

SAN FRANCISCO STATE UNIVERSITY FOUNDATION
 Board Meeting
 Thursday, June 16, 2016
 Seven Hills Conference Center, San Francisco State University

Board Meeting Minutes

IN ATTENDANCE

K. Brandon	Director	D. Simon	Director
L. Bridges	Director	D. Simmons	Director
R. Cortez	Director/VP, Admin & Finance, SF State	C. Smith	Director
D. Corvin	Director	R. Stanley	Director
D. Endo	Director	B. Stranathan	Director
N. Fudem	Director	V. Thompson-Ramsay	Secretary & Treasurer
J. Gumas	Immediate Past Chair	L. Wong	Director/President, SF State
J. James-Harvill	Student Representative		
J. Marcus	Director		
D. Nasser	Director		
R. Nava	President/VP, University Advancement, SF State		
N. Nobari	Director		
M. Pasag	Director/Staff Rep		
W. Rose	Director		
M. Rosenbaum	Director		
S. Rosser	Director/Provost, SF State		
T. Safford	Vice-Chair		
D. Serrano Sewell	Chair		

ABSENT AND EXCUSED

V. Anicetti	Director
G. Cosko	Director
V. Dolcini	Director
T. Griggs	Director
M. Huss	Director
P. King	Director
H. Myers	Director
D. O'Donnell	Director
L. Pitman	Director
J. Simmons	Director

OTHERS PRESENT

K. Badger	Neda Nobari Foundation
I. Bomar	Assistant to the Vice President, University Advancement, SF State University
E. Clark	PFM Asset Management, LLC
L. Claudio	Executive Assistant to the President, SF State University
M. Del Rio	Administrative Assistant, University Advancement, SF State University
J. Dunn	Director of Development and Campaign Communications, SF State University
G. Enriquez	IT Assistant, University Advancement, SF State University
C. Guthrie	Director of Athletics, SF State University
A. Harris	Associate Vice President, University Development, SF State University
C. Hepp	Director of Development, Liberal & Creative Arts
D. Hupke	Executive Director of Alumni & Constituent Relations and Annual Giving, SF State
C. Johansson	Director of Advancement Services, SF State University
Shuka Kalantari	Neda Nobari Foundation
M. Kelleher	Executive Director of Development and Campaign Operations, SF State University
J. Lopez	Law Firm of Adler & Colvin
I. Mashouf	Son of Board Director, Neda Nobari
N. Shinzato	Associate Director, Government and Community Relations, SF State University
E. Smith	Associate Vice President, Marketing and Strategic Communications

MEETING CALL TO ORDER

Chair David Serrano Sewell called the meeting to order at 3:35 pm. He welcomed everyone to the meeting, including a number of special guests.

APPROVAL OF AGENDA

Chair Serrano Sewell asked that the agenda be approved. On motion duly made, seconded, and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the board approves the agenda for the June 16, 2016 board meeting.
Motioned by: Wade Rose Seconded by: Don Endo Motion: Passed

APPROVAL OF CONSENT AGENDA

The board reviewed the consent agenda, which included the minutes from the February 27, 2016 Board Meeting and Advance; a list of board-designated gifts to be ratified by the Board; and the proposed board meeting schedule for FY 2016-2017. On motion duly made, seconded, and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the board approves the consent agenda.
Motioned by: Judy Marcus Seconded by: Marsha Rosenbaum Motion: Passed

SAN FRANCISCO STATE UNIVERSITY REPORT

SF State President Les Wong reported that the University had its second Commencement at AT&T Park on May 27th. He showed the Board a video of the year in review that was also shown at Commencement. He also mentioned that the San Francisco Mayor had City Hall lit up in purple and goal to commemorate Commencement.

Wong discussed the 2016-2017 Support Budget mentioning that there was a \$101 million gap in the Trustee's budget and the Governor's budget. He talked about where some of the gaps were (i.e. support for enrollment growth and student success and completion) but pointed out that a number of items were provided as one-time funding. He said the budget included \$90 million in one-time funding for deferred maintenance, improving graduation rates, and unrestricted use, among other things. He mentioned that the CSU and SF State had a major impact on the country with 5% of the baccalaureate degrees in the country coming out of the CSU.

Wong also talked about President Obama's new law for non-exempt managers that would take effect in December 2016. He said the new law could mean an additional \$200,000 in costs for the campus. He said when coupled with the minimum wage, this could be an additional \$1-3 million cost for the campus. He said that the recent CFA agreement would also impact the campus as there was now the "Unfunded Mandate" where increases from collective bargaining must be covered by the campuses.

With regards to campus issues, Wong said the most significant ones were the College of Ethnic Studies demonstrations and the disruption of Mayor Nir Barkat's visit. He talked about the Time, Place and Manner policy on campus to help key personnel understand what authority they had and what they could do. He then gave board directors some statistics on how much traction campus issues had received on the Internet, including 131,000 hits on the College of Ethnic Studies demonstrations; 2.1 million hits on Commencement; and millions of hits from the US to Jerusalem on Mayor Barkat's visit. Wong mentioned that he had asked the Chancellor's Office to hire a consultant to look into the case and how the Mayor's visit was handled. Wong said the investigative report was underway and that he had invited Mayor Barkat back to campus.

Finally, President Wong mentioned that campus representatives were invited to the White House to discuss one of the university's most outstanding programs, Project Rebound. He said the Chancellor's Office was looking to expand the program, which matriculates people into SF State directly from the criminal justice system, to other campuses. Wong said the university was setting the standard in a national move to get formerly incarcerated youth back into school.

CAMPAIGN CABINET REPORT

Gumas announced the \$5 million leadership gift from board director and alumna, Neda Nobari. He mentioned that the gift was to establish the Center for Iranian Diaspora Studies and the Nobari Distinguished Chair at SF State. Nobari thanked the board for the acknowledgement. Gumas also reported that the university, with the help of its volunteers, had raised just over \$50.8 million or 34% of its goal

toward The Campaign for SF State. He mentioned that \$18 million of the funds came from alumni giving and that 79% of the gifts were current use and 21% were planned gifts. Gumas mentioned that the Development Office was moving on a number of initiatives and asked directors to talk with Nava and his team about specific priorities they would like to champion. He also reported that campaign and marketing collateral, which included the Case for Support, were completed. He said that short campaign videos were being produced by the DocFilm department on campus.

DEVELOPMENT COMMITTEE REPORT

Camilla reported that the Development Committee held a combined meeting with the Campaign Cabinet on April 29th. She said the university had a tremendous year and that, as of June 9, 2016, the Development Office had raised \$22.6 million, which was 134% of its \$16 million goal. Smith mentioned that this was the first time that we had surpassed our annual fundraising goal and the most ever raised in a fiscal year. She thanked the board as well as President Wong for his generous investment three years ago to strengthen and expand the fundraising team. Finally, Smith said the Development Office had hired four new development officers over the past three months for the College of Science & Engineering, the College of Business, Athletics, and Undergraduate Education and Student Affairs. She said the development officers were preparing for the new fiscal year by strategizing and writing their annual action plan, projecting for their fundraising goals, creating donor strategies, preparing a calendar of alumni engagement and special events, and continuing to work with their deans and faculty to create outreach and fundraising opportunities.

FINANCE & INVESTMENT COMMITTEE REPORT

Nava asked the Board to skip to the Finance & Investment Committee report in the interest of time.

Brandon reported that the Finance & Investment Committee met on April 18th and then on May 13th to discuss and approve a number of important and pressing items. She said that at the April 18th meeting, the Committee met with PFM Asset Management, LLC who had been hired to evaluate the Foundation's governance structure and portfolio line-up. She said that another important development that occurred at the April 18th meeting was that, after nearly two (2) years of discussion, the Committee approved the creation of a Green Fund with a minimum investment of \$5 million, effective June 1st. Brandon said that the Committee continued its discussion at the May 13th meeting and took action on some of the recommendations from PFM, including voting to: 1) move away from the current model of managing the endowments in house and to release a Request for Proposal (RFP) for investment advisory support of our investments; 2) change the Finance & Investment Committee to an Investment Committee and, moving the financial oversight responsibilities to the Executive Committee; and 3) liquidate eight (8) investment accounts. Brandon said that the Committee also reviewed and approved the operating budget for FY 2016-2017 and the distributions from endowments for FY 2016-2017 at the May 13th meeting. Brandon then introduced Ellen Clark of PFM to present their findings to the board.

Clark thanked the board for the opportunity to present and said her presentation would focus on some key observations, their top 5 action list, governance structure, comparison on governance structure, separation of duties, portfolio compliance and actions taken by the board since the completion of the evaluation. Clark said her firm conducted a three-month analysis of the Foundation's governance structure and portfolio line-up and that, as part of the study, they reviewed a variety of documents, including the Foundation's Investment Policy Statement (IPS) and performance reports as well as conducted in-person meetings with Foundation staff, board members, and investment custodian (UBS Financial Services). Clark summarized the findings, as follows: 1) the Foundation's current model of self-managing its portfolio had worked for a long time but the effectiveness had deteriorated; 2) the IPS needed to be refined to align with our investment objectives; 3) the spending policy of 4% was reasonable and did not need to be changed; 4) the current asset allocation differed significantly from policy and was too heavily weighted to alternatives; 5) the investment performance reporting could be expanded with additional information; and 6) while not addressed in their report, they also felt that the Foundation needed more rigorous policies and internal controls with regards to investing, including the delineation of

responsibilities. Clark mentioned that the Foundation had already implemented some of the recommendations from the evaluation, including preparing an RFP for release to identify external investment advisory services; changing the current Finance & Investment Committee into an Investment Committee and voting to close eight investment accounts.

The board talked about how much time the self-management model had cost the Finance & Investment Committee as well as their fiduciary responsibility in properly managing the endowments. Brandon said the Committee was split on which model to proceed with (Outsourced Chief Investment Officer (OCIO) or a traditional advisor) and, as such, decided to release an RFP for both and see what came back. Clark explained that the OCIO model typically had higher fees than the traditional consultant. Serrano Sewell asked for a motion to release an RFP to obtain investment advisory services for the Foundation. On motion duly made, seconded, and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the board approves the release of an RFP to obtain investment advisory services for the Foundation.

Motioned by: Dottie Simmons Seconded by: Kimberly Brandon Motion: Passed

Serrano Sewell thanked Clark for her presentation. He then asked for a motion to adopt a resolution to amend the Foundation's Bylaws. On motion duly made, seconded, and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the board adopts resolution 061616-2 to change the Finance & Investment Committee to an Investment Committee and move the finance responsibilities to the Executive Committee.

Motioned by: Wade Rose Seconded by: Taylor Safford Motion: Passed

EXECUTIVE COMMITTEE REPORT

No report provided, in the interest of time.

COMMITTEE ON ATHLETICS REPORT

No report provided, in the interest of time.

ADVOCACY COMMITTEE REPORT

No report provided, in the interest of time.

AUDIT COMMITTEE REPORT

No report provided, in the interest of time.

ANNOUNCEMENTS

Serrano Sewell asked board members to complete the annual conflict of interest form in their packets and give to staff before leaving. He then reminded board members that the first board meeting for FY 2016-2017 was scheduled for Friday, September 30, 2016 at AT&T Park.

ADJOURNMENT

There being no further business and with Leona Bridges making the motion and Wade Rose seconding, Chair Serrano Sewell adjourned the meeting at 5:26 pm.

Dated: June 16, 2016

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Venesia Thompson-Ramsay, Secretary