SAN FRANCISCO STATE UNIVERSITY FOUNDATION EXECUTIVE COMMITTEE MEETING

San Francisco City Club, 12th FL (Deco 3 Meeting Room) 155 Sansome Street, San Francisco, CA Wednesday, February 22, 2017

Chair Serrano Sewell started the Executive Committee meeting at 11:46 AM.

Committee Members Present

David Serrano-Sewell, Chair
Taylor Safford, Vice Chair
Robert Nava, President
Herb Myers, Advocacy Committee Co-Chair (via phone)
Don Nasser, Audit Committee Chair
Camilla Smith, Campaign Cabinet & Development Committee Co-Chair

Committee Members Absent and Excused

Kimberly Brandon, Investment Committee Chair
John Gumas, Immediate Past Chair and Campaign Cabinet & Development Committee Co-Chair
Ted Griggs, Committee on Athletics Co-Chair (via phone)
Mary Huss, Committee on Directors Chair
Dennis O'Donnell, Committee on Athletics Co-Chair
Wade Rose, Advocacy Committee Co-Chair

Others Present

Venesia Thompson-Ramsay, Secretary and Treasurer

- 1. Review of Agenda: The committee reviewed the agenda.
- II. Approval of November 17, 2016 Meeting Minutes: The committee reviewed the minutes from the November 17, 2016 meeting. On motion duly made, seconded, and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the committee approves the minutes for the November 17, 2016

meeting, as prepared.

Motion by: Camilla Smith

Seconded by: Don Nasser

Motion: Passed

III. Operating Business:

A. Contract between SF State Foundation (Foundation) and Cambridge Associates (CA): Thompson-Ramsay presented the draft contract between the Foundation and CA. She said that the draft was reviewed in depth and edited by legal. She said that CA accepted almost all of our edits but there were a couple of outstanding issues that she wanted to get the Committee's feedback on: 1) limitation of liability and 2) governing law/jurisdiction. The Committee discussed the two items and provided feedback as

follows: 1) The Committee felt that the \$50,000 liability threshold proposed by CA was too low and that, if the amount were in regards to the administrative support that CA would provide the Foundation, then that caveat should be spelled out in the contract. However, there should be no limitations on the investment services provided to the Foundation; and 2) the Committee contended that the Foundation was an auxiliary of SF State University, a state agency, and as such we could not cede jurisdiction to another state. Thompson-Ramsay said she would share the Committee's feedback. Chair Serrano Sewell proposed that the Committee approve the contract pending the two changes, given the March 1st start date. The Committee agreed and on motion duly made, seconded, and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the Committee conditionally approves the contract between the SF State Foundation and Cambridge Associates, pending the required changes/edits. Seconded by: Don Nasser Motion: Passed Motion by: Taylor Safford

B. Payout for Ken Fong Award: Thompson-Ramsay mentioned that the College of Science & Engineering (COSE) received a \$5 million gift for a permanent endowment that was eventually established in 2016. She said that during the interim, the College had funded the first round of awards totaling \$40,000 and was getting ready to make two new awards for the current fiscal year. She said that given that the funds had been in hand for over two years, the College was requesting that the Foundation's policy that "an endowment must be established for 12 months prior to a distribution" be waived to allow an immediate distribution of \$52,081 based on the average daily balance of the December 31, 2016 quarter. On motion duly made, seconded, and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the Committee waives the Foundation's policy to allow an immediate distribution of \$52,081 based on the average daily balance of the December 31, 2016 quarter.

Motion by: Camilla Smith

Seconded by: Herb Myers

Motion: Passed

C. Gries Bequest: Nava mentioned that earlier this year, the College of Liberal & Creative Arts received a \$1.1 million bequest from the Karl H. Gries and Frauke Gries 2009 Family Trust. He mentioned that because the gift is to support a college (Humanities) that no longer existed, the Foundation sought legal guidance on the administration of the gift. Nava said the Foundation also wanted to ascertain whether its policy to quasiendow gifts of \$25,000 or more from bequests and planned gifts was applicable because of the Trust language. He directed the Committee to the written legal opinion in their packets, which stated that while the college of Humanities no longer existed, the departments still existed and, as such, the Foundation would still be able to administer the gift according to the donor's intent. Nava mentioned that Foundation legal counsel also felt that the quasi-endowment policy for bequests and planned gifts did apply and an exception would be needed to proceed otherwise. Nava explained that the Dean of the College of Liberal & Creative Arts (CLCA) would like to quasi-endow two-thirds of the gift or \$726,000 and use the remaining one-third or \$374,000 for current use. On motion duly made, seconded, and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the Committee approves the Dean of CLCA's request to quasiendow two-thirds of the gift from the Karl H. Gries and Frauke Gries 2009 Family Trust and direct the remaining one-third for current use.

Motion by: <u>Taylor Safford</u> Seconded by: <u>Camilla Smith</u> Motion: <u>Passed</u>

- D. Philanthropy Productivity Report: Nava reviewed the 2015-2016 "Philanthropic Productivity Report" produced by the Chancellor's Office. The report provided a comparative analysis of philanthropic activity for all 23 CSU campuses as well as the Chancellor's Office, specifically in the areas of gift commitments, gift receipts, endowment market value, investment return rate, and endowment distribution. Nava said that SF State was doing well amongst its peers in group II but that his goal was to move the campus into group III.
- E. <u>Board Advance</u>: Nava reviewed the agenda for the upcoming Board Advance. He said we were one week away from a truly exciting and informative retreat. Nava said that this year's Board Advance would comprise of two study sessions on student success and planned giving. He mentioned that the highlight of the Advance would be the lunch keynote speaker, world-renown author and SF State professor, Michael Krasny. Nava said board directors would receive copies of his latest book "Let There be Laughter".
- F. <u>Budget Review</u>: Thompson-Ramsay reviewed the Foundation's operating budget with the Committee. She said the Foundation had generated revenue of \$624,245 or 44% of its projected revenue. She said this was appropriate with the Foundation being mid-way into the fiscal year. She said the Foundation also had expenditures of about \$311,811 or 55% of its projected expenses. She said the spending was in line with the budget and there were no unexpected expenses that the committee needed to be concerned about.
- IV. Investment Committee Report: There was no report.
- V. Committee on Directors Report: Nava mentioned that thirteen board member's membership was expiring on June 30, 2017. He said he was planning to invite back all to serve another term except Jerry Simmons whose participation had waned significantly over the past several years. Nava said if the Committee was in agreement he would thank Simmons for his contribution but not submit his name for re-election to the board. The Committee agreed.
- VI. Audit Committee Report: Nasser mentioned that the audit for fiscal year 15-16 was completed and submitted to the Chancellor's Office back in September. He said, since then, staff had been working with Grant Thornton on preparing the Foundation's 2015 governmental return (also known as the IRS Form 990). He said the 990 was due around mid-May and staff was on track to complete it. Nasser reminded the Committee of the process, which was to circulate the 990 to the Executive Committee for review prior to submission. He said the audit for fiscal year 16-17 would begin July 2017 once we had closed the fiscal year but that interim field work would begin in April. Finally, Nasser said a pre-audit planning meeting would be schedule with Grant Thornton sometime in May.

- VII. Advocacy Committee Report: There was no report.
- VIII. Campaign Cabinet & Development Committee Report: Smith provided the report. She said that as of February 20th, about \$62.3 million had been raised toward our \$150 million campaign goal. Smith said approximately \$48 million of the amount was for current use with about \$13 million in planned gifts. In addition, she said about \$24 million was from alumni, over \$11 million and \$7.5 from Foundations and corporate support, respectively and \$12 million from friends of the university.

 With regards to the 2016-2017 fundraising progress, Smith said the Development team had raised about 64% of its \$18 million goal. She said some of the key gifts and pledges during the period included over \$1.8 million from board member Judy Marcus to fund an historic level of Athletics scholarships designed to ramp up the competitive position of Gator Athletics. In addition, a realized bequest of \$1.1 million was received from the estate of alumnus and former professor Frauke Gries, which was directed to support the humanities
- IX. Committee on Athletics Report: There was no report.
- X. Adjournment: No further items were discussed. With Nasser having made a motion to adjourn the meeting and Smith second, the meeting was adjourned by Chair Serrano Sewell at 1:17 pm.

within the College of Liberal & Creative Arts. Finally, Smith said the solicitation pipeline

looked solid with over \$90 million in planned and submitted proposals.

Respectfully submitted,

David Serrano Sewell, Chair

9/15/2017 Date