stated that the committee approved updating the bylaws to create a new board committee of Advancement, Marketing, and External Relations and outlined the responsibilities listed in the bylaws.

**MOTION** made by Trustee Jasmin, seconded by Trustee Landrau, to amend the Westfield State University's Board of Trustees Bylaws as presented.

**There being no discussion, ROLL CALL VOTE** passed motion unanimously with Trustees voting in the affirmative: Alvarado, Boudreau, Currier, Gilmer, Jasmin, Landrau, Martin, Montemayor, Reichelt, Williams, and Salehi

Trustee Gilmer shared that he and Trustee Jasmin participated in a solid working group from the office of Administration and Finance to investigate preserving capital, and generating additional interest income, in the rising interest rate environment. There was good response to an initial Request for Proposals (RFP) and the committee rated the responses based on the criteria in the RFP. After meeting with the top two firms of Federated Hermes/Massachusetts Municipal Depository Trust and Westfield Bank, they recommend investing in Federated Hermes/MDDT. Important factors included the firm's capability and customer service, the risk mitigation process, and their proposed rate of return. It is being proposed to move \$25 million into a Federated Hermes/MMDT account at the rate of 5.38% less .03% in fees for 5.35%, resulting in projected interest income of \$1.3 million

versus projected interest income from Westfield Bank of \$937,000. Trustee Jasmin continued that it was a very structured, diligent process, and the evaluation criteria was set before the request for bids went out.

Mr. Taksar stated that significant cash reserves were placed with an investment firm several years ago and this is the second part of the plan in placing working capital in low-risk accounts. The proposed motion follows the trust fund policy to seek approval to set up a new account. Time is of the essence since the current market creates an opportunity to earn significant interest income. The Massachusetts Municipal Depository Trust was set up by the state and 500 state entities have contributed to this fund, including sister institutions. Federated Hermes manages the fund on behalf of the state.

Trustees' questions about Federated Hermes/MDDT were answered as follows:

- They are following the federal fund rate and passing the net rate to investors within 30 days.
- Funds can be removed at any time with no penalty.
- Rates are reset daily and can be viewed online. Everyone gets the same rate of return regardless of how much is invested.
- Six vendors met the criteria of the RFP.
- The funds are not federally insured because the account would be over \$250,000.
- There is no rating for the investment manager, but one-third of the portfolio is made of short-term, high-quality investments. The average maturity was 26 days. In 40 years managing this type of fund, they have never had a liquidity issue with the objective of preserving principal. The parent company has an average rating from Morningstar.
- Both finalists presented graphs with the federal funds rate and the rate they have paid over time.
- It was hoped to place the funds in a local bank, but the Board's fiduciary duty required to pursue the best financial solution for the university and its students.

**MOTION** made by Trustee Gilmer, seconded by Trustee Jasmin, to approve the establishment of a new short-term investment account with Federated Hermes/Massachusetts Municipal Depository Trust (MMDT) as a result of the Cash Reserves Investment Services request for proposal (RFP) process.

To further approve the transfer of \$25,000,000 from existing bank accounts to Federated Hermes/MMDT, to optimize investment income opportunities for Westfield State University.

**There being no further discussion, ROLL CALL VOTE** passed motion unanimously with Trustees voting in the affirmative: Alvarado, Boudreau, Currier, Gilmer, Jasmin, Landrau, Martin, Montemayor, Reichelt, Williams, and Salehi

There being no further business,

**MOTION** made by Trustee Jasmin, and seconded by Trustee Williams, to adjourn. **ROLL CALL VOTE** passed motion unanimously with Trustees voting in the affirmative: Alvarado, Boudreau, Currier, Gilmer, Jasmin, Landrau, Martin, Montemayor, Reichelt, Williams, and Salehi

Meeting adjourned at 10:59 AM.

Attachments presented at this meeting:

- a. Motion – Bylaw Amendments
- b. Bylaw Amendments
- c. Motion – Cash Reserves Investment Services Update and Recommendation
- d. Cash Reserves Investment Services Update and Recommendation (Memo 1)
- e. Cash Reserves Investment Services Update and Recommendation (Memo 2)
- f. Cash Reserves Investment Services Update and Recommendation (Analysis)