The CSULA Foundation Board of Directors
Meeting Minutes
Thursday, June 25, 2009

Present: Scott Bowman, Kyle Button, Jennifer Chemel, Fred Lopez, Frank Saito, Mae Santos, Gilbert Vasquez

Absent With Excuse: Kevin Baaske, Carolyn Frank, Carol Jackson, Mary Pat McEnroe, George Pardon, Timothy Rogers, Sami Siddiqui, Elizabeth Wheeler

Guests: Thomas Leung, University Controller, Susana Moreno, Administrative Analyst/Specialist, Institutional Advancement, Joaquin Beltran, ASI President-Elect, Dr. Derrick Chau, Principal, Marc and Eva Stern Math and Science School

The meeting was called to order at 11:08 a.m. and Mr. Saito thanked everyone for attending.

President’s Report

Mr. Saito introduced Dr. Derrick Chau, Principal, Marc and Eva Stern Math and Science School (MASS Stern). Dr. Chau thanked the Board for holding their meeting at the MASS Stern School, and proceeded to describe the collaboration between Alliance College-Ready Public Schools and California State University, Los Angeles.

Mr. Saito mentioned that due to schedule conflicts of Board members, all action items would be reviewed, discussed and approved while there was a majority of the quorum.

The minutes of the April 30, 2009 Board meeting were presented for approval.

A motion was made by Ms. Chemel and second by Dr. Bowman to approve the April 30, 2009 Board minutes as presented.

A verbal vote was conducted and the motion was passed.

Proposed Slate of Officers - Mr. Lopez presented the 2009-2010 Proposed Slate of Officers and the nomination of the new student representative.
Mr. Button reminded the Board that the Foundation By-Laws state that the Treasurer of the Foundation shall be appointed by the Chief Financial Officer of CSULA, subject to ratification by the Board. Mr. Pardon has recommended Ms. Mae Santos, Director of University Budgets to the position.

Dr. Bowman reported that Dr. Kevin Baaske was no longer chair of the Academic Senate. Dr. Bowman is currently serving as the chair for the summer quarter and Dr. Robert Land will replace Dr. Baaske in the fall as chair of the Academic Senate.

A motion was made by Ms. Chemel and second by Dr. Bowman to accept the 2009-2010 Proposed Slate of Officers as presented and Mr. Joaquin Beltran as the new student representative.

A verbal vote was conducted and the motion passed.

Election of Officers / Student Representative – The new slate of officers was presented and the Committee is proposing the following slate of officers for an additional one-year term:

President: Mr. Frank Saito
Vice President: Mr. Alfred Lopez
Secretary: Mr. Gilbert Vasquez
Treasurer: Ms. Mae Santos

Student Representative: Joaquin Beltran

A motion was made by Dr. Bowman and second by Ms. Chemel to elect the 2009-2010 Slate of Officers as presented and that the student representative term will commence July 1, 2009.

A verbal vote was conducted and the motion passed.

The current and continuing board members were also acknowledged.

Mr. Beltran proceeded to give a brief overview of his background and was welcomed to the Board.

The out-going student representative, Ms. Jennifer Chemel, was thanked for her services on the Board and wished well in her future endeavors.
Distribution Allocation for 2009-2010 – Mr. Button reported that due to lack of earnings from the Foundation’s investment portfolio (similar to other endowments nationwide), distributions will be limited. In light of this situation, the Committee decided that student scholarships would be considered as the highest priority with regard to such distributions. The Investment and Finance Committee met earlier and reviewed the methodology that would distribute from undesignated funds a 4.5% payout for each endowment up to a maximum of $1,500 per account. Mr. Button also clarified that endowed projects (non-scholarships) would not be funded.

Mr. Button proceeded to explain how this distribution would be financed; stating that $200,000 of discretionary monies derived from the sale of the Barton Estate would be used for the distribution, which will be repaid over a period of four years from the proceeds of the Annual Fund.

A motion was made by Ms. Chemel and second by Dr. Bowman to approve the 2009-2010 Allocation to account holders as recommended by the Investment and Finance Committee.

With the formal approval of the Board, Mr. Button will notify the account holders of this action.

Operating Budget Proposal for Fiscal Year 2009-2010 – Mr. Button revealed that the CSULA Foundation and most institutionally related foundations take 1-2% of earnings in any year to help finance the operations of the non-profit organization. Seeing as the Foundation did not distribute earnings to account holders this year, there were no fees requested to support the operating budget for 2009/2010.

Mr. Button proceeded to review the 2008/2009 and the projected 2009/2010 operating budget and expenses.

After a brief discussion regarding the line items, expenses, and source of revenues, a motion was made by Mr. Lopez and second by Dr. Bowman to approve the Operating Budget for Fiscal Year 2009-2010 as presented.

A verbal vote was conducted and the motion passed.

Annual Certifications

Mr. Saito mentioned that the Conflict of Interest Statement and Volunteer Appointment forms were distributed to Board members. Mr. Saito reminded the Board that this was consistent with the CSULA Foundation policy and audit requirements.
Committee Reports

Governance Committee Report

Standard of Conduct – Mr. Lopez referred the Board to the CASE Principles of Practice for Fund-Raising Professionals at Educational Institutions included in their packets.

It was reiterated that these principles represent the integrity of the institution and of the fund-raising profession. Two specific items under Compensation were pointed out – stating that we cannot pay compensation to individuals with respect to a gift or information leading to a gift – i.e., “finder fees,” and cannot accept commission-based compensation or compensation based on a percentage of funds raised.

Board Expectations – Mr. Lopez referred the Board to the Expectations of CSULA Foundation Board Membership in their packets and asked that each Board member re-endorse by reviewing the document.

Mr. Button was asked to clarify “the participation in the life of the University by attending other University functions.” Mr. Button gave an example of the upcoming Billie Jean King and Friends Dinner Auction being held on October 17, 2009. The Board was reminded that the Foundation participates in supporting this event by making it available to Board members and their guest who might be interested in learning or becoming involved in supporting the University.

Mr. Button also states that this year, there will be an effort to increase the activity of the Governance Committee in making recommendations for new board members.

Investment and Finance Committee Report

In Ms. Jackson’s absence, Mr. Saito stated that the Investment Committee met earlier, and proceeded to report on the Foundation’s portfolio and the impact of the fourth quarter. Mr. Saito also informed the Board on the Morgan Stanley Smith Barney merger which became official June 1, 2009.

A summary of the asset growth and portfolio returns were reported, quarter-to-date, March 31 to May 29, 2009, the total gross returns were a positive 12.6%, year-to-date, December 31, 2008 to May 29, 2009 the total time-weighted gross returns were a positive 6.8% vs. the S&P 500 Index at a positive 3.0%. For this same time period, the dollar-weighted gross returns were a positive 7.2% compared to the S&P 500 Index at a positive 3.0%. For the period beginning, August 20, 2003 to May 29, 2009, the total gross returns were a positive 3.9%.
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Total Fund – Year-to-date, the Fund was a positive 6.85% compared to the Composite benchmark at a positive 6.69%, and the S&P 500 Index at a positive 2.96%.

Mr. Saito reported that the Investment and Finance Committee discussed the performance monitor for individual managers that were under-performing and the rebalancing of the Portfolio. The Committee decided to table these issues and would make a report to the Board at the October 2009 meeting.

Audit Committee Report

Mr. Lopez reported that the Foundation has engaged Guzman and Gray to cover the year end audit of the financial statements for the year ending June 30, 2009. Mr. Lopez provided a timeline of the audit process and upon completion; a report will be presented to the Board with the auditor’s recommendations and findings.

Development and Gift Acceptance Committee Report

Mr. Button mentioned that donor giving to education was down nationally by 20-25% and that the Foundation was focusing on deferred gifts for the 2009-2010 year.

In Ms. Wheeler’s absence Mr. Button made the following announcements.

The condominium that was donated to the Foundation to establish an endowment fund in the computer science field went into escrow after the Board approved the terms of sale at its last meeting. Although the buyer was pre-approved by her lender, it nonetheless refused to fund the loan. The property has been placed back on the market for sale. The Development and Gift Acceptance Committee will review offers and, if appropriate allow the Executive Director to exercise the authority to act without a meeting granted by the Board at the last meeting.

A Vanguard account was established to receive the proceeds from the Marjorie Morrison Mitchell estate. The funds will be added to the endowed scholarship fund already established in her name.

On May 18, 2009 the Donor Recognition Luncheon was held. This year, almost $20,000 was generated for additional scholarship support. In addition, the guest donor speaker pledged half of his estate to Cal State L.A.

Lucy Venzor Estate – proceeds from the estate are earmarked as undesignated/discretionary funds. The qualified appraisal on the house is approximately $325,000.
Treasurer's Report – Mr. Leung reviewed the financial statements for the eleven months ended May 31, 2009.

Total Inflows were a positive $233,248 with outflows at $1,351,938 generating a negative net flow of $1,118,690 and an ending fund balance of $23,180,559.

Mr. Button noted that at the end of the fiscal year the net flows will rise approximately $3.3 million due to gift contributions to the Science Complex and are timed to be released at the end of the fiscal year. Also, an additional $2 million gift to the Science Complex is expected in July.

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

Executive Director's Report

Mr. Button made the following announcements:

Senate Bill 218 Update – As mentioned in the last meeting, Senate Bill 218 affects auxiliaries and foundations – subjecting auxiliaries to public records act. This Board’s concern was that this Bill could intrude on the privacy of our donors and any provisions, trust materials, and their ability to give anonymously. There has been Safe Harbor created in Senate Bill 218 for donors and is included in the statutory language. Although the provision for commercial activities is still a concern with other auxiliaries on campus, these issues have not been addressed as yet.

Annenberg Foundation – The second installment towards the Science Complex will be deferred into next fiscal year. A final report in the use of funds is currently being prepared and payment on pledge is expected to resume in July 2009.

WASC Accreditation – Mr. Button mentioned that the University is going through an accreditation cycle during which institutions involve their constituencies in a reflective process of self-study and evaluation. The three stages to the accreditation process were reviewed and Mr. Button referred the Board to the handouts, “Capacity and Preparatory Review to California State University, Los Angeles” and reviewed the five major recommendations being made of the University.

State Budget – Legislature is still in locked session, proposals still being reviewed and the numbers for CSU are still unclear. A furlough program is being considered for all CSU employees. CSU is preparing for reduced student enrollment and expected impact on personnel. It was noted that the Foundation and auxiliaries do not participate in state funding therefore they would not be impacted.
Scholarship Task Force - An ad hoc Scholarship Task Force was established to address the timely awarding of scholarships to students and the ability to utilize private sector scholarship funds to meet the enrollment management goals of the University. The task force is comprised of representatives from the offices of Center for Student Financial Aid, Business Financial Services, Outreach & Recruitment, Cashiers, the CSULA Foundation and University Development.

The task force has reviewed the current scholarship application and awarding timeline, including significant dates on the calendars for each department and discussed issues that impact the various offices where scholarships are concerned.

Presently the task force is completing the business process mapping that addresses three categories of scholarships: 1) CSULA scholarships for undergraduate and graduate continuing students 2) CSULA scholarships for the purposes of recruitment of new students, and specifically for Honors College participants and 3) CSULA scholarships for credential recipients in the Charter College of Education.

The task force has already begun investigating an on-line application process for students and review by departments.

It was suggested that the task force include a student representative.

New Business

The next Board meeting is scheduled for Thursday, October 1, 2009 with location to be determined.

With no further business a motion was made by Ms. Chemel and second by Dr. Bowman to adjourn the meeting.

A verbal vote was conducted and the motion passed. The meeting adjourned at 12:34 p.m.
In the absence of the Secretary and as Vice President of the CSULA Foundation Board of Directors, the minutes of the June 25, 2009 meeting have been approved as presented at the October 1, 2009 Board of Directors meeting.

Alfred L. Lopez

Date 10-7-09