

March 8, 2019, 10:00 a.m.
UEC Boardroom, UE-102

Minutes

Members Present: Douglas Freer, *Treasurer*
Gary McBride
Robert Nava, *Executive Director*
Thomas Pierce
William M. Stevenson, *Investment Committee Chair*
Ed Teyber
Ellen G. Weisser, *Chair*

Others Present: Monica Alejandre
Mike Breller
Michelle Cazares
Shannon Eusey
Matias Farre
Kristy Robles
Kim Shiner

Members Absent:

- I. Welcome
Stevenson called the meeting to order at 10:04 a.m.
- II. Approval of the Minutes
Motion: The minutes of the November 9, 2018 Investment Committee meeting were approved. *(Teyber/Pierce/Unanimous)*.
- III. 4th quarter portfolio performance and discussion
Eusey mentions that Beacon Pointe has met with CSUSB staff within the Foundation and in the financial services/accounting departments in order to better service the Foundation. She also mentioned that the presentations and quarterly report will be more streamlined to better explain the portfolio performance, as well as to explain the direction of where the portfolio is going.

Breller discussed the financial conditions in the current market. Value has outperformed growth, and small cap has been the worst performer for the year. Breller noted that the Economic numbers suggested a very low probability of a recession in the U.S. in 2019 and that it is not likely until 2020-2021; Beacon Projects GDP to slow to 2% by year-end. Inversion of a Treasury Yield Curve from 3months (2.45%) to 10 year (2.69%) is often a precursor and something to watch for if it continues.

Eusey noted the overall endowment growth from the beginning market value of \$10.9 million back in 2009 with a Net Investment Change of \$14.5 million, and that is thanks to the careful management and decisions of the committee, the ten-year return outperformed policy index.

IV. Manager recommendations

Large Cap: Beacon Pointe recommends that the committee replace Touchstone assets with Polen.

International: Beacon Pointe recommends that the committee replace IVA International with American Europacific growth. This will be done immediately after the meeting, should the committee agree to the change.

V. Discussion on Underwater Endowments

Alejandro provided updates to the committee. Of the 242 endowments, 28 of them are underwater. However, due to the reserves, about \$238,000 will cover scholarships and student support and will pay out in October 2019, fiscally aligned with the school year.

The board will consider modifying language on endowment payout to allow for flexibility as the Endowment Policy is not to invade corpus.

VI. RFP Process Update

Nava reported updates from a discussion had with Beacon Pointe Advising regarding committee concerns including evaluation of fund managers to reduce fees; the service and interfacing provided to the committee; and, a recommendation to extend their contract. The committee endorsed flexibility by including in their agreement an annual renewal.

Motion: The committee directs the Executive Director to move forward and finalize discussions with Beacon Point Advising and culminate in an annual renewable contract.
(Teyber/Weisser/Unanimous)

Proposed Changes - Changing Touchstone for Polen and IVA International with American Europacific Growth.

VII. Review Draft Investment Committee Charge

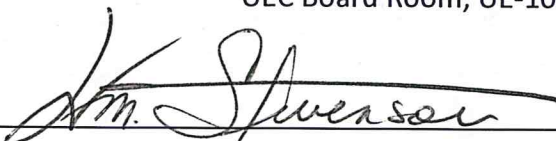
VIII. Open Discussion

IX. Meeting adjourned at 12:11 p.m.

Signature of Minutes Approval
Investment Committee Meeting

March 8, 2019, 10:00 a.m.

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Signature:  Date: 5.3.19

Print Name: William Stevenson

Board Position: Secretary BOD, IC chair