

SAN FRANCISCO STATE UNIVERSITY FOUNDATION

Board Meeting

Thursday, February 5, 2015

Seven Hills Conference Center

San Francisco State University

Board Meeting Minutes

IN ATTENDANCE

V. Anicetti	Director	D. Simon	Director
K. Brandon	Director	C. Smith	Director
L. Bridges	Director	R. Stanley	Director
G. Cosko	Director	V. Thompson	Secretary & Treasurer
R. Cortez	Director/VP, Admin & Finance, SF State	L. Wong	Director/President, SF State
D. Corvin	Director		
N. Fudem	Director		
D. M. Guerrero	Student Representative		
J. Gumas	Chair		
P. King	Director		
R. Manaois	Director/Staff Rep.		
H. Myers	Vice-Chair		
D. Nasser	Director		
R. Nava	President/VP, University Advancement		
W. Rose	Director		
M. Rosenbaum	Director		
S. Rosser	Director/Provost, SF State		
T. Safford	Director		
D. Serrano-Sewell	Director		

ABSENT AND EXCUSED

V. Dolcini	Director
T. Driscoll	Director
T. Griggs	Director
M. Huss	Director
J. Marcus	Director
D. O'Donnell	Director
L. Pitman	Director
D. Simmons	Director
J. Simmons	Director
W. Weinstein	Director

OTHERS PRESENT

A. Alvarez	Dean, College of Health and Social Sciences
J. Aba	University Advancement Support Coordinator
I. Bomar	Assistant to the Vice President, University Advancement
E. Griffin	Associate Vice President, University Communications
A. Harris	Associate Vice President, University Development
D. Hupke	Director, Alumni Relations and Annual Giving
J. Munter	Dean, Graduate College of Education
L. Oubre	Dean, College of Business
B. Rojo	Administrative Assistant
S. Whalen	Chief of Staff, President's Office

MEETING CALL TO ORDER

Chair Gumas called the meeting to order at 3:12 pm. John welcomed everyone to the meeting. He reminded the audience that the December 11, 2014 meeting had to be rescheduled due to inclement weather and thanked board members for adjusting their schedule to attend today's meeting.

APPROVAL OF AGENDA

Chair Gumas asked that the agenda be approved. On motion duly made, seconded, and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the board approves the agenda for the February 5, 2015 board meeting.
Motedioned by: David Serrano-Sewell Seconded by: Taylor Safford Motion: Passed

APPROVAL OF CONSENT AGENDA

The board reviewed the consent agenda, which included the September 18, 2014 board meeting minutes. There were no corrections to the minutes. On motion duly made, seconded, and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the board approves the consent agenda and the September 18, 2014 board meeting minutes.

Motioned by: Taylor Safford

Seconded by: Dana Corvin

Motion: Passed

SAN FRANCISCO STATE UNIVERSITY REPORT

San Francisco State University President, Les Wong mentioned that Chair John Gumas had agreed to serve as Campaign Chair and that the Committee on Directors would be meeting to discuss possible candidates for the Foundation Chair position for the next fiscal year. He thanked John for his continued leadership and commitment to SF State.

President Wong then talked about the generous contribution from Manny Mashouf and Neda Nobari. He mentioned that Ms. Nobari had been previously honored with the naming of the Neda Nobari Hall on the first floor of the J. Paul Leonard Library and that we needed some way to honor Mr. Mashouf as well. He mentioned that he and his team put their heads together and presented Mr. Mashouf with a proposal that he accepted and the Associated Student, Inc. approved. He said he was pleased to announce that the new wellness center would be named after Manny Mashouf. President Wong also mentioned that the remaining funds to build the center came from student-levied fees. He said they were expecting to break ground summer 2015 and would work with students on programming for the building. Finally, Foundation President Nava said we would coordinate the groundbreaking with the June board meeting.

President Wong also shared how pleased he was to present the university's new strategic plan, a copy of which was in each board member's packet. He recognized members of the Strategic Planning Coordinating Committee in the room and mentioned that the committee led a year and a half long planning process that included broad participation from faculty, staff, students and community members. He mentioned that the Strategic Plan was not your typical strategic plan that oftentimes would sit on a shelf and never be used. He said that SF State's strategic plan was built around five (5) values that reflected the university community's heritage and aspirations: Courage, Life of the Mind, Community, Equity and Resilience. He invited board members to visit the university's website and read the full strategic plan. A short video on the strategic plan "planning process" was shown.

FOUNDATION PRESIDENT'S REPORT

Foundation President Nava mentioned that earlier in the year, Chair Gumas led a delegation of board members (Herb Myers, Robert Nava and Kimberly Brandon) at the Association of Governing Boards' annual forum in Naples, Florida. President Nava said the Association was the largest policy organization in the country for university-affiliated organizations. He also mentioned that divestment was a big topic at the forum. He also stated that Chair Gumas gave his 30-second elevator pitch presentation that was a hit two years ago and that he would like to do a similar training for our board directors at the upcoming board retreat to help them make the case for the foundation with donors.

EXECUTIVE COMMITTEE REPORT

President Nava mentioned that the Executive Committee was bringing forward a number of items for full board approval. He said that the first item was to amend the bylaws. He mentioned that the revisions would remove board giving as a qualification for board membership. He said currently the bylaws require board members to become a donor within six (6) months of joining the board. He mentioned that if board members were required to give then their contribution was not truly a gift but instead a membership and, as such, they would not be entitled to a tax deduction letter. He mentioned that by removing the requirement from the bylaws, we would still be able to encourage giving by the board and provide board members with gift acknowledgement letters. On motion duly made, seconded, and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the board approves Resolution No. BOD 020515-1 to ratify and certify the amended bylaws.

Motioned by: Camilla Smith

Seconded by: Taylor Safford

Motion: Passed

President Nava further explained that the amended bylaws would also require a revision to the current Board Giving Policy, which set mandatory giving amounts for board members. The revisions would soften the Board Giving Policy so that board members were "encouraged to give" versus being "required to give". Finally, he mentioned that board members may also continue to support other programs and scholarships that they choose. On motion duly made, seconded, and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the board approves the revised Board Giving Policy.

Motioned by: Herb Myers

Seconded by: D. Miguel Guerrero

Motion: Passed

President Nava then presented the revised Endowment Establishment & Administration Policy for board approval. He pointed out that there were three (3) main revisions to the policy, as follows: 1) the expansion of the quasi-endowment policy to allow the Foundation to automatically quasi-endow gifts of \$25,000 or more from wills, trusts and other planned gifts, unless otherwise specified by the donor; 2) the addition of an accumulation policy to allow the Foundation to forego making a distribution from permanently endowed gifts under \$25,000 (to be done on a case-by-case basis); and 3) the inclusion of a 5-year cap on all flexible endowed gifts that would stipulate that donors must meet the \$25,000 threshold for their flexible endowed gifts within five years or the gift would be added to another endowed or current use gift of similar purpose. Treasurer Thompson mentioned that all policy additions had been reviewed and approved by the Foundation legal counsel. On motion duly made, seconded, and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the board approves the revised Endowment Establishment & Administration Policy.

Motioned by: Taylor Safford

Seconded by: Kimberly Brandon

Motion: Passed

President Nava mentioned that the Foundation received a bequest from the Corbenic Trust back in September 2014 but that the donor had not specified how the funds were to be classified. He said that the Corbenic gift was a good example of how a policy that allowed for the automatic quasi-endowment of such bequests would be helpful. He stated that since the board only met four times per year, such a policy would allow the Foundation to be more efficient in processing these gifts. He said that since the policy had not been in place when the gift was originally received, he was asking the board to classify the gift as a quasi-endowment. On motion duly made, seconded, and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the board endows the \$345,000 gift from the Corbenic Trust.

Motioned by: Camilla Smith

Seconded by: Taylor Safford

Motion: Passed

President Nava presented the Memorandum of Understanding (MOU) between University Corporation (UCorp) and the Foundation. He mentioned that UCorp's investment policy limited investments of a certain threshold so the MOU allowed the Foundation to invest a portion of UCorp's assets. He mentioned that the Foundation legal counsel had concerns about the Foundation investing future assets on behalf of UCorp and, as such, the MOU being presented only covered Currently Invested Assets (CIA). That is, funds that the Foundation currently had on its books for UCorp. Vice Chair Myers asked whether the MOU included an indemnification/hold harmless clause. Treasurer Thompson pointed out that it did and referred board members to the relevant page. On motion duly made, seconded, and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the board approves the MOU between the Foundation and the University Corporation.

Motioned by: Taylor Safford

Seconded by: David Simon

Motion: Passed

Finally, President Nava provided an informational item based on inquiries from board members. He mentioned that the Foundation carried Directors' & Officers' Liability insurance through Lloyd's of London in the amount of \$20 million per occurrence. He mentioned that the policy was renewed annually.

President Nava ended his report and turned the meeting back over to Chair Gumas.

Chair Gumas mentioned that the next time the board meets would be for the annual Board Meeting and Advance on April 10th and 11th at the Oceano Resort & Spa in Half Moon Bay. He mentioned that the Advance would focus on the comprehensive campaign so we would be inviting back our college deans along with representatives from Student Affairs, Athletics and Undergraduate Studies. He thanked President Wong for securing Chancellor White as the keynote speaker for the dinner on Friday night. Finally, Chair Gumas mentioned that more information regarding logistics would be mailed out shortly but that, like last year, board members were being asked to cover the costs for their accommodations.

Chair Gumas said he wanted to share some board accomplishments in 2014. He mentioned that the board added five stellar board members (Vince Anicetti, Kimberly Brandon, Taylor Safford, Dottie Simmons, and our student representative, Miguel Guerrero). He also mentioned that two board members were appointed to major positions at both the State and National levels: David Serrano-Sewell was appointed the Regional Vice President of Hospital Council of Northern & Central California and Val Dolcini was appointed by President Obama and the Secretary of Agriculture as the new Administrator for the Farm Service Agency. In addition, John reminded board members that we convened our first Board Advance in the spring at The Oceano Resort & Spa in Half Moon Bay and that it was at this Advance that the Foundation board approved a \$150 million working goal for the University's first ever comprehensive campaign. Chair Gumas mentioned that the Foundation also demonstrated its commitment to the environment by ratifying a Resolution on Fossil Fuel Divestment and had, since then, hired a very talented graduate student to conduct research and develop a carbon footprint for the Foundation. Chair Gumas also congratulated board members on donating a total of \$361,496 for calendar year 2014. Finally, he mentioned that the Foundation co-hosted the President's welcome reception for the new Romberg Tiburon Center Director in the Fall.

Chair Gumas ended his report with a few examples of the remarkable work of our board members. First, he directed members to two articles in their packets on Russ Stanley and Taylor Safford. He also mentioned that Marsha Rosenbaum was giving an academic talk on campus on April 20th through her group, the Drug Policy Alliance. He then showed a short video highlighting the work of Rogelio Manaois with veterans. Finally, Chair Gumas mentioned that our alumni were also making waves in the news. He shared with board members that SF State Alum, Jeffrey Tambor received a Best Actor Golden Globe award for his role in Transparent. He then directed the board to an ad that the university placed in Variety Magazine congratulating Mr. Tambor.

FINANCE AND INVESTMENT COMMITTEE REPORT

Kimberly Brandon presented the investment report. She told the board that as of December 31, 2014, the Foundation's portfolio returned 7.7% year to date. She mentioned that at its November 12, 2014 committee meeting, Phil King gave an update on the portfolio's performance and made a couple of recommendations for manager change. However, she said the committee decided to table the recommendations until it had accurate performance and benchmarking data. She said the committee had an in-depth discussion about investment strategy, reporting, oversight and monitoring, including: 1) whether we wanted to maintain our alternatives at current level of nearly 35% or reduce our target, and 2) what kinds of resources would be needed to monitor these types of investments. Kimberly said the committee also talked briefly about what would be the optimal investment oversight/management structure for the Foundation. She said the committee agreed that the first step would be to have an analysis of our portfolio. Vice Chair Herb Myers asked about the low investment returns on the Income Statement. Treasurer Thompson explained that it was market-related and that the last half of 2014 was flat to negative. This led to a broader conversation about the Foundation's alternative investments and their performance. Ron Cortez mentioned that the auditors noted in the most recent audited financials that because the valuation of the alternatives was oftentimes determined by fund managers, along with the fact that many alternatives had liquidity constraints, these factors could pose financial challenges for the Foundation. Phil King mentioned that the vast majority of the Foundation's investments were pretty liquid. Foundation President Nava suggested a study session for board

members so they could learn more about our alternative investments.

Finally, Phil King provided an update on the fossil fuel divestment work. He mentioned that our graduate research assistant, Tanvi Pradhan, had been developing a carbon footprint for the Foundation's investments. He said they hoped to have a draft to present at the next Finance and Investment Committee meeting before bringing it to the full board.

COMMITTEE ON DIRECTORS

Vice Chair Herb Myers presented the committee report. He mentioned that the committee last met on December 8th and primarily discussed the Board Self-Assessment that was sent to board members last June. He shared some of the highlights of the assessment, including board members wanting to be included more often with stewarding donors as well as wanting to be more involved and have their knowledge and skills better utilized by the university. He said board members felt they received clear and timely financial reports and that the Foundation had appropriate investment policies. Vice Chair Myers mentioned that the Committee on Directors approved sending out an assessment annually and that the next assessment would be sent in April 2015 so the results could be reported at the June board meeting. He also mentioned that the Board Orientation videos were up on the Foundation's website. He asked Robert to send the board a link to the website. Finally, he mentioned that the committee discussed strategically growing the board to 30-35 non-university board members.

COMMITTEE ON ATHLETICS

Russ Stanley gave the report. He mentioned that the Nasser Family Plaza & Gym grand opening took place on September 11, 2014. He said the \$2 million athletics facility remodel project included a new gym floor and fan-friendly bleachers, upgraded locker rooms, and major renovation of the training room. Russ further shared that the fall 2014 semester was another successful term for Gator student-athletes. He said the office of the California Collegiate Athletic Association (CCAA), announced in December that 22 SF State student-athletes were recipients of the CCAA Fall All-Academic Award for 2014-15. He mentioned that the Vic Rowen Gator Golf Classic was held on October 28, 2014 at Green Hills Country Club and raised over \$17,000 for student-athletes scholarships. He also mentioned that the first televised broadcast of an SF State Athletic competition was featured on Comcast's Hometown Network in early December. The "Purple Out" video was shown to the board members. Russ also mentioned that in November, the Athletics Department launched the Gator Challenge with a large-scale mailing to alumni, family and friends inviting them to join the Gator Athletic Association. He said the fundraising effort had raised over \$21,000.

ADVOCACY COMMITTEE

David Serrano-Sewell summarized the Governor's proposed state budget for 2015-16, stating that the state now had a surplus and that a portion would be dedicated to state investments that included public universities. He shared information about the Governor's multi-year funding plan, which included an additional \$119.5 million for the California State University System (CSU), provided there were no tuition fee increases. He said that the Advocacy Committee's plans for the 15/16 budget cycle included legislative visits in Sacramento and district offices along with outreach to students, parents, alumni and faculty via social and traditional media, e-Advocacy and on-campus events and forums. He then shared a number of important dates including CSU Hill Day and Sacramento Advocacy Day. He invited board members, who were available, to attend.

AUDIT COMMITTEE

Don mentioned that the audit had wrapped up and final versions were submitted to the Chancellor's Office on September 18th. He stated that the post-audit meeting was held on October 14th at which time the committee voted to accept the audit. He said that while there were no material weaknesses or significant deficiencies, the auditors made the same recommendation from prior year, which was to have all reconciliations signed and dated when reviewed to ensure that reconciliations occurred in a timely manner. Don mentioned that University Corporation (UCorp) explained that the delay in reconciliation was a staffing issue and that they were taking steps to reassign the reconciliation duties. Don mentioned that, besides the reconciliation issue, all prior year observations/recommendations had been addressed. Nonetheless, Don pointed out that our auditors continued to face a recurring challenge of obtaining statements in a timely manner from a few alternative fund managers. Finally,

Don mentioned that a final copy of the audit was posted on the Foundation's website and was also advertised in the papers, per Education Code, Section 89900 and Title 5, Section 42408.

DEVELOPMENT COMMITTEE

Camilla mentioned that the Development Committee met last September 10th and had another meeting planned for April 2, 2015. She said that although a Campaign Cabinet was being formed for the 6-year campaign, the Development Committee would remain a separate committee and would continue to meet. Additionally, she mentioned that the Development Office had raised over \$7 million or 44% of its \$16 million goal. She shared that six new development officers had been hired and referred board members to the bios in their packets. She also referred them to a list of major gifts received since last September. She thanked a few board members on the list, including Judy and George Marcus (\$150,000); John and Janice Gumas (\$100,000); Dana Corvin and her husband Harris (\$60,000); Marsha Rosenbaum and the JK Irwin Foundation (over \$125,000); and Foundation President, Robert Nava and his wife Cathy (\$50,000).

ADJOURNMENT

There being no further business, and with Taylor Safford making the motion and Miguel Guerrero seconding the motion, Chair Gumas adjourned the meeting at 5:10 pm.

Dated: February 5, 2015

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Venesia Thompson, Secretary