



CSU East Bay Foundation, Inc.

**Board Meeting Minutes**

October 29, 2025 / 2:00 PM - 3:00 PM

via ZOOM Meeting

**Members Present:**

Myeshia Armstrong, Secretary – Treasurer; Anthony Muscat, Vice Chair; Chandra Khan, ORSP Director; Melody Simmons-Hudson, Community Director; Alina Engelman, Faculty Director; Juleen Lam, Faculty Director; Balvinder Kumar, Board Director; London Deguzman, Student Director; and Kartik Tripathi (KT), Student Director.

**Members Not Present:**

Evelyn Buchanan, Chair  
Juleen Lam, Faculty Director  
Brian Du, Faculty Director

**Staff and Guests Present:**

Charita Hill-Avent, Associate Vice President, Financial Services  
Nicole Yu, University Controller, General Accounting  
Dwyla Jourdan, Executive Assistant to Vice President Armstrong, A&F  
Brian Sharpes, Institutional Consulting Director, Graystone Institutional Consulting, Morgan Stanley  
Jacob Marquez, Analyst, Graystone Institutional Consulting, Morgan Stanley  
ASL Interpreter for Dr. Engelman

Call to order: 2:02 p.m.

- 1. Call to Order / Approval of Agenda** VP Armstrong called the meeting to order and reviewed the agenda with the board. ***Agenda approved-Motion Alina Engelman, Second Balvinder Kumar***
- 2. Approval of Minutes from June 5, 2025 Meeting (Action)** VP Armstrong reviewed the minutes from June 5, 2025 with the board. ***Minutes Approved with one abstention from Alina Engelman, who was not present at the last meeting. Motion Kartik Tripathi, Second Balvinder Kumar***

**3. Investment Summary as of September 30, 2025 (Information)**

Brian Sharpes, Institutional Consulting Director for Morgan Stanley Graystone, introduced himself to the new Board members, before reviewing the investment summary as of September 30, 2025. Morgan Stanley Graystone, the institutional arm of Morgan Stanley, has been doing the investment Management at the university for nearly 30 years now. Their practice is working with just nonprofits and they work with about 45 of them, managing \$13 billion. Their team is responsible for the investment management of the different pools.

- Report

- The market is doing really, really well. We've had an incredible 3-year run, particularly the last 3-4 months. The S&P 500 is up

- 90% since October 2022. The last six months, we've actually had a rebound. In March, the market was down about 17% on the S&P 500. Since that time, we've had a massive rebound of 40% returns. It's the biggest non-recession rebound we've ever seen. We've also had the biggest outperformance of cyclicals versus defensive stocks in 35 years. So, it has been very concentrated in terms of the actual returns and where they're coming from.
- We've heard a lot about tariffs for the last 7-8 months; but, we're coming to an end of that adjustment. We have two remaining substantial deals: Mexico and Canada. Most of the rest of the world has actually agreed to the new tariff restrictions and it's going to be between 10%-15% to do business with the U.S. It's actually going to bring in around \$500 billion to \$600 billion to the Treasury, which in theory could be good for debts and deficits. The problem, though, is inflation. Wall Street thinks it's tolerable and we're seeing inflation decrease a bit from where we were the last couple of years. It's still sticky and we think that inflation will be running in that 3% range for this year and next year. The market will be focused now on earnings. What kind of earnings do corporations expect to achieve? We've had record earnings so far this year, which has been a bit of a surprise to us. We do think it will be more of a struggle as we go into 2026.
  - In terms of the markets, the S&P 500 was down 17% at one point this year. It has recovered 34%--which is really quite unprecedented. The April 8 lows were what we called the tariff tantrum where everyone was panicked that tariffs would be 50% and really hurt the economy. Much of that has now died down and we're now at 10-15%. This is much better than feared and so this is one of the reasons that the market has gone up as much as it has. However, the market is really overvalued at the moment. As we look at the global markets, we're up 14% with the S&P 500. International markets are up around 25 or 30%. They've actually done quite a bit better than the U.S. A lot of that is because the dollar is weaker due to people being worried about the debts and deficits of the U.S. Can we pay back our loans? What will happen next with this Administration? So, the bottom line is the rest of the world has done slightly better than the U.S.
  - Since the April lows, what's been driving the market has been the AI revolution. \$700 billion has been invested by the big tech firms in AI this year alone, bringing the total to about \$2 trillion. Now, the thing is seeing revenue for that investment. That part is where the big question mark is. A lot of companies have anticipated earnings. We call U.S. realized volatilities of about 62%, which are companies that struggle to find revenue and earnings overall. U.S. value and U.S. quality stocks (stocks that have a lot of earnings) have actually struggled most. So, the

market is very strange. Though Morgan Stanley Graystone has seen this a number of times, it tends to reverse itself very, very quickly. In terms of enough revenue for the investment being made, we can see the recent development with Amazon as an example. Amazon had an announcement where they cut 13,000 corporate jobs, with an anticipation of cutting up to 30,000 corporate jobs. This tells you that revenue is not coming as fast as they thought, and they're having to cut instead. There's a worry that this could happen with other big companies like Meta and Google. So, we're in what we'd describe as an AI bubble. It's going to take a few years to figure out how it's going to play out.

- In terms of valuations...as previously shared, the stock market is trading about 23-24 times the underlying earnings. That's the price of the securities versus how much they actually earn. Historic high is around 29 and the historic low is 11. We're trading at very expensive levels. Historically, when we've bought the markets at these levels, the returns the next 3 to 5 years tend to be about flat or even. The biggest percentage of ownership of securities by individual investors in the U.S. is right now. Individual investors have historically not been particularly good investors, and usually are in at the wrong times. So, we're concerned, just looking at valuations and where we are in the market.

- Actual Performance

We have 4 portfolios in total: The Foundation portfolio (just under \$14 million); the Extension Division (about \$2.6 million); the Foundation plan (about \$1.1 million); and then ASI (approx. \$2.3 million). Overall, it's about \$19 million in all those different pools. The Foundation portfolio is up 13.3 and the Extension Division is about the same. ASI's done even a little bit better at 14.2. We have some restrictions in ASI in terms of what we can invest in, and actually those restrictions have actually helped returns. When we forecasted the growth of the portfolio 3 years ago, we thought the portfolio would grow just north of 7%. That was our expectation. However, 14 or 15% is essentially what has grown the last 3 years. That's almost double what we would historically expect— which is incredible. The Foundation plan is mostly fixed income and very conservative, which is why you see less return. It's basically 100% fixed income there. The bottom line is we like where we are and we certainly like the returns that we've gotten.

- Asset Allocation

At Morgan Stanley, we look at the markets two ways: What do we think the returns are for the next 7 years? And, what do we think the returns are for the next 20 years? The next 7 years is what we call our strategic forecast and the 20 years is our secular forecast. We look at both. With the mix of stocks, bonds, and cash, we would expect a similar forecast to 3 years ago—with a 7% return. Well, we're actually at about 7.3% return right now.

If we add more stocks, the returns are slightly better, but the risk goes up quite a bit. With adding more fixed income bonds, the returns come down a bit and the risk comes down—but, not substantially. If we add more alternative investments, the results are kind of in the middle. The bottom line is that we're kind of in that sweet spot of about 7% with the return expectations of the current mix of asset allocation. It's a little over 50% stocks and the rest is basically bonds and alternative investments. Fixed income is the right course. You could argue a little more fixed income; but we have 30% of the portfolio already there—so, we feel good about that. We have about 10% in alternatives. It's hard for us, at this size, to have more. So, that would not be an option.

- Recommendations (2)

- We need to do a small rebalance in the portfolios. Equities have done really well and gone up a little bit. So, we need to actually take away from equities and rebalance those back.
- At the end of the day, Morgan Stanley's other recommendation is that we're going to reaffirm the asset allocation with those three main pools: fixed income, stocks & bonds, and alternative investments. Just a subtle change in the asset allocation targets because we're already a little bit more conservative. Fixed income goes from 26% to 28%, for instance and alternatives go from 17% to 15% (recognizing that we can't even get to 15% in alternatives). It's really hard for us to get higher than that so we just want to make these two small adjustments. Both U.S. equities and international equities end up about 28.5% each. Remember, we have this range that we're minimum and maximum, and then we have a target. The target is what we put in the report that the Board sees and that's what we're referencing here. Otherwise, we've had an incredible 3 years. We'd like to say the next 3 years will be similar but they will probably be more normal (about 7% in returns).

- Questions

- \* Dr. Khan asked if the Foundation portfolio is a savings from before or if it is an account that captures all the grants and so on. Mr. Sharpes explained that the Foundation portfolio is a collection of donations that have come directly into the school, not necessarily to the Foundation—so, that's where they're captured. Most of that is having grants spent out. Those grants tend to be in the 4-5% range. So, what happens is this portfolio continues to grow and grow over time absent. It's essentially a reserve pool and a collection of assets where we're actually having a small percentage that's getting distributed and spent out every year. The hope is that if we invest it well over time, which we have, it will continue to grow.
- \* Dr. Khan inquired about the internal accounting code and University Controller, Nicole Yu, responded. Ms. Yu shared that the information Morgan Stanley presented may be a combination of ASI and the CSU East Bay Foundation investments. From the financial statements as of

last year-end, we had roughly \$17 million - \$18 million as our investment in our books. Market value changes, as of September—so, the number may vary. Morgan Stanley showed a little bit more updated numbers, since they used numbers from a month ago.

- \* Dr. Khan asked if we are investing in AI and Mr. Sharpes responded in the affirmative. We own funds in the big tech names like Microsoft and NVIDIAs. NVIDIA's actually one of the bigger winners for us over the number of years. We take a measured approach in not specifically owning an AI fund, where it's concentrated. We've done it more through index and ownership that way. We have about 30% total equity exposure in technology and about 5% is AI-related. AI valuations have gone up really substantially in the last couple of years, which has been a big win for us. We're trying to be a bit cautious and make sure we don't have too much exposure; but, the single biggest winner in this entire portfolio has been NVIDIA. It was a relatively small initial investment and it's \$100,000 of the portfolio now. It's been an amazing run.
- \* Ms. Kumar asked how quickly are the outlined recommendations implemented after they have been approved by the Board. Mr. Sharpes responded that after the approval, he tells the staff that the recommendations are approved and then they put in the trades the next day. Typically, within 3 days everything is reallocated and done. So, it happens relatively quickly. One thing not really mentioned is that everything in the portfolio is liquid every day. So, we have lots of flexibility and it's easy to make changes and adjustments. We try to maintain this flexibility and not be in things that we cannot get out of. VP Armstrong confirmed with Mr. Sharpes that the transactions would be reflected immediately and that we'd see the changes when we review the reports quarterly at our meetings.

***Recommendations Approved - Motion Chandra Khan, Second London Deguzman***

**4. Review FY 25/26 Operating Budget YTD Results (Information)**

- VP Armstrong yielded the floor to AVP Hill-Avent, who yielded the floor to University Controller, Nicole Yu. Ms. Yu reviewed a PPT of the Foundation's operating budget to actual, as of September 30, 2025.
  - As of the first quarter, the Foundation's total approved budget is \$1.13 million. Our year-to-date actual totals \$952 and were about 84% of the budget. The commission revenue decreased and some of the expenses are front-loaded (particularly, the retirement cost). The commercial revenue is our Bank of America ATM rental and that's about 33% realized. The interest income is about 27%, \$32,000 year-to-date. The income for LEAF is temporarily zero, due to the posting from the CO is usually passed down in the second half of the year. We will record that in the next quarter to come. Highlighting our commission income, we note a bigger variance in the year-to-date revenue, a total \$470,000 compared to our budgeted \$100,000. This revenue is from our campus bookstore (book sales). There is a decrease showing mainly due to the fact that we have executed a new agreement with Follett, our bookstore partner. Under the new term, the commission rate reduced from roughly 13% to 2%. So, based on the year-to-date receipt, we project the full year revenue will be around \$1,900. You can see a decrease and this is mainly the cost for the year overall (the full projection as of June 30, 2026). We can see that our projected is 106%, compared to our approved budget. Going forward, in the next year, we will revisit the budget for adjustment in our next year's budget proposal.
  - On the expense side, we see the retirement cost is about 100%, and this is usually CalPERS

charging us at the beginning of the year and then this is 100% recorded. It's not already fully expensed in July. Insurance is about 70% and budgeted \$234,000 (year-to-date, about \$163,00 incurred). We budgeted \$113,000 for the Graystone consulting fee and Morgan Stanley also charges a service fee. Year-to-date, we're at about actual \$25,000. Looking at the expenses, most of the actuals are close or within our budget. Some of the fees have been expensed and will be recorded in the next quarter or second half of the year.

- Ms. Yu yielded the floor back to AVP Hill-Avent, who moved to Item #6 of the agenda, the updated final audited financial statements. These were reviewed on September 24, 2025 and the final statement was issued on October 25, 2025. We had a pretty clean audit and there were no audit findings or results that we need to follow-up on from an action perspective for 24-25 FY. Right now, we're waiting for just a final single audit report, that's going to come from the Office of Management and Budget. That should be released sometime later this year. Lastly, Financial Services is still working with our CLE audit firm on testing some of the final items. Other than that, it was a pretty clean year with no audit findings. VP Armstrong reiterated that this discussion was Item #6 on the agenda and she shared that it was recommended that the Foundation Board take action as far as acceptance of the financial statements of the audit report.

***Audited Financial Statements Approved-Motion Alina Engelman, Second Chandra Khan***

#### **5. Approval Slate of Officers & Board Nominations (Action)**

- VP Armstrong had each board member introduce themselves and state their departments. Then, the action to approve the slate of officers was conducted.

***Slate Approved-Motion Kartik Tripathi (KT), Second Chandra Khan***

#### **6. Audit Committee Meeting (Action)**

- NOTE: Audited financial statements were discussed above during agenda item #4 and approved via vote.

#### **7. Other Business**

- None

#### **8. Adjournment**

- ***Adjournment Approved-Motion Chandra Khan, Second London Deguzman***  
Meeting adjourned at 2:51 p.m.
- Next meeting is scheduled for Wednesday, February 4, 2026 at 2 p.m.

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Myeshia Armstrong, Secretary-Treasurer Date