

**MINUTES OF THE BOARD OF DIRECTORS OF THE
CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION**
A California Nonprofit Public Benefit Corporation

March 19, 2020

Directors Emailed:

Luanne Bas, Bill Bradbury, Cathy Baur, Esther Calac, Kyle Casement, John Fortune, Tommy Friedrich, Ron Gerevas, Jessica Harloe, Emilie Hersh, Neal Hoss, Tony Jackson, Nathaniel Keifer-Wheals, Carleen Kreider, Barbara Mannino, Lou Monville, President Neufeldt, Tony Pack, Jack Raymond, Toni Ritchey, Taylor Sutherland, Steve Wagner and David Wilson

Proceedings:

On March 19, 2020, and pursuant to California Corporations Code Section 5211(a)(6) an electronic transmission of a business meeting of the California State University San Marcos Foundation Board of Directors was emailed at 11:35 am by Donna Day, Secretary to the Board.

I. Welcome, Updates & Announcements – Chair Jackson

- As each day brings significant changes in the ongoing COVID-19 crisis, the University is adjusting the campus operations with information and directives from federal, state and local authorities that are fluid and changing. Updates on the University's approach is available on the [CSUSM's COVID-19 response website](#).
- Per the Foundation Board's [Bylaws](#), regular meetings of the Board of Directors shall be held at least once each calendar quarter. Due to these unconventional times, this electronic update is serving as the Board's quarterly meeting. Voting will be cast via AGB OnBoard as noted in the below ACTION ITEMS.
- Due to a challenging calendar, Esther Calac has resigned from the Foundation Board.
- Association of Governing Boards Foundation Leadership Forum Debrief, update deferred to next meeting.
- **Brief Bios:**
 - Emile Hersh – deferred to next meeting.
 - Taylor Sutherland – deferred to next meeting.
- **Question of the Quarter:** (voluntary)
 - How have you engaged with the university since our last meeting?

ACTION ITEM: Elected and Appointed Board Directors, please share via [AGB OnBoard \(engagement\)](#) how you have engaged with the university since our last meeting.

RESULTS: *Elected and Appointed Directors were encouraged to share how they have engaged with the University during the last quarter.*

- **48%:** *A "Yes" vote meant the Director engaged with the university.*
 - *The Discussion section provided Director comments for how they engaged with the University.*
- **4%:** *A "No" vote meant the Director has not engaged with the University during the last quarter.*
- **4%:** *"Abstain"*
- **43%:** *"Did not vote"*

II. President's Remarks: *President Ellen Neufeldt*

- Deferred to next meeting.

III. Consent Agenda: Chair Jackson

- A. December 19, 2019 Foundation Board Meeting Minutes (attachment)
- B. Committee Reports (attachment)
- C. Financial Statements (attachment)
- D. Investment Performance (attachment)

ACTION ITEM: Board Directors, a motion to approve the March 20, 2020 Foundation Board Consent agenda is available on [AGB OnBoard \(consent agenda\)](#).

RESULTS: *Consent agenda is approved.*

- *74%: A "Yes" vote meant the Director approved the Consent agenda.*
- *0%: A "No" vote meant the Director did not approve the Consent agenda.*
- *0%: "Abstain"*
- *26%: "Did not vote"*

IV. Finance and Investment Update – Taylor Sutherland

- A. Endowment Spending Allocation Fiscal Year 2020/21– (attachment)

The Finance & Investment Committee recommends a fiscal year 2020/21 endowment spending allocation of 3.5 % based on a three year (12 quarter) moving average market value.

Following the Finance and Investment Committee's recommendation to approve a 3.5% endowment spending allocation for fiscal year 2020/21, Mr. Sutherland shared the following with the Executive Committee:

- While this is a .25% reduction in the 3.75% spending rate from FY 19/20, it is actually flat in terms of dollars spent given the growth of the portfolio over the year. Specifically, the proposed 3.5% rate would be \$754,808 vs. \$754,676 approved for last year.
- Supporting this decision is the notion that expected returns continue to decline (recent pullbacks in equity markets notwithstanding). Per Canterbury's attached CSUSM_Asset Allocation report, the overall portfolio's real return (the return after taking out their 1.8% inflation estimate) is expected to be ~2.05%. Our charge for the Foundation is to grow the portfolio at or above the rate of inflation plus our spend rate over a full market cycle. Our "current" hurdle rate is ~5.55% (1.8% + 3.75%), exceeding the 2.05% forecast. While we do not have to meet this growth objective every year, we are expected to do so over time. While we have handily achieved this result in hindsight, the ongoing reductions in expected returns suggest we should likewise reduce our planned spending objectives.

Following this report, the Executive Committee approved recommending a fiscal year 2020/21 endowment spending allocation of 3.5 % based on a three year (12 quarter) moving average market value.

ACTION ITEM: Board Directors, a motion to approve an endowment spending allocation of 3.5 % for fiscal year 2020/21 was made by the Finance and Investment Committee and seconded by the Executive Committee. Your approval of the spending rate is available on [AGB OnBoard \(spending allocation\)](#).

RESULTS: *3.5% spending rate is approved.*

- *78%: A "Yes" vote meant the Director approved the 3.5% spending rate.*

- 0%: A "No" vote meant the Director did not approve the 3.5% spending rate.
- 0%: "Abstain"
- 22%: "Did not vote"

V. Governance Update – Steve Wagner

A. Prospective Director Election

- *The Governance Committee recommends electing Esther Phahla as a Director of the Foundation Board.*
 - Esther Phahla (bio attached)

ACTION ITEM: Board Directors, a motion to approve Esther Phahla as a Director of the Foundation Board was made by the Governance Committee. Your approval of electing Ms. Phahla is available on [AGB OnBoard \(elect Esther Phahla\)](#).

RESULTS: *Ms. Phahla is elected to the Foundation Board of Directors.*

- 74%: A "Yes" vote meant the Director approved electing Ms. Phahla.
- 0%: A "No" vote meant the Director did not approve electing Ms. Phahla.
- 0%: "Abstain"
- 26%: "Did not vote"

B. Class of 2020 vote is reserved for annual meeting:

- Mr. Wagner is working with staff to draft letters to the class of 2020. Ms. Baur will call each Director in the Class of 2020 to discuss their term. A formal vote will take place at the annual meeting.

C. Composition and Recruitment: Call for Nominations (attachments)

- After assessing the needs and gaps of recruitment, the Governance Committee is looking to add representation from Southwest Riverside / Temecula, people of color, females and professional experience in banking, biotech, healthcare, hospitality (travel, golf, winery), legal (estate planning preferred), and manufacturing.
- There are currently 4 vacancies and 3 Directors with terms ending (Luanne Bas, John Fortune, Jack Raymond).
- During this unprecedented time with campus closed to external visitors, please consider your constituents that have long-term relationships within the University, such as members of the [College of Business Administration's Advisory Board](#), [College of Science and Math Advisory Council](#), [Executives in Residence](#), [In The Executive Chair speakers](#), [President's University Council](#), etc. as prospective for the Foundation Board. Forward your suggestions to staff.

ACTION ITEM: Board Directors to identify their constituents that are currently supporting the university on various councils (such as: [College of Business Administration's Advisory Board](#), [College of Science and Math Advisory Council](#), [Executives in Residence](#), [In The Executive Chair speakers](#), [President's University Council](#), etc.) and recommend those that could be prospective Foundation Board Directors to staff.

VI. Student Update:

- Deferred to next meeting.

VII. Quarterly Update:

- Deferred to next meeting.

VIII. Speakers of the Quarter: Student Run Investment Fund – [Andreas Rauterkus](#), Associate Professor and Department of Finance Chair in the College of Business Administration with student representatives: Colin Andrews, Chief Investment Officer; Tara Moore, Chief Accounting Officer; Dante Rienzi, Portfolio Manager (student bios attached)

- Deferred to next meeting.

IX. Into the Next 30 Years Presidential Investiture – *Cathy Baur*

- President Neufeldt’s investiture is in the process of being postponed. Sponsors of the event are currently being asked to transition their gifts to the future event.

X. Advancement Update – *Cathy Baur*

- Audit update: Following a complaint alleging excessive spending and the misuse of public funds, President Neufeldt requested an independent investigation from the CSU. The investigation results were shared with the campus community.
- Report to Community: President’s Annual Report to Community was a great success with over 450 attendees and over \$30k in sponsorships.
- 2020 Sponsorships: Deferred to next meeting.
- Recruitment: There are several vacancies within Advancement that are currently being recruited for.

XI. Thank You Cards – *Cathy Baur*

- While handwritten notes are deferred to next meeting our Donor Relations team is sending email thank yous to donors.

XII. Take Away & Did We Miss Anything – *Chair Jackson*

- Deferred to next meeting.

Adjournment: There being no further business, the electronic transmission was concluded.

Minutes submitted by: Donna Day

Dated: March 26, 2020



Neal Hoss 06/23/2020 10:28 PDT

Secretary