UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
RETIREMENT PLAN COMMITTEE MEETING
DECEMBER 19, 2012
MINUTES

I. Call to Order

The meeting was called to order by Chair, D. Thompson at 10:17 am.

II. Roll Call

Present	Absent	Guests
Debra Hammond, Executive Director (voting)	Sabrina Lockey, Board Chair (non-voting)	Patrick Robinson, Investment Advisor
J. Illuminate, Associate Director, FBS (voting)	Shelly Ruelas-Bischoff, AVP Student Affairs (voting)	
Jonathan Navarro, Executive Secretary (non-voting)	Chenice Rand, Student Board Representative (voting)	
Kristen Pichler, Human Resources Officer (voting)		
Demontae Thompson, Committee Chair (voting)		

K. Pichler arrived at 10:40 a.m. D. Hammond arrived at 11:15 am.

III. Approval of Agenda

M/S/P (Hammond/Illuminate) motion to approve the agenda for December 19, 2012.

Motion approved by general consensus

IV. Approval of Minutes

M/S/P (Illuminate/Pichler) motion to approve the minutes for November 27, 2012.

Motion approved by general consensus

V. Chair's Report

D. Thompson thanked the committee members for being present. He reminded the members that they have a fiduciary duty to diversify investment options for retirement plan participants.

VI. Discussion Items

A. Update of Funds on the Investment Watch list

J. Illuminated introduced Patrick Robinson, the USU's financial advisor, to discuss and give an update since the last meeting in regards to the funds on the Investment Watchlist.

P. Robinson reviewed the TIAA-CREF Mid Cap Value and Thornburg International Value Fund which consisted of both holdings based and performance based statistics. Information was extracted from Morningstar and Zyphyrs Style Advisor. P. Robison discussed style analytics, beta, alpha, standard deviation, R2 correlation with benchmarks, and expense ratio analysis which are indicators that assist in evaluating the funds.

The committee determined that the TIAA-CREF Mid Cap Value would stay on the watch list through the end of the first quarter of 2013. If investment results in absolute or risk adjusted returns do not improve, the fund will be considered for replacement.

The committee determined to monitor the Thornburg International Value Fund every quarter because the peer ranking is below the 50th percentile. However, the fund exhibits a positive alpha and has outperformed the appropriate benchmark 90% of the time.

VII. Action Items

A. Addition of the PIMCO GNMA Fund as an Investment Option

M/S/P (Pichler/ Illuminate) move to approve adding the PIMCO GNMA Institutional Fund as an investment option in both the 403(b) plan and pension plan.

Patrick Robison discussed the importance of adding a greater diversity of bond fund choices for the participants of the plan so that participants have another safe investment option with a better rate of return than the money market fund choices in the plan.

The objective is to maximize total return, consistent with the preservation of capital and prudent investment management. The fund offers mortgage-backed securities which are one of the largest and most liquid sectors of the global bond market. It also offers attractive risk-adjusted return potential through an actively managed, relative value approach investing at least 80% of its assets in U.S. government-guaranteed GNMS securities. The fund has a high average credit quality and can make a solid addition to nearly any investor's bond portfolio.

Securities are backed by the same full faith and credit guarantee offered by U.S treasury securities, yet typically provided higher yields to compensate for pre-payment risk –the risk that mortgage borrowers can pay off their mortgage at any time.

Motion passes 3-0-0

B. Addition of the PIMCO Real Return Fund as an Investment Option

M/S/P (Hammond/ Illuminate) move to approve adding the PIMCO Real Return Fund as an investment option in both the 403(b) plan and pension plan.

Patrick Robison again discussed the importance of diversifying the investment choices for plan participants with the addition of a bond fund. In this case, a bond fund that provides financial protection to investors against rising inflation.

The objective is to maximize total return, consistent with the preservation of capital and prudent investment management. PIMCO Real Return fund aims to help investors protect their purchasing power against the effects of inflation by seeking real returns primarily from Treasury Inflation-Protected securities (TIPS). Traditional asset classes, such as stocks and bonds, usually move inversely to inflation, tips tend to move in the same direction as inflation. Investing in assets with low correlations and can enhance a portfolio's diversification, potentially lowering overall volatility.

This fund like bond investments, in general, can decline in value if interest rates rise, and may be particulate sensitive if real interest rates rise rapidly.

Motion passes 3-0-0

VIII. <u>Announcements</u>

None

IX. <u>Adjournment</u>

The meeting was adjourned by Chair, D. Thompson at 11:30am.

Respectfully submitted by,

Jonathan Navarro