

# California State University, Los Angeles Foundation

## **BOARD OF TRUSTEES Meeting Minutes**

Thursday, January 28, 2016  
11:30 a.m.

Raquel Soriano Board Room, Golden Eagle

- Present:** Lisa Chavez, William A. Covino, Janet Dial, Yoshiko Fong, Jeanette Gordon, Michael Hagerthy, William Lewis, Dwight Nakata, Omel Nieves, Eduardo Ramirez, Jorge Ramirez, Leila Ricci, Frank Saito, Mae Santos, Molly Talcott, Nancy Warter-Perez, Tony Wong
- Absent:** Mongwei Wee
- Staff:** Thomas Leung, University Controller  
Susana Moreno, Fiscal Coordinator, University Advancement  
Mario A. Perez, Associate Vice President for University Advancement  
Jane Rhee, Administrative Assistant, University Advancement
- Guests:** Michael Garrett, Executive Director for Intercollegiate Athletics  
Daniel Garrett, Assistant Director for Intercollegiate Athletics

Omel Nieves called the meeting to order at 11:35am.

### **President's Report** – Omel Nieves

#### **Approval of Minutes**

The draft of the September 24, 2015 Board of Trustees meeting minutes was presented for review and approval.

**Motion to approve the minutes of September 24, 2015 Board of Trustees**, as presented, was made by Tony Wong and seconded by William Lewis.

With no further comments, the Trustees conducted a verbal vote and the motion passed, by unanimous vote.

### **University President's Report** – President William A. Covino

#### **Introductions**

President Covino introduced the new Executive Director of Intercollegiate Athletics, Michael Garrett, and Assistant Director of Intercollegiate Athletics, Daniel Garrett. Mike Garrett expressed his enthusiasm to returning to his roots in East L.A. and that he is looking forward to working with the coaches, students, staff and administration at Cal State LA. There was a discussion of the future plans for the intercollegiate athletic programs.

#### **Investment Directive**

President Covino reported he has held several meetings and discussions with the Black Student Union during fall quarter, and the topics discussed included student recruitment to ensure a more diverse student population, developing a more diverse faculty, and social justice activities. One of the social justice topics was investments in private prison corporations. President Covino presented another public university who has formally divested from private prison corporations. On behalf of the Black Student Union, and students-at-large, President Covino presented a motion to direct foundation investments to eliminate any existing Foundation investments, and to bar any future investments in private prison corporations.

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Mr. Nieves reported that during the investment and finance committee meeting, the investment managers confirmed that the Foundation does not hold any investments in private prison corporations. Further discussion followed surrounding investments that are impacted by political and social justice concerns. President Covino addressed that this directive aligns with the university mission statement and is in the best interest of the students whom we serve. Molly Talcott also addressed fossil fuel divestments, noting that there is a movement from students and faculty, alike, and would like for the Foundation to consider fossil fuel divestments in the future. Dr. Talcott volunteered to share some resources with the Board.

**Motion to direct the Foundation's investment management consultant, The Stone-Beck Group, to eliminate and bar Foundation investments in private prison corporations** was made by Frank Saito and seconded by Leila Ricci.

With no further comments, the Trustees conducted a verbal vote and the motion passed, by unanimous vote.

## University Update

Faculty and students are in week 4 of the last winter quarter before semester conversion in August. President Covino reported that nearly 89% of students are enrolled full-time. Applications, anticipated graduating students, and retention rates are at their highest. The downtown campus opened in January and classes are in session for 400-500 students. In response to lack of parking on campus, the university has negotiated with the city of Alhambra an off-campus parking lot, along with a shuttle between the lot and the campus. Construction for a parking structure is still being developed and creating a timetable is in progress. President Covino cited The Economist Magazine ranking of 1,250 universities nationwide which analyzed salaries of graduating students, and announced that Cal State LA ranked in the top 100 universities.

## Committee Reports

### Audit Committee – Dwight Nakata

Dwight Nakata reported that the committee met with the auditors from Macias Gini & O'Connell, LLP, to review the Foundation's exempt organization returns, prepared by the university controller, Thomas Leung, and his staff. Upon review, it is the committee's recommendation to approve the returns, as presented.

**Motion to approve the Foundation's 2014 Exempt Organization Returns (Form 990, CA Form 199, CA Form RRF-1) from July 1, 2014 to June 30, 2015** was made by Dwight Nakata and seconded by Jeanette Gordon.

With no further comments, the Trustees conducted a verbal vote and the motion passed, by unanimous vote.

### Development and Gift Acceptance Committee – Jorge Ramirez

Jorge Ramirez presented the Fundraising Report ending December 31, 2015, reporting that private giving receivables totaled \$2,462,046, noting \$1,507,000 of those gifts are earmarked to Foundation accounts. Gift commitments (including new gifts, new pledges and new testamentary commitments) totaled \$4,158,311. During the second fiscal quarter, University Advancement raised more than \$1,246,000 in philanthropic gifts and \$1,445,000 in new pledges. Some donation highlights were shared, such as: the L.K. Whittier Foundation's grant award of \$866,000.00 to support the School of Nursing Simulation Lab in the College of Health and Human Services; a pledge of \$1,000,000.00 over the next ten years from an anonymous alumni donor; and, \$400,00.00 toward endowed scholarships from estate gifts to the Charter College of Education.

Mr. Ramirez also reported that the university continues to receive pledge payments toward major gifts to support the Tennis Center initiative, and that a new brick campaign will launch this spring, with construction to begin later in 2016. There was a record attendance of 450 guests at October's annual Billie Jean King and Friends Gala.

Additional efforts of year-end direct mail solicitation campaigns from the Annual Fund resulted in more than 400 additional year-end gifts.

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Janet Dial noted that she will further discuss some upcoming proposals and anticipated gifts in the Executive Director's report, mentioning we are at 52% of our fiscal year goal of \$8,000,000.

## Governance Committee – William Lewis

*Nominations for new board members* – Mr. Lewis directed the Trustees to the nomination form that is included in their meeting packets. To address the vacancies and the Foundation's goal for growth, Trustees were encouraged to nominate and forward potential board members to Mr. Lewis or Dr. Dial. The current membership is eighteen (18) members, and the capacity is twenty-seven (27), according to the Foundation By-Laws. Mr. Nieves emphasized that existing Trustees are the best advocates for the Foundation and the university, and look forward to seeing growth among members. There was an inquiry of whether there was an expertise we are seeking at this time, and Mr. Lewis responded that we do have a need in investment and finance committee, but mainly the goal is to recruit and engage alums, as well as, non-alums, who are passionate about engaging with the university.

## Investment and Finance Committee – Omel Nieves

*Investment Report* – Mr. Nieves referred to Frank Saito, who reported on behalf of the committee. Mr. Saito reviewed some discussion points, such as the impact of international markets on domestic investments. Ending December 31, 2015, Mr. Saito provided an overview including the portfolio value of \$28,560,000. Investments over the past six months experienced a decline of 1.66%, however, the past three years the portfolio has experienced a 5.48% growth. Mr. Saito reported that The Stone-Beck Group reviewed the managers with the committee, as well.

## *Projected Distribution Options for 2016-17*

The committee also reviewed the projected distribution options for 2016-17 and explained the factors involved in their decision. The committee approved recommending to the board a 3.75% to the endowment account holders.

**Motion to approve Projected Fiscal Year 2016-2017 Distribution to Account Holders** was made by Tony Wong and seconded by Jeanette Gordon.

With no further comments, the Trustees conducted a verbal vote and the motion passed, by unanimous vote.

Mr. Ramirez inquired about the status of the Request for Proposal process. Mr. Saito reported on behalf of the committee that during their November off-cycle committee meeting, they agreed to proceed to extend The Stone-Beck Group's existing agreement of three years for another two years, ending June 2018, for a total of five years, the industry standard. The process of Request for Proposal will commence in fiscal year 2017 to ensure an investment management to commence July 2018. The Board concurred with the committee's recommendation and had no further comments.

## Treasurer's Report – Mae Santos

*Unaudited Financial Statements Ending December 31, 2015* – Ms. Santos reviewed the Financial Summary, reporting total inflows (comprised of investment earnings, and gifts and contributions) of \$1.34M, total outflows (comprised of operating, investment and scholarship activities) of \$1.15M, for a net flow of \$188,489 and an ending fund balance of \$37.29M.

Ms. Santos proceeded to review the Statements of Financial Position, comprised of the three funds: unrestricted funds totaling \$2.2M; temporarily restricted funds totaling \$8.2M; and, permanently restricted funds totaling \$27.2M.

Proceeding with the Statements of Activities, Ms. Santos reviewed revenue and expenses as follows: unrestricted fund ending balance of \$2.09M; temporarily restricted fund ending balance of \$7.95M; and, permanent restricted fund ending balance of \$27.24M.

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The Detail Statement of Activities – Unrestricted General Fund reflected total available budget over expenses, beginning with allocated budget of \$558,509, for a total available budget of \$342,131.00.

## **Executive Director's Report** – Janet S. Dial

Dr. Dial reported on several transitions in University Advancement. Dr. Dial also reported that in addition to \$2M in foundation and corporate proposals, there are more than \$6M in proposals from academic unit fundraising. The Annual Giving office has conducted more direct mail campaigns than previous years including four e-mail blasts, which resulted in more than 400 new donor gifts, as mentioned in Mr. Ramirez' report. The Class of 2016 will be asked to consider a gift of \$20.16 in a first attempt to have graduating students participate in philanthropy.

The next alumni event is scheduled for March 3, 2016, at Los Angeles City Hall, targeting alumni who work at City Hall, as well as, downtown Los Angeles. The Alumni Association has also identified other employers where there are high numbers of Cal State LA alumni, such as Ernst & Young, JPL and Edison. These, along with an Eagle-con alumni reception are being scheduled later this year. The Alumni Association is creating a membership card, which will be mailed to all alumni in the spring.

Notably, Dr. Dial commended the Office of Communications and Public Affairs for their implementation of the new university branding campaign, particularly around the community and downtown (for example, the downtown 7<sup>th</sup> Street metro station), and the exposure that this is bringing to the university. They are working on the new Cal State LA TODAY magazine and that can be anticipated in spring quarter.

Dr. Dial invited everyone to join the university in hosting U.S. Poet Laureate, Juan Felipe Herrera, later that evening. Dr. Dial also mentioned that the university hosted Congressman Lewis on January 23, 2016, who introduced the movie, "Selma", to a full audience. Some other major events on campus included the Women's Heart Alliance heart screening kick-off event on campus in October, a code-a-thon, and a guest panel including the U.S. Surgeon General, Dr. Vivek Murthy. The winners of the code-a-thon were honored at the Clinton Health Matters Initiative, Activation Summit. There will be two more heart screening events scheduled on campus throughout the year, as part of the partnership.

Other notable events are the upcoming Donor Recognition Luncheon, the Pat Brown Institute Annual Dinner, and the annual Billie Jean King and Friends Gala on October 22, 2016. Mr. Nieves encouraged the board to attend events to support the university, as their schedule allows.

Susana Moreno reported on several pertinent topics that were discussed at the system-wide Auxiliary Organizations Association conference, one of which was how organizations are all encouraged to increase the minimum endowment levels from \$10,000. The second topic was fossil fuel divestments, noting that several sister campuses have already divested 10%, with a goal of 100% divestment, and she shared some of the challenges those campuses have encountered to date.

## **Next Meeting and Adjournment**

The next meeting of the Foundation is scheduled for April 28, 2016, at the new downtown campus. Motion to adjourn was made by Frank Saito and seconded by Mike Hagerthy.

With no further comments, the Trustees unanimously concurred to adjourn.

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## *Secretary's Approval of Board Minutes*

*As Secretary of the Cal State LA Foundation, the **draft** minutes of the January 28, 2016 meeting have been approved as presented.*



*April 21, 2016*

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*Tony K. Wong*

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*Date*