

**SAN FRANCISCO STATE UNIVERSITY FOUNDATION
EXECUTIVE COMMITTEE MEETING**

San Francisco City Club, 12th FL (Deco 3 Meeting Room)
155 Sansome Street, San Francisco, CA
Thursday, November 9, 2017, 11:30 am - 1:30 pm

Vice Chair Safford started the Executive Committee (Committee) meeting at 11:37 am.

Committee Members Present

Robert Nava, President
David Serrano Sewell, Chair
Taylor Safford, Vice Chair
Kimberly Brandon, Investment Committee Chair
John Gumas, Immediate Past Chair/Campaign Cabinet & Development Committee Co-Chair
Mary Huss, Committee on Directors Chair
Don Nasser, Audit Committee Chair
Wade Rose, Advocacy Committee Chair (via phone)

Committee Members Absent and Excused

Ted Griggs, Committee on Athletics Co-Chair (via phone)
Dennis O'Donnell, Committee on Athletics Co-Chair
Camilla Smith, Campaign Cabinet & Development Committee Co-Chair

Others Present

Venesia Thompson-Ramsay, Secretary & Treasurer

- I. Review of Agenda:** The Committee reviewed the agenda.
- II. Approval of Meeting Minutes:** The Committee reviewed the minutes from the August 30, 2017 meeting. Safford pointed out an error in the spelling of his name. On motion duly made, seconded, and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the Committee approves the minutes for the August 30, 2017, with corrections.

Motion by: John Gumas Seconded by: Kimberly Brandon Motion: Passed

III. Operating Business:

Fine Arts Gallery & Global Museum Project: Nava mentioned that for over two years, there had been discussions about renovating the Fine Arts Gallery facility, which also houses the Global Museum. He said that funding for the project was limited so the campus had approached the Foundation for support. He mentioned that the Foundation had an undesignated gift from the Mary MacWilliam estate that could be used. He reminded committee members that about \$490,000 of the gift was directed to the Library (in honor of MacWilliam), among other things. He said he was recommending that \$500,000 of the remaining funds be directed to the Fine Arts Gallery project and that the facility be named after her. On motion duly made, seconded, and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: That the Committee directs \$500,000 of the Mary MacWilliam unrestricted

gift towards the Fine Arts Gallery/Global Museum renovation project within the College of Liberal & Creative Arts.

Motion by: David Serrano Sewell Seconded by: Mary Huss Motion: Passed

Genomics Project: Nava reviewed the Institute for Biotechnology and Integrative Genomics project (Genomics project) with the Committee. He said the project, a partnership between the City of South San Francisco and the University, was a strategic move. Nava said the City Manager approached the University about the partnership. He said that some faculty members had already moved forward with conceptual idea for the Institute that would provide internship and promote faculty involvement and K-12 engagement in order to develop a pipeline for students focused on Science Technology Engineering and Math (STEM). Nava said the City of South San Francisco was putting in \$400,000 but the University was not in a position to provide a match. Nava said that SF State would have a physical presence in the area. He said one option, so as not to lose out on such an opportunity, was to have the City and the SF State Foundation partner to launch the project. Nava said the project would begin in the spring 2018. The Committee discussed the advantages and disadvantages of the Foundation partnering with the City. Directors expressed an interest in seeing the facility in Oyster Point because of its visibility. On motion duly made, seconded, and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: That the Foundation commits \$400,000 over 5 years to the South San Francisco Genomics Project, pending a review of the project budget, sustainability plan and available space for the project in Oyster Point.

Motion by: David Serrano Sewell Seconded by: Kimberly Brandon Motion: Passed

Bylaws Amendment: Nava mentioned that Cambridge Associates had recommended that the Socially Responsible Investment (SRI) committee no longer serve as a sub-committee of the Investment Committee but, instead, be merged with the Investment Committee and function as one committee. Nava said the same board members serve on both committee and the meetings were scheduled around the same time. He said the need for separate meetings was unnecessary. He said that the bylaw amendment would require board approval. On motion duly made, seconded, and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: That the Committee recommends board approval of Resolution No. BOD121417-1 amending the bylaws to combine the Investment and SRI committees.

Motion by: Kimberly Brandon Seconded by: Taylor Safford Motion: Passed

September 30th Financial Update: Thompson-Ramsay reported that the Foundation had revenues of \$361,185 and expenses of \$246,191 in the first three months of the fiscal year. She said investment income was really good with \$2,332,512 for the quarter (\$777,504 per month). She said that this increased the endowment market value to \$86.6 million at the end of September 30, 2017.

Campus Climate/Community Relations: Chair Serrano Sewell provided the update. He said he was asked by President Wong to join the President's Task Force. Serrano Sewell said he felt the groundwork with the Task Force needed to be established but that there was good membership and representation. He said the Task Force wanted clarity on its charge as well as the ability to address other climate issues on campus.

December 14th Board Meeting Agenda: Committee members reviewed the agenda for the December 14th board meeting and recommended that the meeting be held at the City Club of San Francisco followed by the holiday reception.

IV. Investment Committee Report: Brandon reported that the Investment Committee has its first meeting, since contracting with Cambridge Associates, on September 7th. She said the meeting was

very productive and the Committee accomplished a number of items, including: 1) Reviewing the revised Investment Policy Statement (IPS) for the Foundation. She said the policy also included the revised socially responsible investing policy. She said the IPS will be presented at the December 14th board meeting for ratification; 2) Reviewing the first set of investment recommendations from Cambridge to implement the newly-adopted asset allocation policy targets. Brandon said Cambridge recommended a total of 15 new investments within the equity class (global, international and emerging market) and fixed income/cash class. She said all investments had little to no fossil fuel exposure. She said subscription paperwork had been completed for almost all the investments; and 3) Reviewing the June 30, 2017 market performance of our investments. Brandon said the one-year (fiscal year to date) return on the main portfolio was 10.5% and 13.6% on the Green Fund. Brandon said the Investment Committee also discussed future meetings and developed a schedule for a 30 - 45 days post-quarter for committee meetings. She said the next meeting was scheduled for November 29th, at which time the Committee would discuss investment recommendations for other asset classes (i.e. US equity, hedge funds and inflation protection assets); custodial arrangement; spending policy and asset allocation for the Green Fund.

- V. **Committee on Directors Report:** Huss provided the report. She informed the directors that Timothy Anderson, executive director of Development and Operations would staff the Committee on Directors. She said the Committee reviewed board membership and felt that while there was an opportunity for more diversity and younger membership on the Board, overall, the Board was functioning well. Board membership would continue to be strategic and process-driven. Several names were brought forward and their potential candidature will be reviewed. Huss said that 10 board members' terms would expire in June of 2018, so actions surrounding their service will need to be taken. Huss said committee members agreed that adding a couple more directors to the Committee on Directors would make it more robust. She said the timing was right to once again administer a Board Assessment survey since new directors had recently joined the Board. She said the results of the survey would most likely be shared at the March 2018 Board Advance. Finally, Huss said 11 directors would be attending the Association of Governing Boards (AGB) conference in January 2018, the largest delegation to AGB to date.
- VI. **Audit Committee Report:** Nasser reported that fiscal year 16-17 audit was completed and final drafts of the financials were submitted to the Chancellor's Office on September 15th. He said the Audit Committee met with Grant Thornton's reps on September 29th to discuss and accept the audit. He said the auditors reviewed the audited financial statements and stated they were fairly presented in accordance with generally accepted accounting principles. In addition, they said they did not identify any deficiencies in the Foundation's internal control that they consider to be material weaknesses. Nasser said the auditors focused on four areas during the audit: 1) Contributions and additions to the endowments; 2) Net Position; 3) Investments and 4) Related Party Transactions. Nasser said the auditors reported that one real estate fund did not have audited financials so it was difficult to confirm fair value of the investment. Nasser said they were able to confirm fair value because of some market transactions but felt it will be more difficult moving forward with this investment. Nasser said a copy of the audit was on the Foundation's website and was also advertised in the papers (the Gator Xpress), per Education Code, Section 89900 and Title 5, Section 42408.
- VII. **Advocacy Committee Report:** Rose mentioned a couple of developments since the last Executive Committee meeting. First, he said the Governor signed AB 422, which authorized the CSU to permanently offer Doctor of Nursing Practice degrees. Rose thanked the Foundation Board for its letter of support. Second, the Governor signed AB 819, which granted the CSU permanent authority to draft and adopt its own regulations. Rose said that at the federal level, Congress was proposing tax reforms, which would have a significant impact on higher education. He said while the House legislation (H.R.1) was in flux, the most recent bill text would eliminate the Lifetime Learning Credit,

tuition remission, employer-provided tuition assistance, the Student Loan Interest Deduction, Coverdell education savings accounts, the charitable deduction for donations which grant the right to purchase tickets for athletic events, and impose a 20% excise tax on tax-exempt organizations for compensation in excess of \$1 million paid to any of its five highest-paid employees. Rose said the legislation's significant expansion of the standard deduction would have implications for charitable giving as it may reduce the number of itemizers and, thus, the number of individuals benefitting from the charitable deduction. He said another provision, which would likely have significant downstream impacts on California's public higher education system was the proposed cap on the state and local tax deduction (known as SALT). Rose said that if the SALT provision remain in the final tax legislation, and is passed by Congress, it was likely that the consequences would show themselves in the Governor's proposed 18/19 state budget and that many state agencies, not just higher education, would see flat or reduced budget allocations. Nava said the Board might be asked to provide position statements in the near future.

VIII. Campaign Cabinet/Development Committee Report: Gumas reported that as of November 9, \$71.8 million (M) had been raised toward the \$150M campaign goal. He said this was almost 48% of goal. Of the total raised, approximately \$55M was for current use, while \$16M was in planned gifts. Gumas said that the majority of the funding to date, about \$26M, was from alumni. Foundations and other organizations had granted over \$21M, with corporate support at about \$8M. He reported that friends of the university had given over \$13M. With regards to the \$18M annual fundraising goal, nearly \$4M had been raised to date. He said there was \$21M in proposals already submitted by the team and \$90M in planned proposals that would be submitted soon. Gumas said some of the key gifts include \$150,000 from emerita Counseling department chair Amy Hittner for the Dean's Scholarship in the College of Health & Social Sciences, \$708,000 from alumna Alexandra Bannon for graduate education scholarships, \$180,000 from alumna Layla Fanucci who donated one of her internationally-recognized paintings to the Library, \$100,000 from the Packard Foundation to support graduate student fellowships in early childhood education and \$25,000 from the venture capitalist Michael Moritz's Crankstart Foundation for Project Rebound. Gumas mentioned that campus climate and community relations challenges have had a temporary impact on fundraising, with over \$25M in verbal pledges postponed by leading potential donors. He said, nonetheless, several major donors had continued to give because they understood how adverse of an impact a holdback would have on students and faculty. Gumas said the next Campaign Cabinet & Development Committee meeting was scheduled for Tuesday, December 12.

IX. Committee on Athletics Report: There was no report.

X. Adjournment: No further items were discussed. With Kimberly Brandon having made a motion to adjourn the meeting and Don Nasser second, the meeting was adjourned at 1:35 pm.

Respectfully submitted,



David Serrano Sewell, Chair

March 24, 2018

Date