



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  
MAY 4, 2016 | 6:00 PM – 7:30 PM

IN ATTENDANCE	
Members Present:	Staff Present:
Ted Bagley	Chris Meissner
Hugh Cassar	Diane Palumbo
Henry Dubroff	Lois Rice
Bob England	Richard Rush
Mark Hartley	Cindy Wyels
Bill Kearney	Peter Wollons
Hank Lacayo	Scott Zolke
George Leis	Zohar Ziv
Doug McRae	
	Stephanie Bracamontes
	Nichole Ipach
	Danielle Quillan
	Elizabeth Rubalcava
	Ysabel Trinidad

MEMBERS ABSENT
Ed Birch
Janet Garufis
Christine Garvey
Larry Hibbler
Ralph Iannelli
Lon Morton
John Notter
Emilio Pozzi
Blaise Simqu
Alex Yopez

**I. Welcome & Celebration of President Rush**

- a. George Leis welcomed everyone and began the meeting at 6:10 p.m. Since this is Dr. Rush's last Board meeting, Mr. Leis shared the farewell tribute video.
- b. Mr. Leis thanked Dr. Rush for his strong, visionary leadership, great sense of humor and friendship. Mr. Leis toasted Dr. Rush with all those present and asked him to share a few words.

**II. Approval of the February 24, 2016 Regular Board Meeting Minutes**

- a. Mr. Leis asked for a motion to approve the February 24<sup>th</sup> meeting minutes. Mark Hartley moved to accept the meeting minutes with no changes, Henry Dubroff seconded, and the motion passed unanimously. (Motion #16-157)

**III. President's Report**

- a. General Campus Updates
  - i. 2025 presentation to Chancellor and Board of Trustees
    - I. Dr. Rush thanked Ysabel Trinidad and her team for their hard work on this innovative proposal.
  - ii. CI Faculty Senate will meet next week and vote on the creation of the Engineering Program (Prof. Michael Soltys gave a presentation at the February Board meeting).
    - I. The vote should be unanimous because there is a need for this program and the faculty are excited about starting an Engineering program at CI.

- iii. Honorary Doctorate presentations
  - 1. Ms. Sara Miller McCune will be presented on Saturday, May 14<sup>th</sup> at the SAGE Research Forum luncheon.
  - 2. Dr. Mark Lisagor will be presented at the 9 a.m. Commencement Ceremony on Saturday, May 21<sup>st</sup>.
- iv. Dr. Cindy Wyels, our faculty representative, has been named Faculty Senate Chair for the academic year 2016-2017.

#### **IV. Chair's Report**

- a. Since the last Board meeting, we have recruited two new members, both are exceptional individuals: Ted Bagley and Lois Rice.
  - i. Both Ms. Rice and Mr. Bagley were invited to give remarks.
- b. Appointment of New Board Development Chair
  - i. Zohar Ziv has accepted the invitation to become the Chair of the Board Development Committee.
  - ii. Mr. Leis asked for a motion to approve Mr. Ziv's new appointment.
    - 1. Mr. Bagley moved to approve, Mr. Dubroff seconded, and all present agreed. The motion passed unanimously. (Motion #16-158)
    - 2. Mr. Ziv gave brief remarks.
- c. New Finance & Investment Committee Structure
  - i. Executive Committee reviewed and approved the new structure of the Finance Committee. The committee was renamed as the Finance and Investment Committee and will have a stronger focus on investments.
  - ii. Doug McRae continues as Chair but additional members with expertise in investments were recruited.
    - 1. The new members are Ralph Iannelli, Lon Morton and Christine Garvey. An updated Committee Roster was included in the meeting packet.
  - iii. In addition, the format of the meeting has been modified so that quarterly financials and routine matters are reviewed first in expedited fashion so that more time can be allotted for review of our investment portfolio.
- d. Recognition of Outgoing Members
  - i. Larry Hibbler has resigned from the board effective immediately. Mr. Leis recognized him for his service to the Foundation and the University.
  - ii. In addition, Bob England served two terms, for a total of six years, and is terming off. He will continue to serve the University on the Planned Giving Advisory Council.
    - 1. Mr. Leis presented a token of gratitude to Mr. England for his service.

#### **V. Finance Committee**

- a. Mr. McRae gave the Financial & Investment Report. The following are highlights:
  - i. The new Finance & Investment Committee has double the number of Board members, three of which have significant investment experience.
  - ii. Short term investments: We have consolidated \$1.4M of our unrestricted funds into a short term fund to create a reserve fund, which is getting 1% of return.



- iii. Statement of Activity – Reference page 10 of the meeting packet. The layout has footnotes, as requested from the last meeting, to improve the reading of the report.
  - iv. Investment Report – Pages 19 & 21 (Total Composite Performance) show the first quarter of 2016 investments reports and improvements have been made in every single category, as compared to the end of last year (2015) when those same accounts under performed the index policy.
    - 1. Fossil Fuels – Out of our \$12.5M portfolio, about \$500,000 of our funds are invested in various funds that also have fossil fuel participation.
      - a. From year end until present, the portfolio has gone from about 4% to 5% in fossil fuel holdings. This is due to the oil market prices rising.
        - i. Beacon Pointe does not think that this percentage is enough to cause the elimination of all liquidation of fossil fuels.
      - b. Ysabel Trinidad and her team have been watching the market closely because this has developed into a national concern. Dr. Rush asked Ms. Trinidad and the Finance Committee to assess this carefully.
    - 2. Investment earnings - Earnings forecast through 6/30/16 reflect a new projection of -1.5% return. Full recovery for fiscal year 6/30/16 is not expected.
  - v. Endowment Report – There have been some questions about the liquidity of our portfolio. Last year there was concern because this fund includes scholarships. Also, certain funds under performing caused there to be a decrease in the number of scholarships awarded.
    - 1. Decision was made to liquidate about \$2M in domestic and international equities and reinvest that amount into real estate funds to grow Foundation assets.
- b. Audit Committee Update
- i. Two firms have responded to the RFP.
  - ii. The Audit Selection Committee recommends Vasin Heyn & Co, with agreement from the VP of Business & Financial Affairs.
  - iii. Vasin Heyn & Co. will conduct audits for the Foundation and other University auxiliaries.
    - 1. Mr. McRae called for a motion to approve Vasin Heyn as auditor.
    - 2. Peter Wollons moved to approve, Bill Kearney seconded and the motion carried unanimously. (Motion #16-159)
- c. Approval of the FY 16/17 Budget
- i. Nichole Ipach gave a brief overview and explained the “Total Revenues” projected is \$1.7M and expenditures are \$2M bringing the projected Net position to \$21.4M for FY 16/17.
    - 1. Investment earnings are making contingency planning difficult.
    - 2. Expenses include faculty hiring and internships for students.
  - ii. Mr. McRae called for a motion to approve the FY 16/17 Foundation Budget, page 11 of the meeting packet.
    - 1. Hugh Cassar moved to approve the budget, Bill Kearney seconded, and the motion carried unanimously. (Motion #16-160)

## VI. Board Development Committee

- a. Mr. Ziv gave an update on board development and recruitment activities.
  - i. The committee is looking at the process for recruiting and is revising its documentation for selecting new board members. The Board is seeking potential new members that meet the following criteria:
    1. Business/community leader, decision-maker, ethical person, philanthropic and supportive of the campus and its mission, among other qualities.
    2. Diversity and representation in Santa Barbara would be ideal.
  - ii. If you have anyone in mind, please send those names to Ms. Ipach or Mr. Ziv.
    1. There is a 10 day review process after the committee vets each candidate.

## VII. Campaign for CI

- a. Mr. Leis reported on campaign giving. Overall, we've raised over \$7.1M since the start of the campaign.
  - i. Ms. Ipach added that there a lot of additional asks pending and some of which we are just waiting on paperwork. She expressed that we will meet our goal of \$10M before the campaign end date.
  - ii. The breakdown on campaign giving is as follows:

Category	Amount
Student Scholarships	\$4,130,050
General Campaign	\$2,601,642
Athletics	\$110,000
Undergraduate Research	\$108,165
Internships	\$95,000
Campus Beautification	\$47,914
Engineering	\$15,000
<b>Grand Total</b>	<b>\$7,107,771</b>

## VIII. Presidential Transition

- a. Presidential Transition Update
  - i. Dr. Rush excused himself at this point in the meeting and gave his farewell.
    1. He will be here through the summer and hopes to see members at Commencement on Saturday, May 21<sup>st</sup>.
  - ii. Mr. Leis invited Ms. Ipach to give a brief update on the Presidential Transition.
    1. President-Elect Dr. Erika Beck will visit the campus next week. Her visit will be the first campus wide introduction.
    2. Ms. Ipach explained that Dr. Beck has significant experience leading Nevada State; the campus inherited a factory and was tasked with turning it into a functioning university with considerably less help from the State.



- a. Dr. Beck assumes her role on August 8<sup>th</sup> and our next committee meetings are taking place on August 9<sup>th</sup>.
  - b. The Board will meet her at the Annual Retreat in August.
  - c. Ms. Ipach asked for help in creating a list of people in the community that Dr. Beck should meet.
- b. Sculpture Garden Update
    - i. Ms. Ipach is recommending that we dedicate the sculpture garden to Dr. Rush upon his departure and postpone its naming in light of CSU policy.
      - 1. All present agreed with this new proposal.
- c. Ad hoc Committee in Preparation for Transition
    - i. Mr. Leis is proposing a small Ad Hoc Committee to chronicle the legacy of the Board and its past actions and create a document for Dr. Beck to help her get acquainted with the Board and its role and responsibilities. Mr. Leis will be reaching out to a select few members to join.
- d. Recognition Efforts for President Rush
    - i. Board Dinner in honor of Dr. Rush
      - 1. A private dinner with spouses/significant others will be held this summer. Invitations will be sent to the entire board.

**IX. Old/New Business**

- a. Mr. Leis noted the following upcoming meetings and events.
  - i. Honorary Doctorate Ceremony for Sara Miller McCune, on Saturday, May 14<sup>th</sup>.
  - ii. Commencement Ceremonies on Saturday, May 21<sup>st</sup>; an Honorary Doctorate will be conveyed to Dr. Mark Lisagor at the 9a.m. ceremony.
  - iii. Annual Board Retreat on August 26-27. Ms. Ipach and her team are working out the details so more information will follow soon.
- b. Ms. Ipach reported that \$118,000+ was netted from the Farewell Celebration. There will be a scholarship fund created in honor of Dr. Rush.

**X. Adjourn**

- a. With no further business, Mr. Leis moved to adjourn the meeting at 7:45 p.m.
  - i. All those present agreed and the motion passed unanimously. (Motion #16-161)

APPROVED:

17/19/16  
 \_\_\_\_\_  
 Date

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 Emilio Pozzi, Secretary