

# CSUSB FOUNDATION

*Building a Culture of Philanthropy*

## INVESTMENT MEETING

Thursday, February 19, 2015 ~ 3:00 p.m.  
Administration Conference Room, AD-127

### Minutes

Members Present: Douglas Freer, *Treasurer*  
Ron Fremont, *Executive Director*  
Thomas Pierce  
William Stevenson, *Investment Committee Chair*  
Edward Teyber  
Ellen Weisser, *Chairperson*

Others Present: Monir Ahmed  
Beth Brenner  
Garth Flint  
Karen Heifferon  
Lisa Iannolo  
Sarah Powell  
Crystal Vickery

Members Absent: Michael Bracken, *Investment Committee Vice Chair*  
Tomás Morales, *President*

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William Stevenson called the meeting to order at 3:04 p.m.

#### Welcome

Greetings were made around the room.

#### Approval of the Minutes

***Motion: The minutes of the November 13, 2014 Investment Committee Meeting were reviewed and approved as written (Weisser/Pierce/Unanimous).***

#### 4<sup>th</sup> Quarter Portfolio Performance & Discussion

Fremont presented two charts using data derived from a report produced by the Chancellor's office. The charts reflect how the CSUSB Philanthropic Foundation (CPF) compares to other CSU campuses in the same peer group. He explained that the campuses are separated into peer groups by the value of their endowments. There are 11 campuses in peer group 1 of which the

San Bernardino campus is a part, including Bakersfield, Channel Islands, Dominguez Hills, East Bay, Humboldt, Los Angeles, Maritime Academy, Monterey Bay, San Marcos, and Stanislaus. The first chart showed how the CPF endowment's net worth grew from fiscal year 2011-2012 through 2013-2014. In 2013-2014, CPF endowments were worth 24.5M compared to the peer group, which averaged 18.3M. Thus, CPF exceeds the growth and the benchmark established by the peer group. The second chart shows the percentage of growth over the past three years of CPF compared to the peer group and the overall CSU system. CSUSB grew 14.76%, whereas the peer group grew 14.19%. CSUSB trailed the CSU system which grew 15.74%.

Karen Heifferon, the Senior Vice President of Beacon Pointe, presented the CPF portfolio performance in the 2014 4<sup>th</sup> quarter. She stated that the portfolio has outperformed the allocation index and the Policy Benchmark for seven years. Heifferon explained that Beacon Pointe feels the portfolio is performing in-line with expectations. They had no recommended changes other than the manager search they would review regarding the replacement for the PIMCO All Asset All Authority Fund.

Heifferon then reviewed performance at the asset class level and provided a detailed explanation of particular managers that underperformed relative to their benchmark for the calendar year. The question arose about Beacon's practice of re-allocation. Heifferon said that they perform an asset allocation study every year and rebalance the portfolio. CPF is due for an annual review in June. Ed Teyber asked for Beacon to consistently and briefly address any modifications to asset allocations or lack thereof, at these investment meetings. In the future Beacon Pointe will discuss the overall asset allocation weights and provide any feedback if changes need to be made.

Heifferon then presented an analysis of the managers that are contenders to replace the PIMCO All Asset All Authority fund. In the meantime, the funds are placed in an Exchange Traded Fund. Beacon Pointe presented the FPA Crescent fund and the Wells Fargo Absolute Return Strategy. The Wells Fargo Absolute Return Strategy was recommended

***Motion: The Investment Committee agrees to select Wells Fargo Absolute Return Strategy as the manager of the funds that were previously placed in PIMCO All Asset All Authority (Stevenson/Teyber/Unanimous).***

Iannolo presented information derived from the NACUBO Study that shows returns from the endowments at CSUSB compared to the other campuses in the Cal state system. CSUSB

performed the 7<sup>th</sup> best in terms of returns over the past year. The average rate for all participants in the NACUBO study was 15.40, which CSUSB beat at 15.80.

**Student Participation in the Investment Committee**

Fremont opened the discussion of an opportunity for students to be involved in the investment committee. It was noted that the topic of a student managed investment fund (SMIF) and student participation was brought up some years ago and was presented to the board, to which it was ultimately voted against due to the inherent risks and hesitation of using donor money for a purpose other than donor intent. It was generally agreed upon to table the conversation of having student involvement.

**Open Discussion**

Stevenson brought up the passing of Larry Sharp. Brenner said that she and others are working on a fund in his honor that is collecting contributions from the community. Memories of Sharp were shared.

**Adjourn**

Meeting adjourned at 4:45 P.M.

**Minutes Approval**

Signature: J.A. Ferguson Date: March 26, 2015  
Print Name: James A. Ferguson  
Board Position: Secretary