



CSUSB Philanthropic Foundation

Investment & Finance Committee Meeting

Friday, November 7, 2025

9:00 – 11:00 am

Zoom

MINUTES

Members Present: Gary McBride (Chair), Ellen Weisser, Diego Rendon, Thomas Pierce, Monica Alejandre, Juan Sibrian, Tyler Waner, Ray Watts, Sam Sudhakar, Kevin Morningstar, Ed Teyber, Bill Stevenson

Members Absent: Debbie Brown

Guests Present: Andy Price, Karin Longhurst, Maria Badulis,

I. Welcome

Gary welcomed the group and introduced Tyler Waner, new adhoc member to the investment committee.

II. Call to Order and Approval of Minutes

Meeting called to order at 9:01am.

***Motion:** Approval of September 5, 2025, Investment & Finance Committee minutes. (Unanimous)*

III. 3rd Quarter Portfolio Performance and Discussion

Andy Price presented an overview of current market conditions, noting that the S&P 500 has gained 14.2% through October, while international and emerging markets have outperformed U.S. equities by approximately 12% and 29%, respectively. He attributed international outperformance to both currency effects and economic factors. Price noted that the Federal Reserve’s focus on employment and inflation led to a recent rate cut, with expectations for additional cuts that could bring overnight rates to approximately 3%–2.75%.

Price observed that equity markets appear expensive, particularly among the “Magnificent Seven” technology stocks, with the S&P 500 trading at roughly 22x earnings compared to a historical average near 16x. While there are arguments that current conditions (including AI-driven growth) could justify higher valuations, Price noted that investors such as Warren Buffett have favored holding cash at current yields, reflecting some market caution. He emphasized that diversification across alternative

investments, fixed income and other equity segments is intended to mitigate valuation risk.

Price explained that September was an unusual period due to the portfolio transition, which was largely completed by the end of the month. Karin Longhurst reported that detailed quarterly attribution reports will be provided going forward, though the first report was incomplete due to limited data during the transition. For the two-month transition period, the portfolio gained approximately 4.2%, exceeding the policy benchmark, and was up 3.85% month-to-date.

Price reviewed portfolio composition across equities, fixed income, and alternative investments and indicated alternative investments from Beacon Point remain in the portfolio, and the team continues to track capital calls and distributions. Price confirmed that a preliminary transition report has been prepared and a final report will be provided to the committee on the transition of assets.

In terms of the short-term investments/liquidity portfolio, Price reported the liquidity pool totaled \$15.6 million at quarter-end and is benchmarked to short-term fixed income indices, with an initial net return of 0.79% since inception.

Longhurst added that the Kimpact position is scheduled for redemption in Q4 2025. Graystone's approach to illiquid holdings is to monitor positions rather than sell at significant discounts; several new investments are expected, with purchases anticipated in October. Commitments and unfunded obligations were reviewed, including Redwood being fully funded and two remaining commitments with approximately \$82,000 and \$206,000 available to be called.

Price shared that recent additions to the portfolio's hedged strategies, including equity long/short and market-neutral funds designed to provide returns closer to equities with reduced downside risk. Examples included Schonfeld Fundamental Equity, Veritian, and Ironwood. Two evergreen private investments were funded effective November 1: \$500,000 to Blue Owl's credit strategy and an allocation to a KKR infrastructure fund. These investments offer quarterly liquidity subject to aggregate redemption limits, which could extend withdrawal timelines in stressed conditions.

On risk management, Price addressed committee questions regarding leveraged hedge fund activity in the Treasury market, noting that while such strategies can pose systemic risk, Graystone avoids highly leveraged macro strategies and prioritizes hedged approaches. The committee also discussed cryptocurrency; Longhurst noted that Graystone's E-Trade subsidiary is expected to support crypto custody as early as 2026. Price and Raymond Watts clarified that under current CSU practice, any crypto gifts

would be liquidated rather than held, with Graystone able to assist through vetted vendors or donor-advised fund structures.

IV. Foundation Financial Statements

Alejandre indicated the financial statements did not yet reflect updated investment income. As a result, the financial statements will not be reviewed. Instead, Mimi Badulis presented the appendix for the financial statements requested at the prior Investment Committee meeting. She reviewed two appendices: Appendix A, covering balance sheet accounts, and Appendix B, covering income statement accounts, each organized by category, line item, account number, and explanatory description. Committee members indicated that the explanatory format was helpful, particularly for understanding asset categories, and the committee agreed that the appendices were clear and useful

V. Short Term Investments – Cash Flow Threshold

Alejandre and Badulis reviewed cash flow thresholds for the Foundation. Prior to the OCIO transition, short-term investments were held at Beacon Pointe, Citizens Business Bank, and the Chancellor's Office SWIFT fund. Currently, Graystone manages all short-term investments as OCIO. SWIFT was preferred due to one-day liquidity, whereas transfers from Graystone require approximately four to five business days, which Badulis noted can be limiting for operational needs.

Badulis requested committee approval to maintain a one-day liquidity cushion in SWIFT. Maria reported current balances of approximately \$1.0M in SWIFT and \$0.5M in the Foundation bank account. The proposal would authorize retaining \$1.0M in SWIFT for immediate needs (e.g., scholarship payments and occasional unanticipated departmental requests), with excess short-term funds invested through Graystone.

McBride reminded the committee that during periods of higher short-term rates, funds were moved from SWIFT to higher-yield vehicles (e.g., Citizens/Vanguard), though yield spreads have since narrowed and SWIFT now functions similarly to a money market fund. Morningstar questioned whether \$1.0M in immediate liquidity is necessary, observing that most large payments are foreseeable. Pierce and Sudhakar acknowledged the operational value of a liquidity cushion but emphasized the opportunity cost if yield differentials are significant. Alejandre clarified that no formal cash flow policy or procedure exists; liquidity thresholds have historically been set by committee or executive committee and may be revisited.

Watts requested additional analysis before a decision and offered to work with the Finance team to model cash flows and present recommendations at the next meeting.

