

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

December 1, 2011

Members Present:

Linda Bailey, Luanne Bas, David Bennett, Dan Calac, Maryann Edwards, John Fortune, Linda Hawk, President Karen Haynes, Neal Hoss, Marco Lemus, Michael McDonald, Josh Pack, John Pettitt, Jack Raymond

Members Absent:

Helen Adams, Jack Charney, Ken Markstein, Chris Tresse

Staff Present:

Vic Calise, Bruce Genung, Donna Lutkus, Greg Svatora

Guest Presenters:

James Cushing, Student
Marty Ummel, Director of Development, Major Gifts
Cathy Baur, Associate Vice President, Communications

Proceedings:

On December 1, 2011, and pursuant to California Corporations Code Section 5211(a)(6) a business meeting of the California State University San Marcos Foundation Board of Directors was called to order at 7:35 am by Mr. John Pettitt, Chair of the Board.

I. Welcome, Updates & Announcements:

Mr. Pettitt welcomed everyone to the meeting and provided the following update:

- Les Cross has resigned from the Board.
- Mr. Pettitt reminded everyone of several events taking place on campus including:
 - Telling Stories – December 2, 2011
 - President's Holiday Open House – December 11, 2011
- Major General Tony Jackson; Camp Pendleton, and Ron Gerevas; (retired) Heidrick & Struggles and currently serving as chair of the university's CoBA Advisory Board, both agreed to become Board members in March.

II. President's Remarks:

President Karen Haynes thanked Mr. Pettitt for his services as the first Foundation Board Chair. She complimented him on his great success of developing the structure of the Board and its Committees. Due to his commitment and his many contributions to CSUSM he received the 2009 Volunteer of the Year award at the North County Philanthropic Council on behalf of CSUSM.

President Haynes also announced that Mr. Jack Raymond has accepted the role of incoming Board Chair.

The President then provided the following update:

- At a recent CSU Trustee meeting, the Board voted in favor of a 9% increase in student fees for the fall 2012 academic year.
- The 2011-12 state budget included a trigger for an additional \$100 million reduction to the CSU, equaling \$2.5 million for CSUSM, if state revenue forecasts were not met.
- The Koala newspaper has recently been in the news. While this unofficial publication is offensive to many, it is protected by the first amendment right of free speech. In a positive effort, CSUSM continues to embark on our civility campaign and issued a public statement on anti bullying, highlighting the University's set of values on campus.
- In lighter news, the Universities athletics department is beaming with pride with the following accomplishments:
 - Women's cross country team won its third straight NAIA National Championship title
 - Men's cross country team won its fourth consecutive A.I.I. Championship title
 - Women's soccer team advanced to the NAIA national tournament
 - Volleyball team won the A.I.I. Championship and qualified for the NAIA National Championship tournament.
 - Men's and women's basketball teams continue to impress in their first season.
- March will be the official ground breaking for the Student Union.
- November was the official ground breaking for additional student housing at the Quad.
- Additional events to be aware of include:
 - Report to the Community – February 2, 2012
 - Gala – June 9, 2012

III. Business:

A. Approval of September 2, 2011 Foundation Board Meeting Minutes

Mr. Pettitt requested a motion to approve the previous meeting minutes, it was moved by Mr. Bennett and seconded by Mr. Raymond. The September 1, 2011 minutes were approved.

B. Committee Reports

i. Audit Committee

In Ms. Adams' absence, Mr. Hoss provided an overview of the audited financial statements for the period ended June 30, 2011 conducted by McGladrey & Pullen. This first audit for the new CSUSM Foundation resulted in an unqualified "clean" opinion with no major findings. Two recommendations included:

- Investment income recorded using separate accounts for interest income and market appreciation.

- Consider uncollectible pledges when calculating the present value discount of pledge receivables.

Mr. Pettitt requested a motion to approve the audit and its report to BOD, it was moved by Ms. Bailey and seconded by Council Member Edwards. The McGladrey & Pullen audit and report to the BOD were accepted.

ii. Membership Committee

Dr. Calac reported that the Membership Committee has brought forth a few candidates for potential membership and have a few others in the pipeline.

While the current process, established a couple of years ago, is working, the committee is evaluating the vetting process.

A search for replacements for student and faculty representatives is underway.

iii. Finance and Investment Committee

Council Member Edwards reported that the Finance and Investment Committee met on November 3rd.

1. Investment performance – Mr. Svatora provided a review of the investment performance for the quarter ending September 30, 2011.

Mr. Hoss noted the following endowment return on investments:

- National average – 19.8%
- CSU average – 20.28%
- CSUSM – 25.4 %

The Committee will be reconsidering the target allocations for hedge funds and fixed income funds.

2. Financial Statements – Mr. Svatora reviewed the quarterly financial statements for the period ending September 30, 2011.

iv. Fundraising Committee

Mr. McDonald reported that the Fundraising Committee met on October 26th.

Mr. Lemus advised that the Senior Class Giving Committee, consisting of 12 students, is underway on a campaign to ask for \$20.12 from each senior. With a target goal of 20% participation, the committee hopes to raise approximately \$6,000. The Committee is conducting a search for a matching donation. Ms. Bas reiterated the Board's support and challenged members to assist with finding matching donors.

Mr. Fortune provided an update on two of the Alumni Association's Annual Appeals:

- Targeting Alumni that have never given with updates on campus events and a solicitation:
 - Automated "robo" call campaign was completed to validate phone numbers, securing 18,000 valid numbers that will be utilized for annual fund appeals throughout the year.
 - Email communication to over 12,000 graduates to validate email addresses resulted in only a 5% rejection rate.
- Targeting Alumni that have donated, but not recently:
 - Solicitation letters will be mailed with Steps magazine encouraging their engagement with the university.

Mr. McDonald encouraged other Board members to provide names of potential supporters to provide matching gifts, either to the Senior Class Giving or the Alumni appeals.

Remarking that a key role for Board members is to introduce constituents to the University, Mr. McDonald asked members to review the list of campus events, to bring potential prospects, secure sponsorships, and attend the events.

C. Development Update

Mr. Genung invited Marty Ummel, Director of Development, Major Gifts to present to the Board on Development activities in her area. Ms. Ummel provided an overview on scholarships.

- Approximately 60 % of students received some type of financial aid, averaging \$7,407 per student, last year.
- Tuition has increased from \$3,082 in 2006 to \$6,596 in 2011.
- There are approximately 900 scholarships awarded to CSUSM students.
 - 150 are internal – provided by donors
 - 750 are external – provided by service organizations and foundations
- Notable scholarships include:
 - Fenstermaker Foundation, providing over \$1 million in scholarships over 12 years.
 - J. Douglas & Marian Pardee Foundation scholarship program, providing the most awards annually with (50) \$2,000 scholarships.
- Types of scholarships include:
 - Annual – \$500 or more.
 - Endowed – minimum of \$10,000 with only the allocated income from the investment available to be awarded.
- Majority of internal scholarships awarded by the Faculty Selection Committee, comprised of faculty from each college, utilizing the donor's criteria.
- With many deserving students, one group that CSUSM has begun to focus on is veterans. CSUSM is currently serving 366 veterans, the highest percentage per capita in the CSU system, and 25 active-duty military members.

Ms. Ummel proceeded in introducing First Sergeant James Cushing (Ret), student recipient of the Lt. Col AJ Pack Veteran's Scholarship. The scholarship was established by Josh Pack, Board member, to honor his father. Mr. Cushing shared his experiences as a veteran, a student, and a scholarship recipient, and the impact of the scholarship on his ability to obtain an education.

IV. Guest Presentation: University Communications

Cathy Baur, Associate Vice President, provided a presentation on the roles and responsibilities of the Communications department and the tools and publications it uses to educate the community about the University. Included in the presentation was a reference to updated University talking points and points of pride, which will be shared with the Board early next year.

V. Meeting and Event update

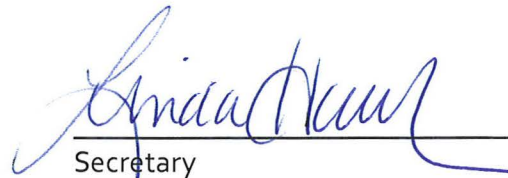
Mr. Hoss reiterated the request for Board members to attend and invite their constituents to events held on campus.

Based on a survey of Board members, meetings in 2012 will be held from 7:30 am – 9:30 am. Meeting appointments and event dates will be sent via Outlook.

Adjournment:

There being no further business, Mr. Pettitt adjourned the meeting at 9:25 am.

Dated: December 1, 2011


Secretary