



*The Foundation for
California State University, San Bernardino*

BOARD OF DIRECTORS MEETING

Thursday, June 6, 2006 - 4:00 p.m.

Foundation Board Room

MINUTES

Pursuant to notice given, the Board of Directors of the Foundation for California State University, San Bernardino convened for a regular meeting at the Foundation Board Room located on the campus of California State University, San Bernardino, 5500 University Parkway, San Bernardino, California, on June 8, 2006 at 4:00 p.m.

Members Present:

Dr. Albert Karnig, Chairman	Dr. Otto Chang, Director
Dr. Edwart Teyber, President	Dr. Dorothy Chen-Maynard, Director
Mr. David DeMauro, Treasurer	Mr. Ruben Diaz, Director
Mr. Robert Fullerton, Vice President	Dr. Louis Fernández, Director
Dr. William Aguilar, Director	Mr. George Gorian, Director
Ms. Glenda Bayless, Director	Mr. Charles Obershaw, Director
Ms. Lois Carson, Director	Mr. Philip Savage III, Director

Members Absent:

Ms. Lois Carson, Director
Mr. Rex Jackson, Director

Others Present:

Ms. Kim Ball, Director, Bookstore	Ms. Cheryl Ruzak, Associate Director, Dining Services -- SU
Ms. Debbie Burns, HR Director	Mr. Charles Stanley, Director, Sponsored Programs Administration
Mr. Tito Calderon, Associate Director, Dining Services – Catering/Commons	Mr. Bill Takehara, Assistant Treasurer
Ms. Lisa Iannolo, Finance Manager Manuel Student Union	Dr. Jeff Thompson, Associate Provost, Research
Ms. Linda Pella-Hartley, Exec Assistant	Ms. Muriel Vita, CMS Manager

Actions taken by the Board on the agenda items are attached. The meeting adjourned at 7:25 p.m.

Secretary

Agenda Item A – Call to Order/Introductions

Call to Order/Introductions

President Teyber called the meeting to order at 4:10 p.m. A quorum was declared. The following guests were introduced: Mr. William Takehara, Associate Vice President for Financial Operations; Dr. Jeff Thompson, Associate Provost for Research, and Ms. Muriel Vita, Manager of CSUSB Common Management Systems.

It was announced that Ms. Lisa Iannolo has assumed the position of Foundation Finance Manager.

Agenda Item B – Welcoming Remarks

President Karnig provided an update on University activities:

- On Sunday, June 18, at the College of Education commencement ceremony, honorary degrees will be presented to Charles and Shelby Obershaw.
- Fundraising efforts at the Palm Desert Campus were very successful this year, resulting in sufficient funding to begin construction on the fourth building within the next few months. The CSU Board of Trustees approved construction of the building on May 16, as well as the proposed name – Palm Desert Health Sciences Building. The value of the land at its current valuation, plus funds raised for the construction, currently exceeds \$60 million.
- Bids have been opened for construction of the College of Education Building. Currently, the campus is in negotiations with the low bidder to bring the project within budget.
- The Biological Sciences renovation is going well. Completion of the project in September will be followed by the Physical Sciences renovation project.
- Completion of the Student Recreation Center is anticipated by October.
- The City of San Bernardino, in conjunction with Cal-Trans, is working on a construction project to improve the traffic flow from westbound University Parkway to the southbound 215 freeway by installing an additional left-turn lane. It is hoped that this project will be completed by October.
- The University is negotiating with a developer who is interested in building up to 500 single-family homes and town homes on the property behind the campus. Two accesses to the development are required, one of which would need to cross a small portion of University property.
- The University has received a subpoena to provide all documentation related to relationships with Copeland, Lowery & Jacquez, a lobbyist in Washington, D.C. The University has utilized the services of this lobbying firm to gain information regarding

potential funding sources from agencies that could provide grant funding. University representatives have followed up on the information provided by the lobbying firm by direct contact and personal visits with the agencies. The University is cooperating with the subpoena to provide the requested information.

Agenda Item C --- Approval of Minutes from the March 16, 2006 Directors Meeting

Recommendation: It is recommended that the Board approve the attached minutes of the March 16, 2006, Board of Directors meeting.

Background: The Executive Committee recommended at its May 25, 2006, meeting that the minutes of the March 16, 2006, meeting be presented to the Board for approval.

Board Action: The minutes of the May 25, 2006, Board of Directors meeting were approved as distributed. (Gorian/Obershaw/Unanimous)

Agenda Item D – Approval of 2006-2007 Budget

Recommendation:: It is recommended that the Board of Directors adopt the attached budget for FY 2006-2007 as proposed.

Background: Foundation staff have prepared an estimate of the revenues and expenditures for the 2006/2007 budget year. The estimates are based upon factual information of prior years' performance and anticipated projections. The information is provided in summary form, along with notes to accompany major changes in the budget.

The Executive Committee recommended at its June 8, 2006, meeting to approve adoption of the proposed budget for FY 2006-2007

Board Action: The Board approved the adoption of the proposed budget for FY 2006-2007 (Savage/Bayless/Unanimous)

Agenda Item E – Accounting Services Agreement

Recommendation: It is recommended that the Board approve a contract between the Foundation and CSUSB, in which CSUSB would provide typical accounting services for the Foundation.

Background: The Foundation has been using an antiquated accounting system for many years. The system is being updated to the same system which is used by the University. It has also been noted that the Foundation depends upon a small accounting department to perform all of the accounting functions needed for major operations. It is anticipated that lower cost and less risk would be generated if the University were to provide accounting services for the Foundation on a contract for services basis. A simple agreement has been drafted for approval by the Board to begin the delivery of accounting services from the University beginning July 1, 2006.

The Executive Committee recommended at its May 25, 2006, meeting to approve the contract between the Foundation and CSUSB for the provision of accounting services for the Foundation.

Board Action: The Board approved the contract between the Foundation and CSUSB for the provision of accounting services for the Foundation (Bayless/Obershaw/Unanimous)

Agenda Item F – Appointment of Board Members for 2006-2007

Recommendation: It is recommended that the Board approve the following appointments or re-appointments to the Board of Directors of the Foundation for CSUSB:

Ms. Glenda Bayless, Community Member, to be re-appointed for a term of three years for the period 7/1/06 through 6/30/09.

Mr. George Gorian, Community Member, to be re-appointed for a term of three years for the period 7/1/06 through 6/30/09.

Mr. Rex Jackson, Community Member, to be re-appointed for a term of three years for the period 7/1/06 through 6/30/09.

Mr. Phil Savage, Community Member, to be re-appointed for a term of three years for the period 7/1/06 through 6/30/09.

Dr. Dorothy Chen-Maynard, Faculty Member, to be re-appointed for a term of two years for the period 7/1/06 through 6/30/08.

Dr. Darleen Stoner, Faculty Member, to be appointed for a term of two years for the period 7/1/06 through 6/30/08.

Mr. Anthony Conley, Student Representative, to be appointed to a term as Ex-Officio Director representing Associated Students, Inc.

[Replace Community Member Stephan Saleson due to 3-16-06 resignation from Board.]

Background: The Foundation Bylaws provide for the appointment of ex-officio Directors for the term of their qualifying office. Community Directors are nominated by the University President and elected by the Board of Directors to serve three-year terms. Faculty Directors will serve two-year terms and are recommended by the Faculty Senate, nominated by the University President, and elected by the Board of Directors.

The Executive Committee recommended at its May 25, 2006, meeting to approve the proposed appointments or reappointments to the Board of Directors.

Board Action: The Board approved the proposed appointments and reappointments to the Board of Directors (Fernandez/Chen-Maynard/Unanimous)

Agenda Item G – 2006-2007 Board and Committee Meeting Dates

Recommendation: It is recommended that the Board approve the proposed dates for the 2006-2007 schedule of meetings for the Foundation Board of Directors, Executive Committee, and Standing Committees.

Background: It has been the practice that the Board of Directors approve the dates for meetings of the Board of Directors, Executive Committee, and Standing Committee in advance of the next fiscal year to assist Board and Committee members with calendar management.

The Executive Committee recommended at its May 25, 2006, meeting to approve the proposed dates for 2006-2007 meetings of the Foundation Board of Directors, Executive Committee, and Standing Committees.

Board Action: It was noted that the proposed June 20 date for the Audit Committee meeting will not meet the needs of the committee members. The Board approved the proposed dates for 2006-2007 meetings of the Foundation Board of Directors, with the understanding that the June 20 date will be rescheduled. (Obershaw/Gorian/Unanimous.

Agenda Item H – Re-Investment of Endowment Funds

Recommendation: It is recommended that the Board endorse the action of the Investment Committee to remove \$1 million which was invested with Davis Hamilton Jackson & Associates and re-invest the funds with investment management firm Neuberger Berman.

Background: In a prior Board action, the Board granted authority to the Investment Committee to make decisions regarding investments of the Foundation's endowment account. At the March 9, 2006, meeting of the Investment Committee, investment advisor Paul Sanit recommended to the Investment Committee that \$1 million be removed from Davis Hamilton Jackson & Associates and re-invest the funds with Neuberger Berman. The reason for the recommendation was that Davis Hamilton's performance had been lagging the benchmark. The Investment Committee agreed to do so by unanimous vote. The action was taken on April 6, 2006, and this item is now being presented to the Board for endorsement.

The need for approval of this agenda item was identified after the Executive Committee meeting on May 25, 2006. Therefore, the Foundation Treasurer recommends that the item be placed on the agenda for approval by the Board to request endorsement of the action of the Investment Committee to remove \$1 million from Davis Hamilton Jackson & Associates and re-invest the funds with investment management firm Neuberger Berman.

Board Action: The Board approved the action of the Investment Committee to remove \$1 million from Davis Hamilton Jackson & Associates and re-invest the funds with investment management from Neuberger Berman. (Savage/Chen-Maynard/Unanimous)

Agenda Item I – Treasurer’s Report

Background: No action required. David DeMauro, Treasurer, provided a status report of financial activities.

- The May financial figures were reviewed.
- The Chancellor’s Office has completed an audit of campus auxiliary organizations. An informal exit meeting indicated that the Foundation would receive nine minor findings. Examples are: (1) the Foundation will be required to amend the Articles of Incorporation to include a dissolution clause; (2) committee minutes were not signed; (3) a few bank reconciliations were not completed in a timely manner; (4) inventory of property in sponsored programs was not properly managed. The campus is currently awaiting receipt of a preliminary audit report.

Agenda Item J – Committee Reports

Background: Drafts of minutes were provided for the following committee meetings:

Executive Committee – May 25, 2006
Investment Committee – May 4, 2006
Commercial Enterprises Committee -- May 11, 2006
Sponsored Programs Administration Committee -- May 18, 2006

George Gorian provided a report on the May 4 Investment Committee:

Market value of portfolio as of 4/30/06 = \$11,029,406

Investment return January-March 2006 = \$270,589 = 2.54%

Annualized return since inception = 5.78%

The Investment Committee is endeavoring to get the return back up to 4% and will be looking at changing the portfolio.

Trust accounts:

Andrews – pays 7% per year; Inception = \$200,000. 3/31/06 = \$200,000.

Harrie – 6% withdrawal. Inception = \$132,545. 3/31/06 = \$130,607

Sexton – 9% withdrawal. Inception = \$773,000. 3/31/06 = \$623,000.

Jones – annualized return 14.3%. Inception = \$400,000. 3/31/06 = \$482,000.

- Mr. Gorian indicated that the Investment Committee may consider giving a portion of the endowment to a money manager who would move the money around to where it would be treated best.

Agenda Item K – Fundraising Activities

Background: No action required. William Aguilar, Vice President for University Advancement, presented a report on campus fundraising activities:

- Approximately \$15,800,000 was raised during the current academic year, as a result of several fundraising campaigns:

Palm Desert building campaign --- \$9.6 million.

College of Education campaign --- \$1.7 million

College of Arts and Letters campaign --- \$353,000

Athletics --- \$100,000

College of Business and Public Administration --- \$334,000

College of Natural Sciences/Water Resources Institute --- \$785,000

College of Social and Behavioral Sciences --- \$128,000

Student Affairs Division --- \$101,000

Transportation Center --- \$2.1 million

Agenda Item L – Palm Desert Health Sciences Building Report

Background: No action required. David DeMauro, Treasurer presented a report on the status of fundraising activities for the fourth facility at the Palm Desert Campus. The CSU Board of Trustees approved the schematic drawings for the Palm Desert Health Sciences Building on May 16, 2006. University staff are in the process of working with the architects to develop working drawings and preparing bid documents for the project. It will be a 12-month construction project at a total cost of \$12.8 million. Dean Fred Jandt is making great progress with fundraising for this project and may be able to increase the construction budget to \$14.5 million which will allow for some enhancements to the facility.

Some of the gifts for the project are multi-year contributions that extend beyond the construction period. One of the donors, who asked to remain anonymous, will provide a no-risk funding agreement whereby they will front the money. The funds will be returned to the anonymous donor when the contributions are received.

Agenda Item M – Common Management System (CMS) Report

Bill Takehara, Foundation Assistant Treasurer/CSUSB Associate Vice President for Financial Operations, reviewed the development and implementation of the PeopleSoft system over the last five years. Upon completion of the conversion of the current Foundation accounting system to the PeopleSoft system, there will be only one financial system throughout the entire campus so that

users can access all accounts with the same system. The training process for users has been simplified.

Muriel Vita, Manager of CSUSB Common Management Systems, presented a PowerPoint presentation which highlighted some of the significant features and functions of the PeopleSoft system.

The meeting adjourned at 7:25 p.m.