INVESTMENT MEETING
Thursday, November 13, 2014 - 3:00 P.M.
Administration Conference Room, AD-127

Minutes

Members Present: Ron Fremont
                 Doug Freer
                 Thomas Pierce
                 William Stevenson
                 Ed Teyber
                 Ellen Weisser
                 Monir Ahmed

Guests Present: Monir Ahmed
               Beth Brenner
               Carl Chang
               Lisa Iannolo
               Karen Heifferon
               Jo Strapp
               Crystal Vickery

Members Absent: Tomas Morales
               Michael Bracken

Bill Stevenson called the meeting to order at 3:06 p.m.

A. Welcome

Bill Stevenson welcomed and thanked everyone for coming to the meeting.

B. Approval of the Minutes

The minutes of the August 19, 2014 meeting were reviewed and approved as written
(Teyber/Weisser/Unanimous).

C. Presentation by Redwood-Kairos

Karen Heifferon introduced Carl Chang and Jo Strapp of Redwood-Kairos, a privately-
owned entrepreneurial real estate investment company. C. Chang began by sharing how
the company evolved from a small family business to assist his brother, a tennis star, with his earnings. It was the responsibility of his family to find a revenue stream that would sustain his brother after his tennis career ended and investing in real estate provided a tangible asset that had potential for large growth depending on the strategies used. C. Chang explained that the philosophical beliefs of Redwood-Kairos are to preserve capital and look for great opportunities that do not involve taking unnecessary risks. Even though real estate can be an inefficient market, Redwood-Kairos has been able to excel by only working with companies that they know and maintain an excellent credit history. E. Weisser inquired on the types of assets they typically purchase and it was explained that a majority of the purchases are made on multi-family homes (including student housing) and on strong retail companies. They are a cash flow focused company and try to target 50% of their return to come from cash flow. T. Pierce asked how stable their returns are each year and C. Chang shared that during the recession of 2008 they were one of the few companies that returned a positive cash flow.

The investment committee reviewed case studies provided by Redwood-Kairos and began to discuss the opportunity to invest in Funds IV as Fund 1-3 are closed to new investors. E. Weisser questioned the location of the properties and it was explained that Fund IV has 2 assets in Galveston, TX and Texas City, TX. The annual asset management fee is 1.5% on capital invested. K. Heifferon shared that Beacon Point has worked with Redwood-Kairos for over five years and their investment philosophy in close in line with the philosophy of the committee and both are focused on the preservation of capital. We can start 2.5% and portion it out in payments over three years. W. Stevenson asked what we would use to benchmark the investment and K. Heifferon suggested using the benchmark for current small cap investments.

The committee discussed where they could pull the capital from if they chose to invest in Fund IV and after a lengthy discussion is was recommended that funds could be pulled from a current small cap account. This will help diversify our current portfolio.

**Motion:** Upon approval of the Executive Committee on the recommended changes to the Investment Policy, the Investment Committee agrees to allocate 2.5% to Redwood-Kairos (Teyber/Pierce/Unanimous)

D. 3rd Quarter Portfolio Performance & Discussion

K. Heifferon provided a brief market update on our portfolio as of September 30, 2014. The last quarter was more volatile than previous quarters due to geopolitical turmoil. Large cap investments outperformed small cap investments during the quarter and commodities posted negative returns. Overall, the portfolio is outperforming the allocation index at one, five, seven years and since inception. The portfolio is
outperforming the policy index since inception by 110 bps. By asset class, domestic equity managers are trailing the Russell 3000 index. International and Emerging managers are strongly outperforming the MSCI ACWI ex US index. Fixed income and alternatives are performing in-line.

Beacon Pointe is still concerned with Hatteras and would like to move forward with selecting a new manager. K. Heifferon will provide the committee with a recommendation memo to explain the pros and cons of switching managers to assist the committee with the details.

The meeting adjourned at 4:38 p.m.

Approved: [Signature] 02/06/15

James Ferguson, Secretary