

CSUN | FOUNDATION

BOARD OF DIRECTORS

Minutes of Meeting

Wednesday, June 5, 2019
5:00 P.M.

California State University, Northridge
Nobbs Auditorium

Members Present: Honey Amado, Ivan Axelrod, Maite Irakoze Baur, Cindy Chernow, Dennis DeYoung, Colin Donahue, Charles Gilbert, Bryan Green, Wendy Greuel, Robert Gunsalus, John Harris, Dianne Harrison, Cary Lefton, George Leis, Barbara Levy, Patricia Maloney, Ronald Myhan, Robert Myman, Carson Schreiber (by telephone), Mary-Pat Stein, Ira Unterman, Milt Valera, Scott Weiss, Susana Ziarati

Members Absent: Alan Abramson, Silvia Bizio, Andy Carrasco, Leslie Cutler, David Fleming, John Golisch, Ruth Harris, Paul Jennings, David Malone, Patricia Maloney, Diane Manzella, Roselva Merida, Beverly Ntagu, Stella Theodoulou, Keith Weaver, Irving Zakheim

Directors Emeriti Present: Marlene Bane, Phil Mundy

Extended Cabinet Present: Joyce Feucht-Haviar, Hamid Johari, Yan Searcy, Jill Smith, Jackie Stallcup, Thor Steingraber, Mark Stover, Chandra Subramanian, William Watkins

Guests: Nikki Axelrod, Dan Chernow, Rick Levy, Gabrielle (Amado) Shabah, Debbie Valera

Staff: Justin Cabanting, Assistant to the Chief Financial Officer
Trevin Fernando, Foundation Accounting
Eddie Alvarez, Foundation Accounting
Aracely Salas, Foundation Operations

Extended Cabinet: Joyce Feucht-Haviar, Hamid Johari, Yan Searcy, Jill Smith, Jackie Stallcup, Thor Steingraber, Mark Stover, Chandra Subramanian, William Watkins

Development: Tracy Baum, Jerry DeFelice, Nicole Eads, Jarrod Fasching, Deanne Grimes, Courtney McIntyre, Sarah Oesterle, Maria Paredes, John Pepitone, Luann Rocha, Michael Ryan, Adrienne Walt

Other: Shellie Hadvina, D.J. Hawkins, Dominique Munoz

WELCOME, INTRODUCTIONS & REMARKS OF THE CHAIR

Robert Myman, Board Chair, welcomed and called the meeting to order at 5:10 p.m. with quorum present.

Mr. Myman welcomed members of the Board and their honored guests, the University President's Extended Cabinet, along with other University faculty and staff.

- I. **PUBLIC COMMENT** – Milt Valera shared his impressions and his pride at the commencement ceremonies at which over 11,500 graduates participated.

- II. **FOUNDATION PRESIDENT'S REPORT**

Mr. Myman introduced Robert Gunsalus, Foundation President, for his report.

Dr. Gunsalus acknowledged the Board's 4 graduating directors: Bryan Green, George Leis, Barbara Levy, and Ronald Myhan. They will be honored during the dinner following the meeting.

In addition, Dr. Gunsalus highlighted the program after the meeting, which will showcase the University's Marilyn Magaram Center for Food Science and Dietetics with a presentation by the Center Director, Annette Besnilian, and a tour of the Center's facilities with food and drinks being served.

Dr. Gunsalus announced that Maite Irakoze Baur will chair the Finance & Investment Committee as Ron Myhan steps down from his position.

Dr. Gunsalus provided an update on the Engagement Committee, including the recruitment of new members of the Board to assist in making inroads with various local and regional government and community organizations on behalf of the University.

- III. **CONSENT AGENDA**

Mr. Myman asked the Board members to review the Minutes of the Meeting from February 27, 2019.

Motion [Greuel/Myhan]: **Be It Resolved, the Board of Directors of the California State University, Northridge Foundation approve the minutes of February 27, 2019, as presented.** The motion was approved unanimously.

Mr. Myman requested a review of the Audit Engagement Letter with CohnReznick, LLP. CohnReznick provided exceptional work for the University and its auxiliaries for the past four years and the Audit Committee recommends their continued service to the Foundation.

Motion [Lefton/Leis]: **Be It Resolved, the Board of Directors of the California State University, Northridge Foundation approve the Audit Engagement Letter, as presented.** The motion was approved unanimously.

Mr. Myman presented the Audit Committee Charter, updated for fiscal year 2019 – 2020. The charter outlines the Duties and Responsibilities of the Audit Committee and was reviewed by the Audit Committee at their May meeting.

Motion [Greuel/Myhan]: **Be It Resolved, the Board of Directors of the California State University, Northridge Foundation approve the Audit Committee Charter, as presented.** The motion was approved unanimously.

Mr. Myman asked the Board to review the Resolution regarding Signatory Authority for fiscal year 2019 – 2020. The Resolution was reviewed and recommended by the Finance and Investment Committee at their meeting in May.

Motion [Greuel/Myhan]: **Be It Resolved, the Board of Directors of the California State University, Northridge Foundation approve the Signatory Authority for Fiscal Year 2019 – 2020, as presented.** The motion was approved unanimously.

IV. COMMITTEE REPORTS

A. Audit Committee:

Dennis DeYoung, Audit Committee Chair, thanked members of the Audit Committee for their service. Mr. DeYoung indicated that the Audit Committee met on May 10, 2019, to review a number of items on behalf of the Foundation. The IRS Form 990 was discussed with Lisa Cummings from CohnReznick and has been added to the Foundation's website as public record. The tax return was distributed to all members of the Board of Directors prior to its filing.

Mr. DeYoung stated that the Audit Committee reviewed both the Audit Committee Charter and Audit Engagement Letter, which were approved during the approval of the Consent Agenda. The Committee confirmed that all eight recommendations for improvements from the Compliance Audit by the Chancellor's Office were implemented by Management.

The Audit Committee also concluded the Foundation's Conflict of Interest policy continues to accurately reflect the requirements under California law and did not require any amendments.

B. Board Membership Committee:

George Leis, Board Membership Committee Chair, presented the report on behalf of the Board Membership Committee.

George Leis indicated the Board Membership Committee met on May 1, 2019, to review and deliberate three action items for the Board of Directors. Mr. Leis reported that the Board has forty (40) members at the present time, with three elected members to graduate at the end of Fiscal Year 2018 – 2019. In addition, Ron Myhan is resigning his seat effective June 30, 2019.

In addition, President Harrison informed us the appointment of Diana Vicente as the Associated Students President-Elect, and Mohammad Hotaki as Associated Students Vice President-Elect, whose terms will be effective July 1, 2019.

Mr. Leis introduced the recommendation of the Board Membership Committee to re-elect two members of the Board of Directors for their third three year term – Cary Lefton (Chair of the Development Committee) and David Malone (Vice Chair of the Board Membership Committee and member of the Finance & Investment Committee). The Committee also recommends the election of CSUN alumnus Stuart Waldman, President of the Valley Industry Commerce Association (VICA), to a three-year term.

Motion [Leis/Amado]: **Be It Resolved, the Board of Directors of the California State University, Northridge Foundation elects Cary Lefton, David Malone, and Stuart Waldman to three-year terms effective July 1, 2019 – June 30, 2022.** The motion was approved unanimously.

George Leis continued his report with the review of the slate of officers, which recommends the re-election of Bob Myman as Chair of the Board and Robert Taylor as Vice Chair. In addition, Rob Gunsalus and Ira Unterman will continue their roles as Foundation President and Chief Financial Officer, respectively.

Motion [Leis/ Greuel]: **Be It Resolved, the Board of Directors of the California State University, Northridge Foundation approves the slate of officers for Fiscal Year 2019 - 2020.** The motion was approved unanimously.

George Leis introduced the Emeritus Policy to address the comment made in reference to whether the status of Director Emeritus can be revoked. The point prompted a revision to the policy to provide the Board of Directors with the discretion to revoke the status when necessary. The Committee reviewed the addition and recommends its approval.

Motion [Leis/Axelrod]: **Be It Resolved, the Board of Directors of the California State University, Northridge Foundation approves the Emeritus Policy, as presented.** The motion was approved.

C. Development Committee:

Cary Lefton, Chair of the Development Committee, presented the report on behalf of the Development Committee.

Mr. Lefton thanked the members of the Board of Directors along with University Advancement, for their philanthropic efforts with a stellar and phenomenal year in giving of the University and the Foundation.

Mr. Lefton shared the giving results through March 31, 2019. Although there has not been a similar transformative gift, like the one from the Nazarian Family Foundation in 2017, the Foundation sees positive signs of comprehensive giving across all colleges and units across campus. Gifts include the \$1M pledge from Major League Baseball and MLB Player's Association, the \$800k pledge to Religious Studies from Dr. and Mrs. Modi, and gifts from Andrew Anagnost, Marilyn Hanna, and Rick Nupoll to create endowments to benefit faculty, staff and students in various curriculums. Professor Steven Stepanek from the College of Engineering & Computer Science made a \$250k bequest commitment to augment his current scholarship endowment and establish a discretionary fund for the Department of Computer Science. Alumni giving continues to be strong as well in helping build a lasting and ongoing giving environment

In terms of Board Giving, as of March 31, over 70% of Board members made a gift to the University and that number has increased since then. 56% of the Board members met the \$5k giving threshold, which is right where it was this time last year. Eleven Board members documented a planned gift, representing 34% of the Board.

In regards to the Comprehensive Campaign, the campaign has raised \$92.5 million through April 15.

D. Finance & Investment Committee:

Ronald Myhan presented the report on behalf of the Finance & Investment Committee.

Mr. Myhan reviewed the Foundation's Financial Statements, including the Balance Sheet, Statement of Activities, and Foundation Operations Report for the period ending March 31, 2019:

- Foundation total assets are \$191 million, an increase of \$7 million since June 30, 2018.
- Total investments under management is \$162 million.
- The University's endowment was valued at \$104 million as of March 31, 2019.
- For the first six months, philanthropic gift revenue was \$17 million. While it is less than the previous year, Mr. Myhan indicated it was reflective of both philanthropic efforts and the investment markets. Expenditures are comparable year over year with any variances in the individual classifications being the result of increased efficiencies within the Foundation's accounting function.

Motion [Myhan/Axelrod]: **Be It Resolved, the Board of Directors of the California State University, Northridge Foundation approves the Financial Statements for the period ending March 31, 2019, as presented.** The motion was approved unanimously.

Mr. Myhan reviewed the Foundation's Investment Reports for the period ending March 31, 2019, including the allocated reserves, non-endowment, and endowment portfolios.

- Mr. Myhan noted the Allocated Reserves is fully funded at \$5.2 million and is invested in fixed income securities with appropriate duration and liquidity, as the Board approved as policy.
- The student managed portfolio continues to perform within the parameters of the investment policy invested in accordance with the work of the students in our Department of Finance. We were fortunate to meet with these students in February 2019 and their portfolio continues to perform to their specifications. The portfolio has been rebalanced as of the end of the spring semester to reflect the student's research over the last four months.
- Makena Capital's portfolio is presented as of March 31, 2019. As a reminder, the first liquidation of this investment took place in January 2019 and the Committee continues to review the portfolio and its investment results. The results over the past five year and a half year remain positive and contributed to our investment returns through the years.
- The portfolios at Goldman Sachs reported a return of 3.29%.
- Mr. Myhan announced that the Foundation initiated a diversified investment in private equity in March 2019, investing in both original issue private equity and vintage private equity (funds in which the investments were made by previous investors). The Committee decided this to be an improved method and a better way for the Foundation's investments for the future. A hedge fund investment was also initiated as of April 1, 2019.

Motion (Myhan/Chernow): **Be It Resolved, the Board of Directors of the California State University, Northridge Foundation accepts the Investment Performance Reports for the period ending March 31, 2019, as presented.** The motion was approved unanimously.

Mr. Myhan presented the Foundation Operations Budget for Fiscal Year 2019 – 2020. The budget proposed that the fee structure remains the same: 5.00% gift fee on all non-endowment, non-scholarship gifts and 1.50% endowment management fee. The Foundation continues to improve on its efficiency and effectiveness through innovative software and accounting upgrade implementations, while the staffing and other expenses remain relatively constant given the increase in activities.

Mr. Myhan also reported the recommendation for an increase of \$250,000 in the University Advancement allocation, deferring to Dr. Gunsalus for additional information. Dr. Gunsalus stated the allocation would function to enhance the University Advancement's philanthropic and marketing efforts as we move closer to the launch of the comprehensive campaign. The funds will provide additional resources for staff and operational expenses to build capacity across campus for increased activity.

Motion (Leis/Amado): **Be It Resolved, the Board of Directors of the California State University, Northridge Foundation approves the Foundation Operations Budget for Fiscal Year 2019 - 2020, as presented.** The motion was approved unanimously.

Mr. Myhan reviewed the Reserves Analysis for Fiscal Year 2019 – 2020, which was reviewed and recommended by the Finance and Investment Committee. Given the proposed Foundation Operation budget for Fiscal Year 2019 – 2020 and other factors dictated by the Foundation’s Reserves Policy, the allocated reserves will increase to \$5.3 million.

Motion (Myhan/Baur): **Be It Resolved, the Board of Directors of the California State University, Northridge Foundation approves the Reserves Analysis for Fiscal Year 2019 - 2020, as presented.**

The motion was approved unanimously.

Mr. Myhan introduced the Endowment Spending Distribution, which had been reviewed by the Finance and Investment Committee. The recommendation for Fiscal Year 2019 – 2020 is a spending distribution rate of 4.0% to be utilized as prescribed in the Foundation’s Endowment Policy.

Motion (Myhan/Baur): **Be It Resolved, the Board of Directors of the California State University, Northridge Foundation approves the Endowment Spending Distribution Rate of 4.0% for Fiscal Year 2019 - 2020, as presented.** The motion was approved unanimously.

V. NEW BUSINESS

Robert Myman presented the Committee Assignments for Fiscal Year 2019 – 2020. He thanked the members of the Board on the standing committees for their diligence and hard work. The Board functions better as a result. The membership of the Committee were presented at the meeting, so the Committees can continue their work in advance of our next Board meeting in September.

Motion (Greuel/Leis): **Be it Resolved, the Board of Directors of the California State University, Northridge Foundation approves the Committee Assignments for Fiscal Year 2019 – 2020, as presented.** The motion was approved unanimously.

Robert Myman expressed his gratitude to Ron Myhan for his service to the Board of Directors and for his chairmanship of the Finance and Investment Committee. He wished him the very best in his future endeavors.

There being no further business, the meeting adjourned at 5:52 p.m.



Ira N. Unterman
Chief Financial Officer / Secretary

(Copies of all documents mailed and circulated are filed in the minute book.)