EXECUTIVE COMMITTEE MEETING
Thursday, September 10, 2015 ~ 3:00 P.M.

Pursuant to notice given, the Executive Committee of the CSUSB Philanthropic Foundation convened for a regular meeting at California State University, San Bernardino, 5500 University Parkway, San Bernardino, University Enterprises Board Room, on September 10, 2015.

Members Present:
Bryce Davis
Juan Delgado
Mark Edwards
Ron Fremont
Douglas Freer
Brian Haynes
Cole Jackson
William M. Stevenson
Edward Teyber

Members Absent:
James Ferguson
Mark Kaenel
Tomás Morales
Neale Perkins
Samuel Sudhakar
Ellen Weisser

Guests Present:
Beth Brenner
Lisa Iannolo
Pam Langford
Sarah Powell
Crystal Vickery

Welcome
As the Vice Chairperson, Edwards presided over the meeting due to Weisser's absence. Edwards called the meeting to order at 3:05 P.M.

Approval of the Minutes for Executive Committee Meeting-May 28, 2015
Motion: The minutes of the May 28, 2015 Executive Committee Meeting were reviewed and approved as written (Stevenson/Teyber/Unanimous).
Executive Director’s Report
Fremont welcomed everyone to the meeting and shared that President Morales sends his regrets at being unable to attend.

He provided the committee with updates to the board membership. Three members have resigned and two faculty members have either been added or renewed as faculty representatives to the Board of Directors.

Fremont reported on the success of the Mountain Communities Scholarship Fundraiser event on August 8, 2015 at the home of Neale and Patricia Perkins, and stated that over $100,000 was raised for the scholarship that evening.

He welcomed Mr. Juan Delgado as the Interim Provost and thus an ex-officio member to the CPF Board of Directors. The Executive Committee joined Fremont in welcoming him as a member.

Fremont discussed the 2014-2015 Chancellor’s audit and highlighted the finding that concerns the foundation’s handling of gifts in kind. Currently, the foundation holds gifts in kind such as works of art, scientific equipment and vehicles. Fremont stated that he conducted a poll of CSUSB’s sister campuses and he learned that their practice is to have these assets immediately transferred to the state, a practice that he plans to implement for the foundation. He has advanced this conversation with leadership on campus and his goal is to have policies in place by the end of the calendar year that will outline the transfer of gifts in kind out of the foundation and into the state. He affirmed that a foundation such as CPF should not be in the business of holding these types of assets other than cash and securities. He shared with the group that this is not a topic that will require a vote, but aimed to keep the executive committee appraised of the plan. An implication of adopting this change will be that assets of the foundation will appear smaller. By the beginning of the next calendar year, Fremont wants to have a comprehensive audit conducted of all unaccounted gifts in kind, so the transfer can occur smoothly.

Fremont then communicated on the fundraising data to the committee. He proclaimed that 2014-15 had been one of the most successful fundraising years in this history of the university in which over $14 million dollars were raised. He credited Brenner and her development team and the work of Annual Fund. As of last week alone, $250,000 was raised, partly from foundations including Schools First Credit Union.

Fremont discussed the 50th Anniversary calendar and pointed to the Legacy of Leadership event on September 20, 2015. It will be a lively development event, where funds will be raised to launch an endowment called the Legacy Fund that will support leadership and staff development, at every level. Its funding initiatives would include supporting student conferences, as well.

Since Kaenel and Hatcher were unavailable to make the Alumni Committee report, Fremont shared with the group the alumni events that will occur throughout the year. On the day of Convocation, all alumni will be treated to a reception and will be welcome to join the events of the day. In the following month, a 50th anniversary edition of Professor of the Day will launch. There will be 50 alumni who will participate as professors for a day, in honor of the 50th anniversary of the university. Fremont reported that the Alumni Mentoring Program is taking off. There are now 117 active alumni mentors.
Langford mentioned that Lou Monville, an alumnus of CSUSB and a CSU Board of Trustee, announced at the July Board of Trustees meeting that he is stepping down as a member so he can spend more time with his family. Applications for this position are due in November of this year.

**Financial Review**

Iannolo presented the draft set of financial statements for this past fiscal year ending in 2015 with comparative totals from the prior year. The statements have not been formally accepted by the auditors but she does not anticipate many changes, if any.

She showed that investment income primarily from dividends, are significantly higher than last year at $1 million compared to $660 thousand at the end of 2014. Unrealized gain was not as strong as last year. Investments were up only .6% compared to last year which finished strong at 15.8% in 2014, but she acknowledged that at least the endowments were not in the red. Realized gains were also down compared to 2014. Due to low investment gains, total revenue from operations is down from the prior year, $3.8 million compared to $7.5 million. However, expenses were down compared to 2014. There is an increase of net assets in the amount of $627,000 from the prior year.

Cash on hand has increased. Pledges are up by approximately $180,000. Long-term investments, which encompass the endowment pool, are relatively the same as in 2014. The art collection equals 3.2 million and will eventually come off the books since they will be transferred to the state. Total liabilities and net assets were at $36.98 million compared to last year which was at $35.88 million.

**Investment Committee Report**

Stevenson presented a comparison of manager performance at August 31st and at June 30th to display the loss to the portfolio given the market volatility. He states that August was a difficult month for investments but was pleased with how little of the down side CPF’s portfolio captured. He described this market interruption as a stress test to the portfolio. He explained that many of CPF’s managers are paired to gain upside but also to protect against downturns. Preservation of capital is the main priority of the portfolio and he is confident that the market will inevitably move up again.

**Advocacy Report**

Edwards presented a chart, entitled, “Legislation Update” that describes the current status of any legislation that affects the CSU. He provided an overview of some of those proposals. He pointed to legislation, SB707, which would prohibit a person with a concealed weapon permit from bringing a firearm on a K-12 campus or an institution of higher education, including the CSU. It was presented to the Governor on September 8, 2015 at 4:30 P.M. The current default is to not allow guns on campus, but there is some presidential leeway to allow for a person with a permit to carry. This bill would prohibit that.

He went on to discuss measure AB42 which would prohibit the CSU from increasing mandatory tuition and fees until 2018-19 fiscal year. It is opposed by the CSU system. It has not passed this year and is now a two-year bill.

Measure AB1000 is a proposal that codifies the recently adopted Board of Trustees’ policy on Category II Student Success Fees. It would prohibit the creation of a student success fee unless certain protocols
were followed, including a vote by the student body. This is a veto request for the CSU, but both Langford and Edwards anticipate that the Governor will not veto. Langford commented that there are systems already in place in regarding how CSUSB determines and utilizes student fees and it would be an example of the Legislature micromanaging the CSU.

Edwards moved to report on the Board of Trustees meeting last week. A discussion ensued on lifting the freeze on presidential salaries with the condition of ending the salary supplementation by foundations. This has been a hot button issue for the Governor. Edwards believes it is an ill-formed opinion, pointing to substantively larger presidential salaries at private colleges and that supplementation would not come from public money. Delgado pointed out that by limiting presidential salaries would limit the CSU’s ability to attract the best candidates.

50th Anniversary Board Testamentary Gift
Edwards provided an update on the board’s participation in giving a testamentary gift in tribute to the 50th anniversary of the university. He said that there are some gifts and commitments in place but much more needs to be accomplished to reach the goal of 100% participation. He stated that if the foundation will go to the larger community to seek donations, then those that sit in leadership on the Foundation board will need to have these commitments in place. Fremont said there will be some pro bono work on behalf of lawyers who can assist with the gift.

Board Assessment Fee
Edwards said that letters have gone out to everyone on the board to make the annual $1,000 minimum gift. He advised that members submit that right away.

Events of Notes
Notable events include the Legacy of Leadership, occurring on September 20th; Convocation, occurring on September 21st and the President’s Showcase, occurring on March 5th.

Adjourn
Motion: Meeting was adjourned at 4:25 P.M. (Teyber/Langford/Unanimous)
Signature of Minutes Approval
CSUSB Philanthropic Foundation
Executive Committee Meeting
Meeting Date: September 10, 2015 @ 3:00 P.M.
University Enterprises Board Room

Signature: [Signature] Date: 11/19/15

Print Name: James A. Ferguson

Board Position: Philanthropic Board - Secretary