Board of Trustees Meeting Minutes
Thursday, January 23, 2014

Present: Lisa Chavez, William Covino, Yoshiko Fong, Jose Gomez, Jeanette Gordon, Michael Hagerthy, John Isaacson, Mark Kleinsmith, Morris Jones, William Lewis, Jorge Ramirez, Leila Ricci, Frank Saito, Mae Santos, Molly Talcott, Mongwei Wee, Tony Wong

Absent With Excuse: Kevin Baaske, Marlene Carney

Guests: Michael Soldatenko, Academic Senate Representative, Peter Smits, Vice President, Fresno State, Laura Carlson-Weiner, Director, Advancement Services, Maria Ubago, Executive Director, Alumni Relations, Zanlyn Chiew, Student and Advancement Services Coordinator, Thomas Leung, University Controller, Susana Moreno, Administrative Analyst/Specialist, Institutional Advancement

Mr. Isaacson called the meeting to order at 11:19 a.m.

President’s Report

Mr. Isaacson welcomed the Trustees and guests.

The minutes of the September 26, 2013 Board of Trustees meeting were presented for approval.

It was moved by Ms. Fong and seconded by Judge Jones and carried to approve the minutes of the September 26, 2013 Board of Trustee minutes as presented.

With no further comments, a verbal vote was conducted and the motion passed.

Mr. Isaacson mentioned that he has had several occasions to meet with the President and Dr. Peter Smits and shared a few items of discussion:

- the President is very interested in increasing the level of funding in the Foundation’s endowment,
- that the Board be given opportunities to gain a better understanding of some of the activities that transpire at the University, and
- to invite guests to future Board meetings when relevant.

Because of those conversations, today’s guests are part of the gift and development staff. Mr. Isaacson made the following introductions:
President Covino’s Report

President Covino stated that he has been very impressed with the positive impact that philanthropy and fundraising have had on CSULA’s students and faculty. President Covino mentioned that the Trustees of the CSULA Foundation are critical to CSULA’s fundraising success and understands how inexorably connected the university is to the overall economic strength of the region.

President Covino proceeded to share his campaign experiences while provost at Fresno State and stated that his intentions are to invest time, energy and resources in CSULA’s efforts to increase private support. President Covino invited each Trustee to join him as he outlined his plan for the Foundation to take philanthropy to the next level for CSULA.

Peter Smit, Vice President for University Advancement at Fresno State - Dr. Smits provided a brief background of his work experiences and his outlook in Advancement. Dr. Smit stated that he has worked in public education for 44 years, with 20 years at Fresno State. Dr. Smit proceeded to share his experience working with donors, the donor’s investment and beliefs in the university, and their commitment to making gifts. Dr. Smits also shared examples of faculty involvement when working with donors and their prospective programs.

Committee Reports

Investment and Finance Committee – Mr. Isaacson provided the following information.

Mr. Isaacson reported that the Investment and Finance Committee met earlier and proceeded to report that the total portfolio value as of December 31, 2013 was a positive $23,476,000, which represents an investment gain of $3,036,000 since inception.

The Committee reviewed the manager’s performance, and the portfolio’s performance against the relative set targets noting that all the numbers were fine.

Mr. Isaacson also reported on the Investment Policy Statement’s Spending Formula, reminding the Trustees of the President’s intent to invest more State resources in University Advancement with the goal to use unrestricted gifts to fund fundraising. To accomplish this, the Investment and Finance Committee agreed to recommend that the Foundation join President Covino in increasing the capacity to raise funds by investing more in the administration of the Development program by increasing the administrative expense fee in our spending formula from 1.0% to 1.5%.

Mr. Isaacson reviewed the spending formula redistribution and the correlation of the projected distribution to account holders. Mr. Isaacson reminded the Trustees that the period of observation for scholarship distributions begins in January with a preliminary recommendation to account holders. The Board would then revisit the options in April and with a final distribution decision in June. This allows account holders more time for the scholarship office and scholarship committees to make their distribution decisions.

Consistence with the reduction of the spending by 0.25%, the distribution for Fiscal Year 2014-2015 would decrease from 4.0% to 3.75%. However, Mr. Isaacson went on to explain that the dollar
distributed to account holders would increase by approximately $100,000 thanks to the very strong performance in the portfolio.

The Trustees were referred to the supporting documentation of the distribution option illustrating that $852,864.19 would be disbursed.

A motion was made Mr. Lewis and seconded by Dr. Ricci to approve the projected fiscal year 2014-2015 distribution of 3.75% to account holders.

With no further discussion, a verbal vote was conducted and the motion passed.

Presidential Investiture – Dr. Gomez asked for a motion to approve the allocation of $150,000 from the Foundation’s reserves for use by the University for the Investiture of President Covino. The funds would offset the costs of a weeks’ worth of investiture activities/events in May.

The motion was made by Mr. Ramirez and seconded by Judge Jones.

With no further discussion, a verbal vote was conducted and the motion passed.

Revised Investment Policy Statement – Mr. Isaacson explained that the first revision, relating to the 0.25% spending policy was discussed earlier and the second was added language stipulating that the Foundation’s Investment Management Consultant would increase the amount of information and guidance provided to the Investment and Finance Committee. Investment Management Consultants would also provide information when a manager is downgraded or placed on “watch” status, allowing the Committee to exercise their fiduciary responsibilities in approving manager changes.

A motion was made by Mr. Hagerthy and seconded by Ms. Fong to approve the revised Investment Policy Statement as recommended by the Investment and Finance Committee.

With no further discussion, a verbal vote was conducted and the motion passed.

Audit Report

Chancellor’s Office Auxiliary Audit Report – Ms. Wee reported that there were two findings in the Chancellor’s Auxiliary Audit Report: (1) The Foundation Articles of Incorporation and By-laws did not reflect the proper dissolution clause and (2) the Foundation did not have written hiring/separation procedures for students who work for Annual Giving. Ms. Wee also mentioned that these issues have been remediated and resolved.

Ms. Chavez explained that the Chancellor’s Auxiliary Audit is conducted every three years with a comprehensive look at the operations of all the auxiliaries on campus.

Status of IRS Form 990 – Ms. Wee reported that the Foundation filed for an extension due to the vacant position of the tax specialist.

Development and Gift Acceptance Committee
Mr. Ramirez reported that today’s meeting report will include up-to-date fundraising activities, recent donations to CSULA, the Advancement Plan submitted to the Chancellor’s Office, and the University transition plans between now and June 30.

Mr. Ramirez introduced Laura Carlson-Weiner who provided the following report.

Overall Fund Raising Totals - The University raised nearly $3.6 million in private gift receivables and over $261,000 in new pledges and grant awards since July 1, 2013. Of these funds, over $2.4 was earmarked for CSULA Foundation accounts.

Second Quarter Highlights – During the second quarter the University has received philanthropic gifts totaling over $2.1 million.

Recent Donation Highlights:

The CSULA Foundation received an initial distribution of $1,000,000 from a realized bequest from the estate of a 1954 alumna. The alumna received her B.S. degree in Spanish. She lived near the campus all of her life and had made smaller gifts to the Annual Fund since 1987 and most recently to President’s Associates. A second distribution of $1.3 million is expected later this fiscal year. This initial allocation will be used to establish an endowed scholarship fund in her name. In addition, her bequest provided a gift of $15,000 for the University Library.

A second realized estate bequest was received in the amount of $350,000 from the estate of the sister of a former Cal State L.A. professor emeritus of marketing who taught at CSULA from 1962-1986. This bequest will benefit the College of Business and Economics. The former professor emeritus had predeceased her sister and it was her philanthropic wishes to support the College of Business and Economics.

A grant of $395,000 was received from a local foundation to provide continuing support to the Cal SOAP Scholarship Program on campus.

Two former campus administrators pledged $350,000 to establish an endowed fund to support student services in the EOP and Summer Bridge Program. The first payment of $176,000 was received in August 2013. This gift will be recognized by naming the Student Services Center (SA 110) in their honor.

The Annual Fund and President’s Associates Program brought in over $142,000 in funding.

Upcoming Events:

Save the Date for the Pat Brown Institute Awards Dinner – The Pat Brown Institute will be holding their 33rd annual awards dinner at the Biltmore Hotel on April 24 at 6 p.m.

Save the Date for The Presidential Investiture - The Investiture of President William Covino will take place on Friday, May 9 at 11 a.m. in the Luckman Fine Arts Complex. Activities and events will be held throughout the week.
Dr. Smits referred the Trustees to the University Advancement Plan 2013-2014 in their agenda packets and proceeded to report that this is an annual plan required by the Chancellor’s Office. Dr. Smits provided a summary of the report, which includes an environmental scan, and up to three goals set by the President.

**Transition Plans through June 30, 2014**

Dr. Smits reported that his role with President Covino, Dr. Gomez and Mr. Isaacson is to make sure that the apparatus of the Foundation and development continue to work. Dr. Smits will be meeting with college deans and development directors to compile a list of donors and prospects that require stewardship for gifts given, or who are entertaining proposals.

Dr. Smits provided additional information regarding the databases under consideration and reported that by early spring the University will be able to identify a vendor. Dr. Smits reported that the data conversion will be a huge project and anticipates that the conversion will be well underway when the new Vice President arrives. Vendors being considered are Ellucin and Blackbaud Inc.

**Governance Committee**

Judge Jones reported that the Governance Committee would convene in the near future to review policies, processes and procedures for both the Foundation and University Development. The Committee will address issues of best practices, transparency, independence, accountability, fiduciary responsibility and management oversight.

Judge Jones also mentioned that California Governor Jerry Brown has signed Assembly Bill 1266 a groundbreaking bill, which will allow transgender youth the right "to participate in sex-segregated programs, activities and facilities" based on their self-perception, regardless of their birth gender. Judge Jones will provide further information and determine whether this Bill will affect the policies of the Foundation.

**Treasurer’s Report**

Ms. Santos reviewed the financial statements for the six months ended December 31, 2013.

Total Inflows were $4,655,793 with outflows at $816,003 generating a net flow of $3,839,790 and an ending fund balance of $30,494,232.

The Statement of Financial Position and the Statement of Activities were reviewed.

**Executive Director’s Report**

Search for Vice President for University Advancement and Executive Director, CSULA Foundation - Dr. Gomez reported that an aggressive search is underway and the firm of Isaacson and Miller (no relation to Trustee Isaacson), a national search firm, has been enlisted to assist with this undertaking. A search committee has been established and Dr. Gomez will keep the Trustees informed as details arise.

Search for Associate Vice President for Communications and Public Affairs – Dr. Gomez reported that candidates were interviewed via Skype and have been narrowed to four candidates who will be on campus the week of January 27, 2014. Dr. Gomez also indicated that one of the responsibilities the candidate would address would be to lead a significant branding campaign for the University. The University is expected to fill this position by the February 28, 2014.
Ms. Ubago was introduced and she proceeded to provide the following information regarding the CSULA Alumni Awards Gala. The Gala will take place on Friday, February 7 at 6:30 p.m. in the Golden Eagle Ballroom. This event is a wonderful way to recognize and pay tribute to our many distinguished alumni and volunteers. Carol Jackson, the CSULA Foundation’s past president is being honored that night as she receives the University Service Award.

Next Meeting

The next CSULA Foundation Board of Trustees meeting is scheduled for Thursday, April 24, 2014 at Cal State L.A., Raquel Soriano Board Room.

With no other business, a motion to adjourn was made by Judge Jones and seconded by Mr. Saito. The meeting was adjourned at 12:40 p.m.

CSULA Foundation Board Minutes

As Secretary of the CSULA Foundation, the draft minutes of the January 23, 2014 meeting have been approved as presented.

Jeanette L. Gordon

Date