I. Welcome/Call to Order:
The meeting was called to order by Chair Dilsaver at 8:35 a.m.

II. Approval of Meeting Minutes and Agenda:
The committee reviewed the agenda for the April 19, 2019 meeting and the minutes from the February 15, 2019 meeting.

Minute Action: That the committee approve agenda for April 19, 2019 meeting.
Motion to Approve: Acosta Seconded: Chaw Motion passed

Minute Action: That the committee approve minutes from the February 15, 2019 meeting.
Motion to Approve: Owen Seconded: Acosta Motion passed

III. Investment Performance Review as of March 31, 2019:
Brian Sharpes reviewed investment performance as of March 31, 2019.

General angst in 2018 due to China trade, tariffs, investigations, etc. Fast forward - a lot has been mitigated and there were generally better economic numbers than previously predicted. Discussed the inversion curve and what might be ahead. US company mentions of “labor cost” have increased across the board, labor cost and supply is becoming a bigger issue and possibly a
precursor to inflation. Think it will be an issue in the next five years. Small businesses really hurting due to minimum wage hikes and lack of workers.

**Investment Report**

The committee reviewed the investment summary report which depicted strong results for the quarter ending March 31. Brian Sharpe shared recent developments to the portfolio which included placing Accuvest International Equity on watch, and the potential to opportunistically reduce risk profile of Liquid Alternatives portfolio. Brian recommended the committee consider the following items: 1) redeploy 10% of fixed income allocation ($440K or 2.5% of portfolio) to Lord Abbett Inflation Focused Fund, 2) at maturity, roll International Structures Note linked to Euro STOXX 50, and 3) Consider new $500K position in CRA Qualified Investment Fund (CRANX). Funding for item 1 and 3 would come from moving out of Brecken’rde. A discussion ensued about how we can maximize investment in CRANX to benefit Hayward or Concord areas and/or help our students. Since CRANX is similar to a community capital fund, we have the opportunity to target by county and perhaps select projects related to affordable housing.

Minute Action: The committee approve the three recommendations stated in the investment report.
Motion to Approve: Acosta Seconded: Chaw Motion: passed

**Investment Policy: Environmental, social and governance statement**

Debbie shared the CSU’s policy language regarding ESG. The committee acknowledged the importance of integrating environmental, social, and governance structures into decision making; however, after discussion, the committee decided not to add additional language regarding ESG to the investment policy.

**IV. FY17/18 NTSE Endowment Survey Results**

Debbie Chaw presented the endowment survey results from NTSE with comparisons of CSU and East Bay. Compared to the average nationwide, CSU and East Bay is slightly below for most part because our asset allocation is a lot more conservative. While East Bay’s 1, 3 and 5-year average return was slightly below the national average and better than the CSU average, our 10-year return is better than both.

**V. Endowment Payout for FY2019-2020**

Debbie Chaw presented the endowment payment distribution for FY19-20 to be disbursed in the third week of July. The calculation was based upon the board’s current endowment payout policy of 4% as of March 31 balances (looking at a 12 quarter moving average). The distribution recommended for FY 19/20 is $707,197.20. Based on current balances some endowments, when paid out may be underwater in July; however, if it is a good quarter between now and then, these endowments might not be underwater.
Minute Action: That the committee approves the endowment payout for FY 19/20 for recommendation to the executive meeting at its May 24 meeting and to the full board at its June 14 meeting.

Motion to Approve: Acosta Seconded by: Dilsaver Motion passed

VI. Proposed Operating Budget and Reserves 2019-2020
Debbie Chow reviewed the proposed Operating Budget and Reserves for 2019-2020. The proposed budget shows total revenue at $201,882 and total expenses at $199,145 resulting in $2,737 net assets. The reserve fund is projected to be $99,573.

Minute Action: That the committee approve the 2019/20 proposed operating budget and reserves as presented.
Motion to Approve: Acosta Seconded by: Dilsaver Motion passed.

VII. Other Announcements/Business
None

Adjournment:
Chair Dilsaver adjourned the meeting at 9:32a.m.

Dated: April 19, 2019

Debbie Chow, Treasurer
Approved and True Copy

Recorded by Veronica Salvador, Director, Administrative Processes, Administration and Finance