



## FOUNDATION BOARD

### ANNUAL MEETING MINUTES

J. HANDEL EVANS BOARD ROOM | BROOME LIBRARY  
NOVEMBER 16, 2016 | 5:30 PM – 7:30 PM

#### **Members Present:**

Ted Bagley  
Erika Beck  
Henry Dubroff  
Christine Garvey  
Bill Kearney  
Hank Lacayo (via phone)  
George Leis  
Douglas McRae  
Chris Meissner  
Lon Morton (via phone)  
Diane Palumbo  
Emilio Pozzi  
Peter Wollons  
Zohar Ziv

#### **Members Absent:**

Ed Birch  
Hugh Cassar  
Janet Garufis  
Mark Hartley  
John Notter  
Lois Rice  
Scott Zolke

#### **Staff Present:**

Stephanie Bracamontes  
Nichole Ipach  
Diane Mandrafina  
Elizabeth Rubalcava  
Cathy Sanchez  
Ysabel Trinidad

#### **Guests:**

Betsy Grether  
Roland Vasin

#### **Campus Representatives:**

Michael Soltys  
Kaleb Law

#### Welcome

Chair George Leis opened the meeting by introducing Betsy Grether as a prospective board member and thanking her for attending.

Next, Mr. Leis welcomed CI students from Dr. Jenkins' non-profit management class who would be observing the meeting as part of a class assignment. He invited them to briefly introduce themselves and made himself available for questions after the meeting.

#### Audit Report

Mr. Doug McRae introduced the auditor, Mr. Roland Vasin of Vasin and Heyn. The Foundation Audit Committee met with Mr. Vasin in mid-September to review the audit for fiscal year 2015/2016. The Board was provided a copy of the audit report in their meeting packets.

Mr. Vasin stated there were no findings in the audit report and no internal deficiencies identified. Cash equivalent and short term investments increased during the year, as well as long term assets. Of the \$22M of total assets, close to \$20M is in liquid type assets or investments. Total liability did not change much over the year. The largest single revenue item that occurred was the contribution of art work.

Overall, there was close to a half million dollar surplus after all expenses for the year. Cash flow for the year did drop a bit, primarily due to \$3M of investments being purchased; however, the investments are an asset and, thus, categories changed from cash to investments.

In response to Mr. Leis' question about how Vasin's firm reconciles the stated value of art work versus what is recorded in the statement of audit, Mr. Vasin explained that the firm looks at documentation used to determine fair value. If reasonable in accordance with the firm's standards, they accept the number. There are standards for fair value which they reference and so they do look to other sources for information.

In closing, Mr. Vasin thanked Ms. Dianne Mandrafina and Ms. Stephanie Bracamontes for their cooperation throughout the audit process.

Mr. McRae called for a motion to accept the audit report. Ms. Christine Garvey motioned to approve the audit report, Mr. Ted Bagley seconded, and the motion (#16-169) carried unanimously.

### President's Report

President Erika Beck explained that she has been engaged in a listening tour on campus which will conclude mid-January. She has been hearing a resonating comment amongst faculty, staff, students, and alumni that, for the first 14 years, we really got the foundation of the campus right. There is an overwhelming sense of pride for the University and our students, as well as a culture of care for one another, a commitment to our future and an extraordinary partnership with our community. Dr. Beck also spoke of areas that need strengthening as we move forward, such as communication on campus, external communication, and precisely defining strategic objectives with full campus, Foundation and community participation. Dr. Beck expressed the desire to align strategic priorities with our resources to preserve better our future.

Next, Dr. Beck spoke about the great deal of emotion on campus following the election results. There was a peaceful rally on campus, as well as many dialogues and discussions. She was proud of how the campus came together in support of one another, reaffirming the values of the CI Community. She went on to enumerate various accomplishments.

The Santa Rosa Village Residential Facility and the expansion of Islands Café ribbon cutting ceremonies took place recently and were well attended.

The Computer Science Department is receiving a grant to participate in the NASA Swarmathon, a program which promotes research and development of swarm robotics algorithms for search and gathering. Mr. Soltys further explained that four teams of computer science students participated in the ACM coding competition with their best team coming in 15<sup>th</sup> place, which is two steps up from last year. There are approximately 85 to 90 teams that participate in the competition, including some from Ivy League institutions.

Dr. Beck reported that we received a \$6M grant from the Department of Education to support STEM. The cumulative total funding from the Department of Education received by the campus over the past 14 years is \$26M.

Dr. Beck also shared that Dr. Jenkins was named to the Pacific Coast Business Times' "40 under 40" list.

In closing, Dr. Beck welcomed Kaleb Law as the new student representative to the Foundation Board and expressed her delight in having his participation. She then reminded the Board about her holiday open house, "Beck the Halls," which will take place on December 4<sup>th</sup> at her home.

#### Approval of Minutes

Mr. Leis called for a motion to approve the August 26, 2016 Board Retreat minutes. Chris Meissner motioned to approve the minutes as presented, Hank Lacayo seconded, and the motion (#16-164) carried unanimously.

#### Chair's Report

Mr. Leis presented the item to appoint prospective board member, Betsy Grether, and thanked Bill Kearney for being instrumental in bringing this about. Ms. Grether stepped out briefly while the Board discussed her nomination and proceeded to vote on her membership. Based on the many positive comments received, Mr. Leis called for a motion to approve Ms. Grether's nomination to the board. Hank Lacayo motioned to approve, Henry Dubroff seconded, all present agreed, and the motion (#16-165) carried unanimously. Upon approval, Ms. Grether was invited back to the meeting and congratulated. Mr. Leis invited Ms. Grether to say a few words. She graciously accepted the appointment and expressed her pleasure in joining the Board.

Next, Mr. Leis presented the 2017 Slate of Officers. Janet Garufis, not present, recently submitted her resignation and through Mr. Leis expressed her gratitude for opportunity of serving on the Board. Mr. Leis explained that all officer positions are filled except Vice Chair. He explained that there is a nomination pending and expects to provide an update in the coming weeks via email. Understanding there is no Vice Chair at this time, Mr. Leis requested a motion to approve 2017 Slate of Officers. Henry Dubroff motioned to approve, Peter Wollons seconded and all present agreed and the motion (#16-166) carried unanimously.

#### Amended By-laws, Operating Agreement and Foundation Policies

Ms. Ipach presented the Amended and Restated By-laws and highlighted the most significant changes. She explained the need to have flexibility to retain key board members past their two 3- year terms and to define the roles of committees, particularly the Executive and Audit Committees.

With regard to the Operating Agreement, the Chancellor's office restated its compliance guidelines for campus auxiliaries; the Foundation is officially recognized as a CSU auxiliary. The renewed Operating Agreement contains amended language to ensure compliance with Title 5 which pertains to the CSU Board of Trustees to ensure there are no conflicts of interest. Ms. Ipach went on to explain the exhibits (policies) which accompany the Operating Agreement or relate to it in some respect.

The new Policy on Public Relations Funds is required by the Chancellor's Office and contains language that the CSU recommends and mirrors policies and best practices created by sister campuses. The Administration of Grants and Contracts Agreement gives the Foundation authorization to act as the sponsor on behalf of the campus, as necessary, when we administer grants and enter into contracts.

The Gift Acceptance Policy was streamlined to help define how the Foundation handles some of the more complicated gifts. There was brief discussion about the Gift Acceptance Committee and the Campus Acquisitions Committee and Ms. Ipach clarified the composition role of both committees.

There being no other questions, Mr. Leis requested a motion (#16-167) to approve the Amended and Restated By-laws, Operating Agreement, Policy on Use of Public Relations Funds, Administration of

Grants and Contracts Agreement between the CSU and the CI Foundation, and the Gift Acceptance Policy. Hank Lacayo motioned to approve, Chris Meissner seconded and all present agreed.

#### Finance and Investment Committee Report

Doug McRae recapped the conference call between Beacon Pointe and the Finance and Investment Committee concerning short term investments.

Statement of Activity shows auxiliary activities at \$459,000 which includes four grants totaling \$334,000, awarded fiscal year 2015-2016; however, these were deferred to the current year.

Next, Mr. McRae presented the revised Investment Policy which was recently updated with the following changes: The name of the Finance Committee was changed to the Finance and Investment Committee, the utilization of alternative investments was given clear definition and values for range and target columns, and minor changes were made under Benchmarks and Real-estate, and Social Responsibility sections.

Mr. McRae called for the approval of the revisions to the Investment Policy Statement. Christine Garvey motioned to approve the revised Investment Policy, Chris Meissner seconded, all present agreed and the motion (#16-168) carried unanimously.

Next, Mr. McRae conveyed the Finance and Investment Committee's decision to commit \$300,000 to a standalone Environment, Social and Governance (ESG) fund. The source is a grant that totaled \$250,000. \$50,000 comes from equity in the current endowment portfolio. Also, Mr. McRae spoke of embarking on an alternative investment program which allows commitments in real estate of small and mid-size commercial and multi-family properties in the western U.S., yielding 7.5% for a three year lock-up period as well as real estate fund investing in affordable housing in the U.S. across low-income tax credit housing, manufactured housing, and senior communities.

The Investment Report, as of September 30, shows strength in all segments, particularly in international equity, fixed income and alternative, which brought the portfolio value from 12.3 million to 13.4 million for the year to date.

Furthermore, the Finance and Investment Committee recommends to the Board continuing the 3% spending rate for fiscal year 2017 - 2018. Mr. McRae requested a motion to approve the 3% spending rate. Bill Kearney motioned to approve, Ms. Diane Palumbo seconded, all present agreed, and the motion (#16-168) was approved unanimously.

#### Board Development Committee Report

Mr. Zohar Ziv commented on the amended By-laws and thanked everyone for their approval. In addition, he welcomed Ms. Grether and announced that there are twelve openings on the Board. The Board can have up to 34 members, currently there are 21. Mr. Leis encouraged everyone present to help recruit for new members. He suggested that the Board diversify its membership particularly in financial services, gender, race, and possibly recruit alumni.

#### University Advancement Report

Ms. Ipach presented information regarding philanthropic productivity for fiscal year 2015-2016. She reported that gift receipts are up 113% from the last year and up 135% from two years ago. Cash

receipts are good, mostly due to increases in individual giving. Overall, our gift commitments from 2015-2016 were down from the year prior but this is not unusual for major gifts which typically fluctuate.

Our endowment market value is down from last year and down another 4% from two years ago; however, distributions are up. Our 2015-2016 numbers for total philanthropic commitments including differed gifts, pledges, outright gifts, and gifts in kind for the art was roughly \$ 5.3M and the year prior was about \$6.8M. In response to a member's question, Ms. Ipach explained how pledges are counted and recorded.

Ms. Ipach made mention of several upcoming events:

- President Beck's Open House, Sunday, December 4th
- Business and Technology Partnership's Holiday Mixer, Tuesday, December 13<sup>th</sup> and the Leadership Dinner, Thursday, April 20<sup>th</sup>
- Presidential Investiture, Friday, May 5<sup>th</sup>
- Commencement, Saturday, May 20<sup>th</sup>

#### Old/New Business

Mr. Leis presented the 2017 Calendar of Meetings and asked for its approval. Henry Dubroff moved to approve, Doug McRae seconded, all present agreed and the motion (#16-170) carried unanimously.

In closing, Mr. Leis reminded board members to sign and return the Conflict of Interest Forms. He also reminded everyone who attended the Retreat that they had discussed moving to an electronic meeting packet that would require a PC, MAC or iPad which will save time and cost. The Board would like the Wi-Fi code provided for future meetings so that materials can be easily viewed on any device.

#### Adjourn

Mr. Leis thanked the Board for their service and wished them a wonderful holiday and new year. President Beck brought gifts of truffles for each board member as "thank you" gifts and explained that they were prepared by campus catering's new pastry chef.

There being no further business, Mr. Leis adjourned the meeting at 7:30pm.

APPROVED:

\_\_\_\_\_  
Date

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Emilio Pozzi, Secretary