

**SAN FRANCISCO STATE UNIVERSITY FOUNDATION
EXECUTIVE COMMITTEE MEETING
Wednesday, November 16, 2022**

Chair Nobari started the Executive Committee meeting at 11:04 AM.

Committee Members Present

Jeff Jackanicz, Foundation President
Neda Nobari, Chair
Mary Huss, Vice Chair
John Gumas, Chair, Development Committee
Don Nasser, Chair, Audit Committee
Sheldon Gen, Chair, Investment Committee

Committee Members Absent and Excused

Kimberly Brandon, Immediate Past Chair and Chair, Committee on Directors
Ted Griggs, Co-Chair, Committee on Athletics
Dennis O'Donnell, Co-Chair, Committee on Athletics
David Serrano Sewell, Chair, Public Affairs Committee

Others Present

Anjali Billa, Associate Vice President for Development, SF State University
Mariah Cherniss, Blue Beyond Consulting
Vicky Lee, Director of Finance
Kristal Smart, Blue Beyond Consulting
Venesia Thompson-Ramsay, Secretary & Treasurer

- I. **Review of Agenda:** The committee reviewed the meeting agenda. On motion duly made, seconded, and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the committee approves the meeting agenda, as prepared.
Motion by: Sheldon Gen Seconded by: Don Nasser Motion: Passed

- II. **Approval of Meeting Minutes:** The committee reviewed the minutes from the August 19, 2022. On motion duly made, seconded, and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the committee approves the minutes, as prepared.
Motion by: Mary Huss Seconded by: John Gumas Motion: Passed

- III. **Operating Business:**

- A. Strategic Planning Update: Mariah Cherniss and Kristal Smart of Blue Beyond Consulting presented to the Executive Committee. Cherniss introduced the firm as a women-owned business that had been in operation for about 16 years, with clients in 29 states. Cherniss said the firm expanded a practice in higher education about 10 years ago, focusing primarily on strategic planning, organizational effectiveness and leadership development. Kristal Smart briefly introduced herself, then presented a few slides to provide context about her approach to strategic planning. She said that over the coming months, she and her colleagues will initiate a strategic planning process to articulate the foundation's mission (core purpose - reason for existing), vision and strategic priorities for the next five to ten years. Smart said the process should run through June 2023 and that the final plan would serve as an internal guide to focus our efforts and measure our success. Smart said that, based on her initial interviews and information gathering, she had learned that the foundation has had great successes in recent years so the timing was right to embark on a strategic planning process to build on those successes to efficiently innovate, grow and expand its impact on San Francisco State University community. As such, she said they were considering key stakeholders for the strategic plan, including the board of directors, key members of the SF State campus community (University president, Provost, associate vice presidents, etc) and community partners within the San Francisco area. Smart said the foundation's strategic plan and all of its priorities should align with the goals of the University's overarching strategic plan. Smart also said she was looking forward to attending the December Board meeting and the board retreat the following March where the actual work would take place. Smart said the information obtained during the engagement phase would be used to develop a report of the top things that came through, that the board could use as a foundation to build elements of the strategic plan.
- B. Campus Update: Jackanicz provided an update since the last Executive Committee meeting. He said that things were continuing to open up so staff had been getting back out in the community, at events and on the road. He said there were two trips he had the privilege of taking in September – one to Washington, DC and New York City with President Mahoney and the other to New York City with board chair Neda Nobari. Jackanicz said he and the president were able to visit alumni and do some important visits on Capitol Hill. In New York City, Jackanicz said that he and the president met with three different foundations whom we had never met with before, so it was terrific to be opening up these doors and these relationships. For the second trip to New York City, Jackanicz said he had the pleasure of participating on a panel with Nobari at Climate Week, sponsored by the Intentional Endowment Network (IEN), and shared the outstanding work that the Board accomplished with the revised values-driven investment policy statement. Jackanicz said that, immediately preceding his panel discussion, Derek Johnson, the new president of the NAACP spoke about the profound connection between addressing climate change and fighting for racial justice and was able to articulate that interrelatedness in ways that were really eye-opening and reflect what was embedded in our investment policy statement.

Jackanicz said the University was building new and deeper relationships in the South Bay and thanked associate vice president of Strategic Marketing & Communications, Guisselle Nunez for her help and guidance. He said he and Nunez attended the Silicon Valley Community Foundation's annual meeting, where the guest of honor was SF State alumnus and donor, Chris Larsen. Jackanicz said they also attended the Silicon Valley Leadership

Group (SVLG), the equivalent of the Bay Area Council (BAC), but exclusively focused on the South Bay. Jackanicz said Lieutenant Governor, Eleni Kounalakis was the keynote speaker and talked about a vision for Silicon Valley and the greater Bay Area. Lastly, Jackanicz said an SF State delegation attended another event in the South Bay, the Hispanic Foundation of Silicon Valley annual ball. He said the foundation raises money for Hispanic students who were largely studying in the stem disciplines at institutions around the Bay Area.

Jackanicz then talked about the university's annual Alumni Hall of Fame celebration at the Chase Center. He mentioned that, shortly after the event, one of the inductees, who did not have much of a relationship with San Francisco State, made an initial gift of \$250,000 to support the new Science Building and the Lam Family College of Business. Jackanicz said this was the first big gift they had made anywhere and commended the Development and Events team for what they were able to accomplish with this donor. Finally, Jackanicz said he also attended the Bay Area Council's Annual Gala where donors George and Judy Marcus were honored. He said he was able to work with the Bay Area Council to make San Francisco State part of the celebration of them with President Mahoney leading a Q and A on stage with them.

- C. Budget Update: Thompson-Ramsay presented three financial reports to the Executive Committee – budget vs actual, statement of revenue (income statement) and statement of financial position (balance sheet). She pointed out a noticeable change to the budget vs actual report with regards to how investment fees were presented. She said that before the Foundation had a sophisticated endowment accounting system like Fundriver, investment fees were run through the operating account (revenue and expenses). She said now that the infrastructure was in place, we were able to charge fees directly to each endowment fund and would no longer reflect this information on budget reports although she would continue to show investment fee totals at the bottom of the report for informational purposes only.

Thompson-Ramsay said the Foundation collected about \$447,956 in revenue in the September quarter and paid out about \$193,666 in expenses. She said contributions during the quarter were lower than usual at \$75,897 and investment losses stood at \$7.3 million. She said the endowment market value decreased by over \$10 million since the fiscal year began and currently stood at \$149.8 million. Thompson-Ramsay said that regardless of the poor market performance, the Foundation still had a pretty strong net position with \$150 million in current assets and \$176,765 in liabilities. She said in terms of current ratios, the Foundation had more than enough to cover any debt. Thompson-Ramsay said that another good thing the Foundation did to weather this kind of negative market environment was to implement a spending rule of a 12-quarter moving average to minimize a significant impact of market performance on endowment distributions.

- D. December 14, 2022 Board Meeting Agenda: Jackanicz reviewed the agenda for the upcoming board meeting. He said for the first time since the pandemic, the meeting will be held in the Seven Hills Conference Center on campus. He highlighted the key items on the agenda, including a student appointment; presentation of a new board giving policy for board approval and kicking off the Foundation's strategic planning process with the Blue Beyond

Consulting group. Jackanicz said the holiday reception would take place right after the board meeting.

IV. **Committee on Directors:** Jackanicz presented the report. He said the Committee on Directors last met via zoom on October 5. He said the committee discussed goals, objectives, and options to align the Board with industry best practices around term of service. Jackanicz said while our Bylaws include a policy on terms of service, it had been unevenly applied so the goals were to: 1) provide a clearer scope of commitment for Directors; 2) allow for balanced and fulfilling service; 3) apply it in the most equitable manner possible (and in a staggered fashion). Jackanicz said a common feature of all the options presented was a year of pause to allow directors time to reflect on their service with the understanding that they may return to the board. The committee agreed that the current policy should contain language that reflected the current practice and that any change in policy must include transition plans and be adhered to diligently. Finally, Jackanicz shared that President Mahoney had appointed a second student director, Iese Esera, to serve on the Foundation Board. Jackanicz said Esera was the current Chief of Staff for Associated Students' board of directors.

V. **Audit Committee:** Nasser reported that the Audit Committee would meet the next day to review and accept the audited financials for FY2021-2022 and provided the following key takeaways:

- Total assets were valued at \$160,331,638 and total liabilities at \$214,444.
- The Foundation's net position was about \$160,117,194, which is a decrease of \$23,422,527 million or about 13% less than the previous year.
- The bulk of this decrease in net position was from investment loss, which reported a -12% rate of return or a loss of \$19,661,052 (net of fees).
- Total operating revenue (generated from endowment management fees) was \$2,174,444. This is about a 41% decrease from the prior year. Our operating expenses increased by 11.5% for a total of \$1,122,396 during the same period.
- Finally, gifts and contribution to the endowments totaled \$2,861,574 and the Foundation awarded \$4,407,534 in scholarships, fellowships and other programs to the campus.

Nasser said the auditors also stated that in planning and performing the June 30, 2022 audit, they considered the Foundation's internal controls, including disbursements, receipts, and accounting for revenue, were analyzed to gain an understanding of the Foundation's internal controls. He said the auditors also obtained an understanding of the Foundation's information technology systems and its impacts on the reporting processes. He said the auditors stated that, during our audit, they did not identify any deficiencies in the internal control that they considered to be material weaknesses. Nasser also added that they did not note any transactions entered into by the Foundation for which there was a lack of authoritative guidance or consensus. Finally, he said the auditors did not report encountering any significant difficulties in dealing with management in performing and completing our audit.

VI. **Committee on Athletics:** No report.

VII. Development Committee: Gumas provided the report. He said the Development Committee last met via zoom on October 12. He said the committee voted to revise the Board giving guidelines, after an extensive board survey that showed a preference for increasing the suggested annual giving to \$5,000 (in two increments). Gumas said the Development Committee approved the new giving threshold with \$2,500 starting January 1, 2023, and \$5,000 starting January 1, 2024. Gumas said that board giving would also include purchasing tables and sponsoring events. Gumas said the committee also reviewed a new template for the year-end ask letter and giving statement and was, once again, anticipating 100% in board giving.

Gumas reported that as of November 5th, the Development Office had raised \$10.3 million, or 52% of our \$20 million goal. He said we had raised 27% of our \$20 million goal same time last fiscal year. He mentioned that the largest gift received during the period was \$200,000 to support the President's Leadership Fellows Program, which provided career services and leadership development to participants through workshops, speaker events, one-on-one coaching and mentoring as well as assistance with building professional networks.

VIII. Investment Committee: Gen provided the update. He mentioned that the Investment Committee last met on November 4. He shared that a review of the market showed that risk assets had declined again in the third quarter (September 30, 2022) with global equities recording the worst three-quarter decline since the 2008–09 Global Financial Crisis. Gen mentioned that the Foundation merged its Green Fund with the main endowment during the September 2022 quarter and that the total endowment had a preliminary return rate of -21.1%. In addition, Gen said the Foundation rebalanced its portfolio at the meeting with the following activities:

- An \$8 million investment in Ethic US Equity Customized Index (Ethic is a tech-driven asset manager that builds and manages optimized index-tracking separate accounts. The firm offers highly customized investment products that align with an investor's stated ESG and sustainability interests).
- A \$2 million investment increase in Impax Specialists.
- A \$1 million investment increase in Acadian Sustainable.
- A \$1 million investment increase in Stewart GEM Sustainable.
- And full redemptions from the Mellon Dynamic US Equity; Aperio SRI Global; and Hillhouse Gaoling.

Gen said that, as of June 30, 2022, the Foundation had committed \$24.2 million to 24 Private Investment (PI) partnerships, currently valued at \$14.7 million (or 10.4% of total assets). He said the total private investment portfolio returned 25.4%, since inception. Finally, Gen mentioned that the committee also discussed the implementation of the revised Investment Policy Statement with Cambridge Associates providing a quarterly report on a range of manager diversity and portfolio emission metrics.

IX. Public Affairs Committee: No report.

X. Other Business: None.

XI. **Adjournment:** The meeting was adjourned at 12:34 PM, without objections.

Respectfully submitted,

DocuSigned by:

Neda nobari

10/23/2023 | 7:30 PM PDT

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Neda Nobari, Chair

Date