

Cappy Shopneck Remarks to Divestment Task Force, July 7, 2016

The University of Denver made the decision to undertake a review of our practices related to the management of the university's endowment in the winter of the 2014/15 school year. We wanted to look at best practices for both the internal and external management of our endowment. To help the university in this task, Doug Scrivner, Chair of DU's board of directors, formed an Investment Task Force and asked me to chair that committee. The university also contracted with Cambridge Associates to assist us in this process. Cambridge Associates was chosen, because of their reputation in managing endowments, their large base of clients in the higher ed space, and the strength of their related institutional data.

DU received Cambridge Associates proposal for the work they would do for the university in March of 2015. They began by surveying how we managed our endowment. They conducted numerous interviews with board members and important stakeholders in the community, as well as the university personnel responsible for the management of endowment internally.

It had been many years since the university had undertaken this type of review and the committee worked closely with Cambridge Associates as they produced two further reports for DU. Building on their work, the Investment Task Force reached out to other university board members with endowment responsibilities. We also spoke with managing directors and partners in firms who provide services to university endowments. We investigated a broad spectrum of models for both Investment Committees and firms that manage endowments. Our work took us through the fall of 2016.

The Investment Task Force reported back to the board with recommendations as to the appropriate size of the Investment Committee going forward and what background and competencies board members and potential Investment Committee members who were not Trustees, should have. We also made recommendations as to what kind of outside management we should partner with in managing the endowment. We emphasized that we wanted to work with a firm that could be nimble in reacting to changing conditions in the marketplace, would be watching our investments on a 24/7 basis, would be accountable for maximizing returns within our risk parameters, and be accountable for those returns.

There was great continuity between the Task Force and the reformed Investment Committee, in that the Chair and one other board member served on both committees. Building on the Task Force's recommendations, the Investment Committee began a search for the right firm to manage our endowment going forward. I do not serve on the Investment Committee and have not been privy to their deliberations, however, the Investment Committee is close to selecting the firm that DU will partner with in managing our endowment.

This work of both the task force and the Investment Committee over the past two years is indicative of the seriousness with which the university approaches the management of the endowment and the board's commitment to finding the right management solution for DU going forward.

The issue of divestment that we have been asked to consider is important and needs to be thoroughly discussed. At the same time, it is also important that everyone understand the breadth and depth of the ground work that has been done leading up to where we are today in the management of the endowment and how the board of trustees has been fulfilling its fiduciary responsibilities concerning the endowment.