

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

A California Nonprofit Public Benefit Corporation

March 11, 2011

Members Present:

Linda Bailey, David Bennett, Dan Calac, Bennett Cherry, John Fortune, Neal Hoss, Marco Lemus, Ruth Mangrum, Michael McDonald, John Pettitt, Jack Raymond

Members Absent:

Helen Adams, Jack Charney, Les Cross, Maryann Edwards, Linda Hawk, President Karen Haynes, Ken Markstein, Jeff Robin, Chris Tresse

Staff Present:

Vic Calise, Bruce Genung, Donna Lutkus, Greg Svatora

Guest Presenters:

Nicole Millett – Development Writer

Jim Hamerly – Director of Business Community Relations, College of Business Administration

Proceedings:

On March 11, 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 7:36 am by Mr. John Pettitt, Chair of the Board.

I. Welcome, Updates & Announcements

Mr. Pettitt welcomed everyone to the meeting. He noted that Mark King from TaylorMade resigned from the Board but will continue to provide support to the campus.

He requested that everyone save the date for CSUSM's annual gala to be held on Saturday, June 18.

He cited the new baseball field as part of the process to achieving NCAA status.

II. Vice President's Remarks

In the absence of President Karen Haynes, VP Hoss provided the following update:

- The annual Report to the Community, held on Thursday, February 3rd, was a great success with over 400 regional leaders from government, business, and service organizations in attendance. The "Future, Focused" theme of the President's remarks centered on how CSUSM will move toward its 25th anniversary in 2015. CSUSM has now graduated over 23,000 alumni, with several thousand more preparing to graduate this spring on Mangrum Track and Field. Mr. Hoss mentioned that Haynes' vision is

that by 2015, the university will have further raised the educational attainment rates, particularly among the most educationally at risk populations, thus assuring economic vitality and social transformation throughout our region, while modeling best 21st century concepts in curriculum, pedagogy, research and community engagement. While the governor has proposed a \$500 million cut to the CSU system with CSUSM's share expected to be approximately \$9.5 million, Mr. Hoss noted that CSUSM has been frugal and implemented budget cuts last year in anticipation of reduced state support. Mr. Raymond suggested that while there were several CSUSM Foundation Board members present at the Report to the Community, he suggested that the Board or Board members purchase a table or tables.

- Mr. Hoss noted the university is in a position for future growth and is currently changing its college structure. Four dean searches are underway with hopes of filling those positions by the end of June.
- He referenced that during the restructure, the CoAS Advisory Council has been temporarily suspended.
- On the second page of the agenda, Mr. Hoss referenced several special events to be held on campus. Pointing out the annual gala, Saturday, June 18, as well as the President's invitation to host the CSUSM Foundation Board at her home for dinner on Saturday, August 13, 2011. Mr. Hoss asked David Bennett to provide background on the In The Executive's Chair (ITEC) speaker series.
- Mr. Bennett advised that ITEC is a course on campus that provides senior level executives an invitation to speak to students, similar to "In the Actor's Studio." There is no formal presentation, however the moderators lead the speaker through their professional career, with teams of students interviewing the executive. All are welcome to attend.
- Board members were asked to review the list of events to see if there was something of interest for them, or a constituent of theirs, to attend, and to contact University Advancement for further information or assistance.

ACTION: Board members to review the event list and contact University Advancement if they are interested in attending or bringing community members to events.

III. Business

1. Approval of December 6, 2010 Foundation Board Meeting Minutes
Mr. Pettitt requested a motion to approve the previous meeting minutes, it was moved by Dr. Calac and seconded by Mr. Raymond. It was so noted that the December 6, 2010 minutes were approved.
2. Committee Reports
 - i. Audit Committee
Mr. Hoss noted that he would provide the update in Ms. Adams' absence. Mr. Hoss reminded the Board that fiscal year 2010-11 is the first year that the CSUSM Foundation will have audited financial statements and that the predecessor

organization received an unqualified opinion on their June 30, 2010 financial statements.

Mr. Hoss noted that the Chancellor's Office performs a compliance audit every three years of all auxiliaries within the CSU. During the most recent audit, some minor findings were reported and all recommendations either have been or are in the process of being implemented.

With much publicity regarding some of the CSU auxiliary organizations, the Chancellor convened a group of President's, Vice Presidents and Financial Officers to review the auxiliaries and make recommendations. Recommendations of primary significance include providing transparency to financial documents while protecting donor and proprietary rights. The CSU is proposing legislation to accomplish both of those goals.

ii. Membership Committee

Dr. Calac reported that the Committee met once since the last Board meeting, and welcomed John Fortune as its newest member. The Committee reviewed their roles and approved methods of recruiting additional Board members.

With approximately 20 Board members, the Board's next membership milestone is to reach 25 members and the Membership Committee itself should have 7-10 members. Consideration of new members should be based on mutual interests and goals, along with philanthropic leadership ability. Potential members include existing college and unit advisory council members as well as someone in the public relations/media industry.

iii. Finance and Investment Committee

Mr. Hoss noted that he would provide 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 December 31, 2010, indicating that the portfolio had substantially recovered from the decrease in market values over the last several years.
2. Financial Statements – Mr. Svatora reviewed the September and December 2010 quarterly financial statements. Also reviewed were the quarterly outstanding donor pledge activity reports. These were the first financial statements presented since the asset transfer to the CSUSM Foundation on July 1, 2010.

Mr. Pettitt requested a vote to accept the financial statements since they came moved and seconded from the Committee. There being no discussion, the financial statements were unanimously accepted.

3. Endowment Spending Rate for Fiscal Year – Mr. Svatora reviewed the current endowment spending rates noting that scholarships are currently at a rate of three percent for 2010/11 and program endowments are at two percent. He noted that the Finance and Investment Committee recommends to the Board an increase of both to four percent for the 2011/12 year. Following discussion as to whether the spending rate might be increased to five percent for scholarship endowments, staff was asked to take that suggestion back to the Finance and Investment Committee for review.

Mr. Pettitt requested a vote to approve an increase in the endowment spending rate to four percent for both scholarships and programs for the 2011/12 year, since the recommendation came moved and seconded from the Committee. The motion was unanimously approved.

ACTION: Staff to bring the possibility of increasing the payout on scholarship endowments to five percent to the Finance and Investment Committee for their review.

4. Gift Acceptance Policy – Mr. Svatora reviewed the Gift Acceptance Policy and noted no significant changes had been made since the first read. He noted the implementation of a one-time five percent gift acceptance fee, as described in Section X of the policy. The fee is to replace the eight percent currently be applied as the funds are spent. After some discussion, staff was asked to poll some donors about the gift fee for their reaction and to establish a communications plan for implementation of the gift fee.

ACTION: Staff to survey donors on the implementation of a five percent gift fee to assist with fundraising needs vis-à-vis the eight percent currently being distributed when funds are being spent. Review the possibility of a sliding scale based on the amount of the gift.

iv. Fundraising Committee

1. Development Report – Nicole Millett is a development writer assisting University Advancement with the creation of a case for support. She explained that the details in a case for support may include such items as the history of the university, its biggest strengths, future goals and fundraising priorities. Using overarching themes will detail the universities strategic plan while allowing for information to be extracted for standalone cases for support.
2. Board Participation – Mr. McDonald reviewed the commitment for Board members, including:
 - 100% participation: To set an example of philanthropic leadership and commitment to the mission of CSUSM, each Board member is asked to give annually according to their ability

- Special projects: In addition to their annual gift, Board members are asked to support special projects of interest to the individual
- Open doors: Board members will assist in identifying and engaging other potential Board members or prospective supporters of the university

3. Mr. McDonald also discussed an event he is co-hosting in his home with Jack Charney on April 5 to engage potential supporters of CSUSM.

IV. Guest Presentation – Senior Experience

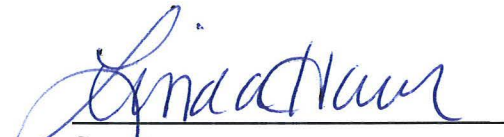
Dr. Jim Hamerly, Director of Business Community Relations, College of Business Administration, provided a presentation on the Senior Experience class offered at CSUSM and invited Board members to attend the trade show held at the end of each semester.

V. Future Agenda Items

VI. Adjournment

There being no further business, Mr. Pettitt adjourned the meeting at 9:28 am.

Dated: March 11, 2011


Secretary