

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

A California Nonprofit Public Benefit Corporation

June 2, 2011

Members Present:

Helen Adams, Luanne Bas, David Bennett, Dan Calac, Jack Charney, John Fortune, Linda Hawk, President Karen Haynes, Neal Hoss, Marco Lemus, Michael McDonald, John Pettitt, Jack Raymond, Jeff Robin, Chris Tresse

Members Absent:

Linda Bailey, Bennett Cherry, Les Cross, Maryann Edwards, Ken Markstein, Josh Pack

Staff Present:

Vic Calise, Bruce Genung, Donna Lutkus, Michelle Romans, Greg Svatora

Guest Presenters:

Brad Fenton – Planning, Design and Construction

Proceedings:

On June 2, 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 7:34 am by Mr. John Pettitt, Chair of the Board.

I. Welcome, Updates & Announcements

Mr. Pettitt welcomed everyone to the meeting and introduced new Board Members Luanne Bas and Josh Pack (absent). Mr. Pettitt noted that Ruth Mangrum has resigned from the Board.

Ms. Bas provided a brief background on herself including her recent involvement on the CoAS Advisory Council.

Mr. Pettitt reminded the Board of the upcoming Gala on June 18th, noting that it is an important event for the University and asked them to consider participating if they have not done so. He also mentioned that he has recently been reading more on the University and commended the staff responsible for the public relations area for doing a good job.

II. President's Remarks

President Karen Haynes provided the following update:

- Commencement came back to campus for the first time in ten years and was very well done. Fall Convocation will also be on campus as will the Gala and Report to the Community.

- We have successfully recruited four new deans: College of Education, Health and Human Services, College of Humanities, Arts and Behavioral and Social Sciences, College of Math and Science, and Extended Learning, 31 new faculty, and for the first time, we will have an Associate Vice President for Diversity and Ombudsman.
- This Spring we accepted more first time freshman and transfer students.
- The CSU still does not know if \$500 million will be cut from the system's state appropriation, however, the Chancellor has indicated that they will increase student fees if necessary, in order to maintain the quality of education.
- President Haynes reminded the Board of the dinner that she would be hosting at her home on August 13, noting that formal invitations will be sent

III. Vice President's Remarks

Mr. Hoss provided the following update:

- University Advancement has recently hired four new staff members and is currently in the process of interviewing for the Data Analyst position. These new positions are in addition to the recruitments last fall for an AVP for Development, Bruce Genung, and Director of Prospect Research, Dana Reedy.
 - Director of Special and Major Gifts, Greg Anglea
 - Director of Corporate and Foundation Relations, Kelly Briggs
 - Associate Director of Annual Giving, Sean Briner
 - Administrative Support Assistant, Michelle Romans
- We are continuing to work on the case for support and narrowing down the funding priorities, while leaving space for the new deans to provide their input.

IV. Business

1. Approval of March 11, 2011 Foundation Board Meeting Minutes
Mr. Pettitt requested a motion to approve the previous meeting minutes, it was moved by Mr. Raymond and seconded by Mr. Robin. It was so noted that the March 11, 2011 minutes were approved.
2. Committee Reports
 - i. Audit Committee
Ms. Adams reported that during the May 10th meeting, the Joint Audit Committee approved McGladery & Pullen's audit and Tax form 990 for UARSC, San Diego University Corporation and Associated Student Inc. Mr. Svatora noted that 2010/11 will be the first year for the CSUSM Foundation to have annual financial audit and file tax returns.
 - ii. Membership Committee
The Membership Committee did not have a quorum at their meeting; Chair Calac provided the following update: The Committee is close to their initial goal of filling the Board with new additions of Luanne Bas and Josh Pack. The goal is to have 20-30 members and we currently have 21 members.

Dr. Calac referenced a 2010 survey analysis of other university Boards, both public and private, indicating various demographics and statistics related to the membership. He briefly compared the survey's findings to current membership and noted that current membership is comparable to those in the survey.

Dr. Calac noted that it would be beneficial to have another individual in Healthcare on the Board. Mr. Pettitt suggested that the Membership Committee focus on those candidates.

Mr. Genung encouraged Board members to contact him or other Development staff if they have ideas for new potential supporters or Board members.

iii. Finance and Investment Committee

Mr. Hoss provided the report of the Finance and Investment Committee in Councilmember Edwards' absence.

1. Investment performance – Mr. Svatora provided a review of the investment performance for the quarter ending March 31, 2011, indicating that the last three quarters have all had positive returns.
2. Financial Statements – Mr. Svatora reviewed the quarterly financial statements for the Period ending March 31, 2011. During the review, reference was made to the \$5.8 million in Cash and Short Term Investments. The staff is going to begin analyzing short term investments, reviewing cash flow requirements over the existing course of the year along with options for possible investments and any related existing policies.
3. Certificate of Compliance and Approvals – Review of the Certificate of Compliance and Approvals was deferred to the next meeting, September 1, 2011.
4. Gift Fees Update – Mr. Hoss reported that staff is currently in the process of surveying donors to collect feedback on the implementation of gift fees.
5. Endowment Spending Scenarios –Based on the Board's request to review the possibility of increasing endowment payout due to the impact of the economy on our constituents, Mr. Hoss noted that the Committee reviewed an analysis demonstrating an additional 1%, 2% and 3% spending scenarios, noting that our highest payout rate was 5% in 1999. The Committee agreed to keep the endowment payout rate at 4%, noting in particular that portfolios return since inception is only 3.9% (including 2008). In order to maintain the purchasing power of the endowment funds in the long term, the portfolio would have to earn 6.5% to maintain a 4% payout and keep up with an estimated 2.5% inflation rate. The Committee suggested that the endowment spending rate should remain at the Board approved 4%.

6. The Board discussed a current and target endowment funding levels. The endowment can grow either through investment returns in excess of distributions or through additions through charitable gifts. While there is no limit to growing the endowment, we anticipate that significant gifts to the endowment will emphasize the University's funding priorities that are currently being developed.

iv. Fundraising Committee

Mr. McDonald expressed the importance of one hundred percent Board participation either individually, purchase of a table or higher level to support the Gala. He noted that if Board members are unable to attend, a gift of a seat for a faculty/staff member is encouraged.

During the last meeting the focus was on how to broaden contact within the community to grow support of the University. Since that time, Mr. McDonald and Mr. Charney co-hosted an event, introducing new members to the University. Mr. Raymond will host a similar event over the summer.

Mr. McDonald mentioned Ms. Adams' contact within her former CPA firm that will partner with staff to develop matching gift program. A similar structure could be set up within other industries. Board members were encouraged to look for these types of opportunities.

Mr. McDonald encouraged other Board members to participate in the Committee noting that Ms. Bas has agreed to join the Fundraising Committee.

V. Guest Presentation – Planning, Design and Construction

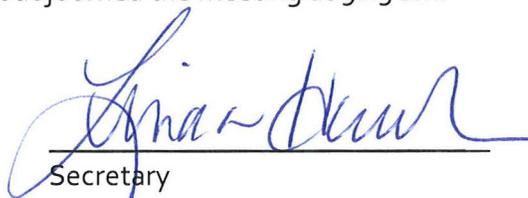
Brad Fenton, Director of Planning, Design and Construction Department, CSUSM, provided a presentation on the new construction on campus as well as the plans for the new Student Union.

VI. Future Agenda Items

VII. Adjournment

There being no further business, Mr. Pettitt adjourned the meeting at 9:15 am.

Dated: June 2, 2011


Secretary