



California State
University

FOUNDATION

C H A N N E L
I S L A N D S

**FOUNDATION BOARD MEETING
M-I-N-U-T-E-S**

J. HANDEL EVANS BOARD ROOM | BROOME LIBRARY
FEBRUARY 24, 2016 | 6:00PM – 7:30PM

IN ATTENDANCE	
Members Present:	Staff Present:
Ed Birch	Stephanie Bracamontes
Hugh Cassar	Eva Gomez
Bob England	Tania Garcia
Larry Hibbler	Gayle Hutchinson
Bill Kearney	Nichole Ipach
Hank Lacayo	Danielle Quillan
George Leis	Elizabeth Rubalcava
Chris Meissner	Michael Soltys
John Notter	
Emilio Pozzi	
Richard Rush	
Cindy Wyels	
Peter Wollons	

MEMBERS ABSENT
Christine Garvey
Mark Hartley
Ralph Iannelli
Doug McRae
Lon Morton
Blaise Simqu
Ysabel Trinidad
Scott Zolke
Alex Yopez
Zohar Ziv

I. Welcome

George Leis opened the meeting at 6:04pm, welcoming everyone and thanking those calling into the meeting. Mr. Leis began by recognizing Lon and Rocky Morton (neither were present) for their good work in funding a new building for the Boys & Girls Clubs of Greater Conejo Valley in Newbury Park which was dedicated in their name yesterday.

- a. Approval of the November 18, 2015 Board Meeting Minutes **(Motion #16-150)**
 - i. Mr. Leis asked for a motion to approve the November 18 board meeting minutes. Peter Wollons motioned first, Ed Birch seconded, and the motion carried unanimously.

II. President’s Report

- a. General Campus Update
 - i. Dr. Richard Rush recognized Ed Birch for his upcoming award as the Santa Barbara Foundation’s Man of the Year. Mr. Birch will be honored for his extraordinary service and volunteerism to the Santa Barbara community at a March 9 reception.
 - ii. CI 2025 Update: Dr. Rush announced that our CI 2025 plan will be awarded the Outstanding Strategic Plan Award by the American Association of University Administrators in San Antonio in June.
 - 1. Dr. Rush recognized Ysabel Trinidad, CI’s VP of Business and *Financial Affairs*, and her team for their efforts in streamlining the CI 2025 plan and budget.
 - 2. Dr. Rush met with developers this afternoon. One will be selected soon to start developing the University Glen area.

- iii. Faculty Accomplishments: We have several faculty accomplishments since the last meeting.
 - 1. Associate Professor of Biology Nitika Parmar recently received a \$2.3M grant from the California Institute for Regenerative Medicine (CIRM). This is the 3rd grant of this sort that CI has received. The students that come out of this program are well trained and excel among cohorts from other universities and colleges.
 - 2. Assistant Art Professor/Historian Alison Perchuk received the Paul Mellon Senior Fellowship to finish her book. She competed nationally.
- iv. CI was chosen as 1 of 44 campuses nationally recognized for Re-imagining the First-Year Experience. Credit was given to Provost Hutchinson for her leadership on this project.
- v. The Governor recently cited the CSU system (23 campuses state-wide) for its low 4-year graduation rates. System-wide we are at 15% for 4-year graduation rates. The Governor would like to see the CSU system at 25% in four years. In essence, this means students in the CSU system are not proficient in English and Math.
 - 1. However, it's important to note that CI is at 24% and so we are very close to reaching that goal.
 - 2. Considering our 6-year graduation rates, we rank 2 in the system at 60%.
- b. Engineering Presentation
 - i. Dr. Rush introduced Professor Michael Soltys to present on Mechatronics.
 - ii. Dr. Soltys explained the benefits of this new engineering program for our area and why there is a need for it.
 - 1. The program will focus on small robotics and is still looking for funding.
 - 2. This is an initiative of the Campaign for CI.

III. Chair's Report

- a. Secretary Nomination **(Motion #16-151)**
 - i. Mr. Leis explained that it's necessary to fill the vacant secretary position. He thanked Larry Hibbler for his prior service in this role. Mr. Leis nominated Emilio Pozzi for the position.
 - ii. Mr. Leis called for a vote to approve Mr. Pozzi's nomination as Secretary.
 - 1. All present were in favor of the nomination. Everyone present and those participating by conference call agreed and the nomination was accepted.
- b. Committee Roster & Chairs
 - i. A new/updated roster for all current board committees was distributed. Mr. Leis pointed out a few changes, which included two new committee ideas:
 - 1. First, Mark Hartley informed us that he can no longer chair the Board Development Committee due to his busy travel schedule. He asked that we find a replacement. Mr. Leis has someone in mind for that position but he has not had a chance to speak with that individual. We will send out an email to the Board for a vote if/when he receive that person's acceptance.
 - 2. Second, Mr. Leis expressed an interested in setting up an Ad Hoc Committee. He postponed further discussion until after the Presidential Transition item.
 - 3. Third, the Executive Committee would like to make a recommendation that the Board consider creating an Investment Committee. Mr. Leis had previously discussed this with Doug McRae, Finance Committee Chair, and campus leadership. They plan to look into this idea further and will report back to the Board on the proposed structure and rationale.
 - 4. Fourth, a new Ad Hoc Committee which was explained later in the meeting.

IV. Finance Committee

Mr. Leis conveyed Mr. McRae's regrets for missing tonight's meeting. He gave Mr. McRae's report and highlighted the following:

- a. Investment Report
 - i. Beacon Pointe reported overall performance through December 31 and the month of January, noting performance was primarily negative.
 - ii. The Wedgewood Fund has been put on the watch list.
- b. Investment Firm Discussion: Mr. Leis noted that our returns are lower than CSU sister campuses. We have had Beacon Pointe as our advisors since late 2014,
 - i. Returning to the proposed Investment Committee topic, Mr. Leis recapped the Finance and Executive committee discussion:
 1. After some debate, Janet Garufis moved to create an Investment Committee that will evaluate investment performance, create an investment objective, and be accountable to the Board. The Financial component would be deferred to the Executive Committee. Mr. Birch seconded the motion, however, it was not immediately accepted by all.
 - ii. Mr. Leis requested feedback from the Board and various other options were presented and discussed.
 1. Mr. Leis thanked the group for their feedback and called for a motion to approve a subcommittee of the Finance Committee to focus solely on the investment portfolio performance.
 2. Motion #16-156 was added for the creation of an Investment Subcommittee as a result of this discussion. Mr. Meissner motioned first, Mr. Birch seconded, and all present agreed. The motion passed without any opposition.
 3. Mr. Meissner expressed this should be a fluid and active process. He encouraged Mr. Leis to bring this back to the Board should there be a change in direction and Mr. Leis agreed to do so.
 - ii. Mr. Leis requested feedback from the Board and various other options were presented and discussed.
 1. Mr. Leis thanked the group for their feedback and called for a motion to approve a subcommittee of the Finance Committee to focus solely on the investment portfolio performance.
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 3. Mr. Meissner expressed this should be a fluid and active process. He encouraged Mr. Leis to bring this back to the Board should there be a change in direction and Mr. Leis agreed to do so.
- c. In addition, Mr. Leis addressed some concerns that the Board asked at the November meeting related to Beacon Pointe's presentation. He reported on the following items:
 - i. CI's portfolio is 100% liquid: 75% liquid one day after trade and 25% after 3 days.
 - ii. Fossil Fuel Exposure is 4% of the total portfolio, equating to \$496K
 - iii. The criteria of a qualified purchaser states not less than \$25M; however, Beacon Pointe will provide possible investment strategies in the illiquid alternative space that meets Channel Islands accredited status.
 - iv. The Lagomarsino CRAT, managed by Rabobank, shows returns down by 2% compared to a bench mark of 1.3 % as of December 31. We are invading principal on because the original fund was set up when interest rates where high.
 - v. The Spending Rate was reduced from 4% to 3%; for fall 2016 and spring 2017 it was unanimously approved by 90% of board last December.
- d. Foundation financials were reviewed and the following highlights were reported on:
 - i. Statement of Net Assets: The Finance Committee, based on staff recommendation, approved transferring \$1.2 million unrestricted cash to a Vanguard Index Bond Fund
 - ii. Statement of Activity Compared to Budget: Investment earnings were reported and results for the quarter ending 12/31 reflect a 10.8% decrease from projections. The original budget was forecasted using a 10-year annualized rate of return of 6.10%. Projection through 06/30/16 will be analyzed to anticipate a loss versus flat projection.
 - iii. Audit Update: Mr. Leis explained that a Request for Proposal for Auditing Services will be released by the campus; he expects to provide an update at the next meeting.

V. Board Development Committee

- a. Vote on New Board Member **(Motion #16-152)**
 - i. Mr. Leis shared the Board Development Committee report until a new chair can be identified.
 1. Previously a 10-day review was distributed for Ted Bagley and so far we've received nothing but positive responses. His bio was shown on the screen for those present. Mr. Bagley is eager to join the board and is ready to be voted on.
 2. Mr. Leis called for a motion to appoint Mr. Bagley to the Board. Mr. Pozzi motioned first, Mr. Wollons seconded, and the motioned carried unanimously.
- b. Update on Prospective Board Members
 - i. As per our bylaws, we can have a maximum of 35 members. We currently have 24 directors which includes 1 faculty representative. There are 2 ex-officio members and 1 student representative as well. We have the opportunity to recruit 11 new members. Anyone who meets our desired qualifications can be forwarded to Mr. Leis or Nichole Ipach.

After this report, Dr. Rush excused himself and bid everyone a good night.

VI. Campaign for CI

- a. Mr. Leis asked for a Campaign Update from Ms. Ipach.
 - i. Ms. Ipach presented on campaign giving to date, highlighting the total philanthropic contributions by fundraising categories (includes booked and soft commitments) and reported total giving of \$6,707,079.61 towards our 6/30/16 goal of \$10M.
 - ii. Ms. Ipach commented on our success rate. 71% of people we ask will give us some gift. The majority give approximately 60% of what we asking for.
- b. Campus Beautification/Central Mall Follow-up **(Motion #16-153)**
 - i. Mr. Leis asked Ms. Ipach to walk the Board through the Executive Summary for Campus Beautification. Ms. Ipach stated that President Rush has prioritized the completion of the Central Mall for this year's fundraising goal.
 - ii. Currently the Mall is unfinished and it will cost approximately \$2M to complete it. Along with the campaign goal of \$10M, this puts a strain on her and her team's fundraising efforts. Ms. Ipach discussed this with Mr. Leis and wanted to present to the Board the proposal to incorporate Campus Beautification, as another fundraising initiative, into the Campaign for CI. Ms. Ipach fielded questions and confirmed that including this initiative will not change the original \$10M fundraising goal.
 - iii. Mr. Birch moved to bring this motion forward and all present were in favor. The motion carried unanimously.

VII. Presidential Transition

- a. The Board discussed ways to honor Dr. Rush in light of his significant contributions. Understanding the plan for the Central Mall, board leadership recognized the sculpture garden as a naming opportunity as a place to recognize President Rush.
 - i. Ms. Ipach noted that the sculpture garden was always intended to be a feature of the Central Mall. In addition, there are funds available and earmarked for this purpose.
 - ii. Ms. Ipach mentioned the CSU policy pertaining to naming opportunities for presidents. There is a 2-year cooling off period for significant spaces on campus to be named for a departing administrator or president.

- iii. Ms. Ipach requested a recommendation from the Board to bring this forward to the Chancellor's Office.
 - I. Ms. Garufis made a motion to recommend to the Chancellor's office that we designate funds to create a sculpture garden in honor of President Rush.
- iv. Mr. Pozzi asked about how fundraisers are soliciting sculpture donations for this project. He offered to donate the first piece. Ms. Ipach promptly thanked him.
- v. Ms. Ipach noted that an additional \$250,000 is what is needed to develop the sculpture garden. The background was provided in the Executive Summary on Campus Beautification included in the meeting materials.
- b. Upcoming events to recognize Dr. Rush were announced: I.
 - i. President's Circle Celebration in tribute to President Rush on February 25th at the Westlake Village Inn; John Notter was acknowledged for his support.
 - ii. President's Farewell Dinner "From Inspiration to Innovation: Celebrating Visionary Leadership" on April 9th at the Reagan Library.
- c. Ad hoc Committee in Preparation for Transition (Note: no formal motion occurred)
 - i. Mr. Leis would like to form an Ad Hoc Committee to assist the Board during the presidential transition with general consensus from the Board. He has certain members in mind and plans to connect with them in the near future.
 - ii. This group will assist in the on-boarding process/transition of the new president by creating a vision document that includes board structure and goals for the future. Once the committee is constituted a follow-up email will be sent to the Board.
- d. A Report on the Presidential Search was provided by Ms. Ipach, Mr. Kearney, and Professor Wyles. All three served on the Search Committee and interview panel. They put forward three candidates to the Chancellor and the CSU Board of Trustees.
 - i. Mr. Kearney noted that all three final candidates would be a great fit for CI. Search committee members felt free to voice their concerns and comments during this process and were pleased to represent the campus and the Foundation Board.
 - ii. The first meeting the new President will attend will be the August Board Retreat.

VIII. Old/New Business – George Leis

- a. Revision of 2016 Calendar of Meetings **(Motion #16-155)**
 - i. There are two calendar changes. The April quarterly meeting for the board was moved to May to align with financial and investment reporting. Also, the Board Retreat was extended to a 2-day retreat in August. There would be a ½ day meeting on Friday, August 26, to attend to board business and a full day meeting on Saturday, August 27.
 - I. Ms. Ipach and her staff are working on bringing in a consultant from AGB to facilitate the strategic planning session.
 - ii. Mr. Leis called for a motion to approve these calendar changes and move forward with the new dates for the upcoming meetings.
 - I. Mr. Birch motioned first, Mr. Wollons seconded, and the motion carried.

IX. Adjourn

- a. Mr. Leis thanked everyone for participating and called for a motion to adjourn at 7:44pm.
 - i. Hugh Cassar motioned first and Mr. Pozzi seconded and the meeting was adjourned.

APPROVED:

Date

6/6/16

Emilio Pozzi, Secretary