



CSUSB Philanthropic Foundation

Investment & Finance Committee Meeting

Friday, May 8, 2026

9:00 – 11:00 am

<https://csusb.zoom.us/j/85196167391>

MINUTES

Members Present: Gary McBride (Chair), Ellen Weisser, Diego Rendon, Thomas Pierce, Monica Alejandre, Tyler Waner, Ray Watts, Ed Teyber, Debbie Brown, Bill Stevenson

Members Absent: Juan Sibrian, Sam Sudhakar, Kevin Morningstar

Guests Present: Andy Price, Karin Longhurst, Matt Moses, Maria Badulis, Monica Villarruel

I. Welcome

Gary McBride welcomed the group.

II. Call to Order and Approval of Minutes

Meeting called to order at 9:05 a.m. ***Motion:*** *Approval of February 13, 2026, Investment & Finance Committee minutes: Weisser and Stevenson (Unanimous)*

III. 1st Quarter Portfolio Performance and Discussion

Andrew Price, Karin Longhurst, and Matt Moses of Graystone presented the first-quarter market outlook and portfolio review. Moses reported that the S&P 500 declined approximately 4.3% during the first quarter, its first negative quarter in a year, but had rebounded sharply by the date of the meeting. The discussion attributed much of the first-quarter weakness to geopolitical conflict, higher energy and commodity prices, and renewed inflation concerns. Core inflation remained above 3%, while Graystone continued to expect modest rate cuts later in the year and viewed the bond outlook as comparatively favorable.

Moses also reviewed earnings expectations and market risks. Corporate earnings estimates had been revised upward, supporting a constructive longer-term equity outlook, although the representatives cautioned that persistent inflation, geopolitical developments, and concentrated technology/AI-related capital spending could create volatility. The committee discussed federal debt and the long-term structural outlook for the U.S. economy. Graystone representatives characterized the debt trajectory as a long-term concern but indicated that they

continued to expect the U.S. dollar to remain the principal reserve currency because there was no compelling alternative at present.

The committee discussed private credit and recent concerns in that market. Graystone reported no broad-based redemption activity among its Blue Owl clients and noted that a secondary market exists if liquidity were ever needed. Price also cited strong institutional demand for opportunistic private credit as evidence that large investors continue to see potential value in the asset class despite current concerns.

Price then reviewed the Foundation endowment portfolio. The portfolio remained overweight on equities while alternatives were being built gradually toward the 20% policy target; fixed income was approximately at target. Price emphasized the need to pace alternative commitments carefully because capital calls are not completely predictable and over-commitment could create an unintended overweight. The first-quarter portfolio return was reported at approximately -1.89%, better than the roughly -3% result cited for a traditional 60/40 portfolio.

Asset-class results reflected the value of diversification. Large-growth equities were weak during the quarter, while value-oriented sectors such as energy, utilities, and materials were comparatively stronger. International results were mixed; emerging markets contributed positively. Fixed-income strategies were generally flat to modestly positive. Hedge funds were mixed but positive since inception overall, and the KKR infrastructure investment was approximately flat for the quarter. The committee also reviewed the ongoing transition from the prior investment manager; Graystone reported that assets remained invested during the transition rather than sitting in cash, reducing the risk of missing market moves.

Committee members noted the growth of the endowment, which had been near the \$70 million level. Graystone reported that the endowment was approximately \$72.7 million as of the prior day, reflecting significant portfolio appreciation as well as new contributions. Ray Watts reiterated that sustained growth will depend on both investment performance and continued philanthropic additions to the endowment. Graystone indicated that additional private-market opportunities were being evaluated for future commitments.

Longhurst reviewed the Foundation liquidity portfolio, which was approximately \$18.8 million on March 31 and invested in short-term fixed income. The portfolio returned approximately 0.27% net for the quarter and 1.78% since inception. Committee members questioned whether the Foundation needed to maintain that much in short-term investments. Watts explained that a significant portion represents expendable funds needed for near-term university purposes but agreed that the appropriate level of liquidity versus longer-term investment should be revisited.

At 9:51 a.m., the Graystone representatives were excused.

IV. Financial Statement Review

Maria Badulis reviewed the March 31, 2026, financial statements. Short-term investments totaled approximately \$18.9 million and were described as stable; all short-term investments are now consolidated with Graystone rather than split among multiple institutions. The balance was approximately \$400,000 higher than the comparable prior-year amount.

Promises to give increased approximately \$3.9 million, primarily due to a pledge from Randall Lewis. Long-term investments and endowments also increased, driven principally by the Randall Lewis endowment and contributions supporting the College of Education Project Impact initiative. Badulis noted that liability variances were primarily timing-related.

On the Statement of Activities, combined gift and endowment contributions were approximately \$7.3 million, an increase of about \$2 million, again largely attributable to Project Impact and the Randall Lewis endowment. Combined investment income and realized/unrealized investment activity reflected an approximately \$600,000 loss for the reporting period. Expenses were generally stable, and scholarship expense was approximately \$2 million, with additional scholarship-related invoices expected before fiscal year-end.

Watts added that the Randall Lewis commitment and Project Impact gift were the largest individual drivers, while dozens of other donors also made endowment contributions at varying levels. He cited the financial statements as evidence that Foundation growth is being supported by new philanthropic investment as well as market performance. No additional questions were raised.

V. Foundation Budget Review

Monica Alejandre presented the preliminary Foundation budget and noted that the current fiscal year was not yet complete; the figures therefore included estimates for the remaining expenses. The Foundation must begin the new fiscal year with an approved budget and will return in September with final year-end results and an updated budget as needed.

For the current year, Alejandre projected approximately \$1.2 million of revenue from endowment management fees, residual prior-year SWIFT income, and short-term investment earnings. Operating expenses were generally at or below budget.

Alejandre noted that audit expenses will increase in the coming year following the selection of Baker Tilly as the Foundation's new audit firm. Alejandre added that Baker Tilly serves other CSU foundations and has committed to helping the Foundation complete Form 990 filings on time, which should reduce delays in state registrations and grant applications.

Alejandre projected current-year net operating income of approximately \$361,000 and an estimated year-end reserve of approximately \$1.8 million. For the next fiscal year, she presented a conservative revenue estimate of approximately \$1.1 million from endowment management fees and short-term investments.

Motion: Ed Teyber moved to approve the entire Foundation budget; Bill Stevenson seconded. The motion was approved unanimously.

VI. Reserve Policy Review/Update

Alejandre presented proposed revisions to the Foundation Reserve Policy as part of the Foundation's annual self-assessment process. The principal change increases the minimum reserve target from three months to six months of administrative operating expenses. The revisions also clarify the calculation methodology, including the financial period used to determine the reserve requirement, and establish clearer procedures for addressing balances that fall below the minimum or exceed the maximum.

The committee discussed how the Foundation's operating reserve relates to the larger short-term investment pool. Staff clarified that the reserve is only one component of the broader pool of expendable funds; the full short-term

investment balance should not be interpreted as unrestricted operating reserve. The current strategy is to bring the reserve down gradually and strategically because it is above the policy maximum.

Motion: Ed Teyber moved to approve the Reserve Policy update; Thomas Pierce seconded. The motion was approved unanimously.

VII. Investment Policy Update

Watts reviewed proposed revisions to the Investment Policy Statement. The primary change is updating the annual endowment valuation date from December 31 to June 30. Watts explained that a June 30 valuation aligns more naturally with the Foundation's fiscal year and provides additional planning time for determining the spending rate and related budget decisions.

McBride raised a separate concern regarding the policy ranges for alternative investments. Although the current target for alternatives is approximately 20%, he noted that the ranges in the policy could theoretically permit alternatives to become a much larger share of the portfolio. He distinguished between an allocation increase caused by strong market performance—which should not automatically trigger forced sales of illiquid assets—and active new commitments that could push the allocation materially above the intended target.

The committee discussed adding language that would cap or pause new commitments to alternatives once the allocation reaches a specified threshold, while allowing market-driven appreciation to remain in place. Members noted that this issue has become more important because the investment manager now has discretion to operate within policy ranges, making precise policy guardrails important to the committee's fiduciary oversight. McBride agreed to draft proposed language for future policy revision.

Motion: Bill Stevenson moved approval of the Investment Policy change; Ed Teyber seconded. The motion was approved unanimously.

Action/Follow-up: McBride will draft clarifying language for future consideration that would limit new alternative-investment commitments above an agreed allocation threshold without requiring forced sales caused solely by market appreciation.



VIII. Executive Director Report

Ray Watts reported that the fundraising campaign will conclude June 30 and that the advancement team is continuing to pursue commitments of all sizes before the campaign closes. He reiterated that new philanthropic contributions remain essential to long-term endowment growth.

Watts reported on the President's Gala, attended by approximately 450 guests at Student Union North. The event honored the president's service, included the unveiling of a statue with participation by his family, and raised approximately \$250,000 for the endowment, including support for a newly established fund. Committee members complimented the event and the Foundation team's focus on the guest experience.

IX. Open Discussion

Committee members were invited to a May 14 reception at 4:00 p.m. at the Maloof facility in Rancho Cucamonga honoring recipients of honorary doctorates, including Bill Stevenson and Dr. Yolanda Moses. Watts indicated that an invitation would be circulated to committee members. The group congratulated Stevenson and reflected on the university's tradition of recognizing community leaders and supporters.

Committee members also expressed appreciation to Gary McBride for his leadership and service to the Investment & Finance Committee.

X. Adjourn

Gary McBride adjourned the meeting at 10:43 a.m.

**Approval of Minutes
Investment & Finance Committee Meeting
Friday, May 8, 2026**

Signature: Monica Alejandre

Date: 08-21-2026

Print Name: Monica Alejandre Board Position: Secretary