

MINUTES OF THE BOARD OF DIRECTORS OF THE CALIFORNIA STATE UNIVERSITY SAN MARCOS UNIVERSITY FOUNDATION

A California Nonprofit Public Benefit Corporation

March 12, 2010

Members Present:

Dan Calac, Bennett Cherry, Maryann Edwards, President Karen Haynes, Neal Hoss, Michael McDonald, John Pettitt, Nicholas Wagner

Members Absent:

David Bennett, Linda Hawk, Mark King, Ruth Mangrum, Ken Markstein, Elsie Weston

Staff Present:

Vic Calise, Donna Lutkus, Melinda Newsome, Greg Svatora

Proceedings:

On March 12, 2010, 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 7:30 am by Mr. John Pettitt, Chair of the Board.

I. Welcome, Updates & Announcements

Mr. Pettitt welcomed everyone to the meeting and invited the President to share some remarks.

II. President's Remarks

President Karen Haynes greeted and welcomed the Board members. She gave a brief update on the following:

- We are at the midpoint of spring semester, and with only 2 months until commencement, we are continuing to move forward at a very fast pace.
- Our Athletics Fee Referendum passed with the approval of 68 percent of a record turnout of students voting. These funds will allow us to bring men's and women's basketball and volleyball to campus and greatly facilitate our application process for NCAA Division II status.
- University Student Union planning is also underway.
- A campus delegation went to Washington D.C. to meet with our congressional representatives for CSU "Hill Day" to advocate for making higher education a priority. Both Mark Wyland and Martin Garrick are visiting the campus this semester.
- In February, we hosted a very successful Scholarship/Donor Reception with over 150 in attendance.
- Plans are underway for our annual gala – our 20th anniversary Platinum Ball – which will be held here on campus on Saturday, June 26.

III. Business

A. Approval of December 3, 2009 Foundation Board Meeting Minutes

Mr. Pettitt requested a motion to approve the previous meetings minutes, it was moved by Maryann Edwards and seconded by Ben Cherry, and unanimously carried that the December 3, 2009 minutes were approved.

Mr. Pettitt requested reports from representatives of each Committee.

B. Committee Reports

i. Membership Committee

Dr. Dan Calac reported that the Committee held 2 meetings. The main focus was on building membership and determining a process on how to build that membership.

After reviewing the existing charge of the Nominating and Governance Committee and based on staff's recommendation, agreed that the scope of the Committee should be limited to membership and that governance should be handled through an Executive Committee of the Board.

The Membership Committee charge was provided in the Board's materials. The Board agreed that ex-officio members should be included in the 50% requirement to meet a quorum.

ACTION ITEM: The Membership Committee charge will be revised to include the changes to the quorum requirement. All other committee charges will be revised to include the same language.

The Committee established the following 6 Month Goals

By June 30, 2010 the Committee will recruit 6 new members to the Board from the community. The focus will be on those with financial, investment, and legal backgrounds and expertise.

The Committee established the following 12 Month Goals

By December 31, 2010 the Committee will populate a full Board with committee appointments.

Dr. Calac reviewed the revised membership process attached to these minutes. Following discussion regarding the approval process, Dr. Calac requested a motion to approve the Membership process further revised such that membership approval requires 51% of the Board's concurrence, submitted electronically for approval to the Board. It was moved by Maryann Edwards and seconded by Nicholas Wagner, and unanimously carried that new Board members may be voted on electronically and approved with a 51% acceptance.

ACTION ITEM: The Membership Committee is charged with creating a process to collect electronic votes utilizing the same process for each prospective member.

ii. Finance and Investment Committee

Maryann Edwards reported that the Committee held 2 meetings.

January 13, 2010

The Committee reviewed the existing charge of the Committee and felt that it is appropriate as is.

The goals established at the first meeting were revised at the second meeting.

The Committee noted a need for members with professional investment expertise; with a goal of adding 2 to 4 new members.

February 11, 2010

Chris Weil joined the Finance and Investment Committee (non-Board Member). Mr. Weil is an Investment Manager with over 30 years of experience and added obvious expertise at his first meeting.

A presentation was provided on our existing portfolio by Canterbury Consulting, our portfolio managers.

Canterbury will be invited to the next meeting to share their recommendations for any changes in investments.

The Committee agreed to defer the RFP process for investment management services while they learn more about Canterbury Consulting's performance and services.

The Committee established the following 6 Month Goals

Review and Revise Existing Investment Policies and Procedures - The Committee confirmed that they would use the existing policies and procedures until they make recommendations to modify them and those modifications are approved.

Confirm the 2010/11 payout recommended by the University Auxiliary Research Services Corporation (UARSC).

Recommend a 2010/11 Operating Budget to the Board for approval

The Committee established the following 12 Month Goals

Review RFP process for investment management services

Review Gift Fee policy and procedures, Gift Acceptance policy and procedures, and such other policies and procedures as appropriate.

Greg Svatora provided a review of the December 31, 2009 Investment Reports. A summary of information on the performance of our investments was provided in the member's materials.

Mr. Svatora reviewed the summary investment performance noting that recent practice has provided an annual average spending rate of 4 percent on endowments. Last year it was decided to split the endowments by type: Scholarship and Program. Scholarships were lowered from 4 to 2 percent while there was no allocation on Program endowments.

iii. Fundraising Committee

Temporary Fundraising Committee Chair, Michael McDonald, reported that the Fundraising Committee met once.

The Committee established the following 6 Month Goals

The Committee reviewed the existing charge of the Committee and felt that it is appropriate as is.

The overall size of the Committee should have no limit. By July 1, 2010 the goal is to add 4 new members.

The Committee expressed a need for specific fundraising priorities for the Fundraising Committee to focus its efforts, including how to work with the already established advisory councils in the colleges and elsewhere and how efforts should be coordinated between the advisory councils and the Board.

The Committee established the following 12 Month Goals

Ensure there is 100% in giving among the Board (give or get)

The goal is for \$5,000 per member to contribute or to "get" through their efforts on behalf of the Foundation and the University.

General Fundraising Priorities

The Committee reviewed general fundraising priorities indicating that the Board should focus on fewer priorities that represent the President's and the University's overall goals.

The Committee will review how to best coordinate and leverage the work of all the various advisory councils on campus.

iv. Liability Insurance Coverage - CSUSM Foundation Liability Insurance Including Directors and Officers Liability Coverage

Mr. Svatora provided an overview of the CSUSM Foundation Liability Insurance and the CSU Risk Management Authority (CSURMA) and Auxiliary Organization Risk Management Authority (AORMA), comprised of approximately 90 officially recognized CSU auxiliaries.

C. Action Items

Mr. Hoss described the changes and additions that are being suggested to the Foundation's committee structure as follows:

- i. Change Nominating and Governance Committee to Membership Committee
Based on the Committee's recommendation, change the name of the Nominating and Governance Committee to the Membership Committee and create an Executive Committee made up of Board Officers and Corporate Officers that could handle governance issues.
- ii. Revised Membership Committee Charge (attachment)
Mr. Hoss referenced a revised charge to a renamed Membership Committee. This essentially eliminates the responsibilities for governance and clarifies the charge as it relates to populating Committees.
- iii. Executive Committee Charge (attachment)
Mr. Hoss referenced a charge for a newly proposed Executive Committee with membership composed of the Board Chair, the Committee Chairs, the University President, Secretary/Treasurer, and the Executive Director of the Foundation. As indicated in the charge, the proposed Executive Committee would review Board and Committee structure, handle other governance issues, and recommend changes to the bylaws. Additionally the Executive Committee would have the authority to act on behalf of the Board in cases where an urgent matter arises and it isn't possible to convene a special meeting of the full Board.

Mr. Pettitt requested a motion to approve the changes to the Committee structure as presented. It was moved by Maryann Edwards and seconded by Dan Calac, and unanimously approved.

- iv. Adopt Resolution to Participate in CSUSM Joint Audit Committee
Resolution Authorizing Participation in the CSUSM Joint Audit Committee (No. BOD 3-10-01)

Mr. Hoss advised the Board regarding the Foundation's participation in the Joint Auxiliary Audit Committee on campus.

The various officially recognized auxiliary organizations of Cal State San Marcos, including the University Auxiliary Research Services Corporation, the San Marcos University Corporation, and the Associated Students, Incorporated have joined together to form the CSUSM Joint Audit Committee. The Committee's charge is to engage an audit firm to audit the annual financial statements of each of the independent auxiliary organizations, monitor the audit process, review the performance of the auditors, and address recommendations of the independent auditors. The Committee also addresses issues presented by the independent auditors of

the California State University, or other entities with financial oversight or jurisdiction over the administration of the Foundation.

While we are electing to officially move funds on July 1, 2010 in order to save about \$20,000 in audit fees, there is currently an RFP process for audit services to be performed over the next three or more years. Mr. Hoss will represent the Foundation on that Committee for review of the RFP and will report back the results of the Committee's work.

Mr. Pettitt requested a motion to approve **Resolution Authorizing Participation in the CSUSM Joint Audit Committee (No. BOD 3-10-01)**, it was moved by Maryann Edwards and seconded by Dan Calac, and unanimously carried that resolution No. BOD 3-10-01 was approved.

**IV. Guest Presentation – Dr. Victor Rocha, Interim Dean for CoAS and Dr. Graham Oberem, Associate Dean for Budget and Operations, for CoAS, CSUSM
Time Certain @ 8:00 am**

Dr. Victor Rocha and Dr. Graham Oberem provided a 15 minute presentation updating the Board on the Social and Behavioral Sciences Building at the University with an anticipated completion date of the end of December 2010 and occupancy following the spring semester.

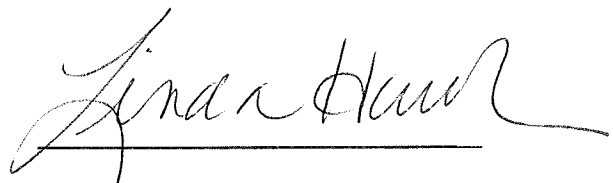
V. Future Agenda Items

- A. Revise Bylaws to address prohibition regarding loans to Board members - for review and recommendation by the Executive Committee
- B. "Elevator" Speech – for review and recommendation by the Fundraising Committee
- C. 2010/11 Budget - for review and recommendation by the Finance and Investment Committee

VI. Adjournment

- President Haynes reminded the Board Members that she will be hosting the Foundation for dinner at her home on Saturday, March 20.
- Mr. Wagner mentioned that this might be his last Board meeting since he will be graduating and attending Officer Training. Mr. Pettitt thanked him for his service on the Board and to our country.
- There begin no further business, Mr. Pettitt adjourned the meeting at 9:03 am.

Dated: March 12, 2010


Secretary