



*The Foundation for
California State University, San Bernardino*

BOARD OF DIRECTORS MEETING

Thursday, June 7, 2007 - 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 7, 2007 at 4:00 p.m.

Members Present:

Dr. Albert Karnig, Chairman	Dr. Dorothy Chen-Maynard, Director
Dr. Edward Teyber, President	Mr. Anthony Conley, Director
Mr. Robert Fullerton, Vice President	Dr. Louis Fernández, Director
Mr. David DeMauro, Treasurer	Mr. George Gorian, Director
Mr. Charles Obershaw, Secretary	Dr. Frank Rincón, Director
Dr. William Aguilar, Director	Mr. Philip Savage III, Director
Ms. Lois Carson, Director	Dr. Darleen Stoner, Director

Members Absent:

Mr. Rex Jackson, Director

Others Present:

Ms. Kim Ball, Director, Bookstore	Ms. Cheryl Ruzak, Associate Director, Dining Services -- SMSU
Ms. Debbie Burns, Interim General Mgr.	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	Mr. Mike Ross, Director, Academic Computing and Media
Ms. Arlene P. Cabang, Exec. Assistant	Ms. Clare Colella, FCC

Actions taken by the Board on the agenda items are attached. The meeting adjourned at 7:30 p.m.

Secretary

Agenda Item A – Call to Order/Introductions

A closed session preceded the Board Meeting. As a result of the closed session, David DeMauro announced that Debbie Burns had been appointed to the position of General Manager by a unanimous vote of the members. The Board offered their congratulations to Ms. Burns.

President Teyber called the meeting to order at 4:15 p.m. A quorum was declared. The following guests were present: Mr. William Takehara, Associate Vice President for Financial Operations, Mr. Mike Ross, Director, Academic Computing and Media, and Clare Colella of the FCC.

Agenda Item B – Welcoming Remarks

President Karnig provided an update on University activities:

- Palm Desert graduation will take place on Friday, with Main Campus graduation on Saturday and Sunday. There will be 3,000-4,000 graduates, 1,000 of which are first generation graduates.
- The Student Recreation and Fitness Center (SRFC) is now open and contains hundreds of exercise machines and weights. President Karnig offered to subsidize 50% of the annual membership fee for faculty and staff. Progress continues with the College of Education building, Physics and Biology building, plus parking structures.
- President Karnig discussed scholarship opportunities on the CSUSB campus and described how the faculty work with students to help them succeed. There are 100 presidential scholars which offers a full ride for a four year period—a \$20,000 value.
- The challenges with the budget were discussed. President Karnig indicated that from the FY 2003-2004 to 2007, the budget had increased \$19 million with revenues increasing by \$14 million. Higher costs come primarily from increased salary and benefit costs. The Foundation's activities enhance CSUSB.

Board Discussion:

Ed Teyber stated that faculty/staff appreciate the wellness program and the generous subsidy on the annual fee this year.

ACTION ITEMS

Agenda Item C – Closed Session

Personnel Issue

David DeMauro, Vice President for Administration and Finance/Treasurer of Foundation for CSUSB, provided the Board with a report of a confidential personnel issue, which preceded the meeting as noted above.

Agenda Item D – Approval of Minutes from March 15, 2007 Directors Meeting

Recommendation: It is recommended that the Board approve the minutes of the March 15, 2007, Board of Directors meeting.

Background: The Executive Committee recommended the minutes of the March 15, 2007, Board of Directors meeting be presented to the Board for approval.

Board Action: The minutes of the March 15, 2007, Board of Directors meeting were approved as distributed. (Unanimous)

Agenda Item E – Review of 2007-2008 Budget

Recommendation: It is recommended that the Board of Directors adopt the attached budget for FY 2007-2008 as proposed.

Background: Foundation staff prepared an estimate of the revenues and expenditures for 2007-2008. 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 May 31, 2007 meeting to approve adoption of the proposed budget for FY 2007-2008.

Board Discussion: Ms. Burns presented the budget for 2007-2008. Overall, the Foundation projects a net income of \$219,667, which assumes increases to minimum wage, utilities and benefits, as well as hiring 3 additional staff and increasing reserves to correct under-funded balances. The Bookstore projects a net income of \$482,874, which assumes a 4.5% sales increase, lowering text margins, as recommended by CBC, and modifying evening hours of operation. Commons/Catering/Concessions projects a net loss of (\$248,887) due to ongoing challenges of increasing labor and food costs, necessary weekend hours to accommodate students in housing, along with royalties to franchised brands. The Convenience Store operation projects net income of \$15,715, while the Campus Copy Machines are projected to lose (\$30,035). Sponsored Programs Administration anticipates a 3% growth in direct expenditures and indirect cost recovery. There was a great deal of board discussion surrounding the losing operations and alternative solutions.

The board was reminded that an RFP had been issued for the dining services and c-store operations. The campus copy machine operation would continue to experience losses until the current copier lease agreements expire.

Board Action: The Board approved the adoption of the proposed budget for FY 2007-2008 (Unanimous)

Agenda Item F – Appointment of Board Members for 2007-2008

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

Ms. Glenda Bayless, Director, resigned. It was announced that Glenda Bayless has resigned effective May 16, 2007.

Mr. Stephan Saleson, Community Member, to be appointed to a term of two years for the period 7/01/07 through 6/30/09. (*Pending acceptance*) [To replace Ms. Glenda Bayless]

Dr. Ed Teyber, Faculty Member and current President of the Board of Directors to be re-appointed to a term of two years for the period 7/01/07 through 6/30/09.

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 31, 2007 meeting to approve the proposed appointments and re-appointments to the Board of Directors.

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

Agenda Item G – 2007-2008 Board and Committee Meeting Dates

Recommendation: It is recommended that the Board approve the proposed dates for the 2007-2008 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 the meetings of the Board of Directors, Executive Committee, and Standing Committees in advance of the next fiscal year to assist Board and Committee members with calendar management.

The Executive Committee recommended at its May 31, 2007 meeting to approve the proposed dates for 2007-2008 meetings of the Foundation Board of Directors, Executive Committee and Standing Committees.

Board Action: The Board approved the proposed dates. (Carson/Conley/Unanimous)

Agenda Item H – Endorsement of New Investment Policy Statement

Recommendation: It is recommended that the Board of Directors endorse the action of the Investment Committee to adopt a new Investment Policy, including the allocation of investments and recommended investment managers, as proposed by Beacon Pointe.

Background: It is recommended that the Board endorse the Investment Committee’s adoption of the new Investment Policy submitted by the Foundation’s investment advisor, Beacon Pointe. The Policy would become effective July 1, 2007. The new Investment Policy will be provided to the Board.

The Investment Committee recommended at its May 23 meeting to approve the new Investment Policy.

Board Discussion: David DeMauro described the Investment Policy Statement (“IPS”) and advised that the policy was similar to the old, with some minor changes. Specifically, larger equity, less fixed income, and broader alternative investments. One alternative fund, Hatteras, allows small endowments to invest in alternatives through a ‘fund of funds’. Mr. DeMauro indicated that the Investment Committee had approved the new IPS, as authorized by the By-Laws. Phil Savage stated that he was impressed with Beacon Pointe, but expressed his opinion that the Investment Committee should only make recommendations—the Board should approve such recommendations. There was some discussion about this concern.

Board Action: Ed Teyber made a motion that the full Board approve the Investment Policy Statement. (Gorian/Carson/Unanimous)

Agenda Item I – Approval of Low Power Radio Station Concept

Recommendation: It is recommended that the Foundation Board of Directors grant approval for the Foundation to participate in a process to become the Licensee for a Low Power Radio Station which will serve the local San Bernardino area and will be developed and managed on the campus through the Department of Academic Computing and Media, subject to the development of a full business plan and approval by the Board of Directors.

Background: Several years ago the Federal Communications Commission opened the opportunity for local community organizations to apply for Low Power Radio Stations – power up to 100 watts – to serve a local community. Over the last 18 months, ACM has been working with a non-profit company, Charisma in Missions, which received an LPFM construction permit here in San Bernardino. That organization is no longer able to construct and operate the station because of an internal change in its structure and holdings [full-power professional broadcast stations] which makes it not possible to hold an LPFM license.

Because of the good working relationship with Cal State University, and because of its need to divest its LPFM station, Charisma in Missions, would like to transfer the construction permit for

the station to CSUSB so that ACM can construct and operate the station. Federal Communications Commission regulations require that license be held by an entity unique to that station and area which does not hold broadcast licenses. Since California State University as a system does have broadcast licenses at other campuses, the entity serving this campus which is unique to it, and independent of other campuses, is the Foundation for CSUSB. Therefore, the holder of the license serving this campus would be the Foundation.

ACM currently operates Coyote Radio, which is web cast, and has been working with other CSUSB instructors to train and assist students in producing programming and operating the web cast radio. It is also working with local community organizations and companies to build up interest and support for the station through give-aways and community interest programming. Much of the work done in programming and operation of a station could be applied to the management and operation of the LPFM radio station which would extend the reach and impact of CSUSB in the community.

ACM would continue its processes of working with Charisma in Missions, the FCC, and our legal counsel to process the transfer of the construction permit, and to construct and operate the LPFM station. Costs incurred in this process will be paid for or reimbursed by ACM.

It is recommended that the Foundation approve the process to transfer the construction permit and license of the LPFM station KCFM-LP to the Foundation.

Board Discussion: Mike Ross described the need for the Foundation to be involved in the process of transferring the permit and license for a Low Power Radio Station. There was a great deal of discussion as to the benefits to the campus community, programming and student staffing/supervision issues, as well as the potential risks and liability to the Foundation. The Board concluded that a decision could not be made until a full business plan was presented by Mike Ross, although Mr. Ross could proceed with the application process for transferring the license only.

Board Action: The Board approved the recommendation that Mr. Ross proceed with the application process only, with the requirement that even if the license is approved by the FCC, the radio station will not operate without Board approval of a business plan and an agreement authorizing the operation of the radio station. It was recommended that such business plan be submitted for Board approval at a future meeting. (Teyber/Carson/Unanimous)

INFORMATION ITEMS

Agenda Item J – General Manager’s Report

Ms. Burns briefly reviewed the April 30, 2007 Financial Summary, which was the most current financial available at the time of the Board of Directors meeting. There was discussion surrounding significant inventory adjustments/costs impacting the Bookstores year to date profitability. These adjustments are a result of poor physical inventory oversight and corresponding write-offs for credits received but not taken, obsolete inventory, etc. In addition, Ms. Burns discussed the budgeted and unbudgeted campus support provided by all operating units to include product donations and discounts to various campus groups.

Phil Savage requested that Board members receive, in advance of Board Meetings, more detailed financial reports in the future. After some discussion, the board approved this request (Savage/Obershaw/Unanimous).

Ms. Burns also provided an update on the status of College Bookstore Consulting (CBC) assessment of the Coyote Bookstore. Their recommendations included:

- Improving textbook inventory management
- Increasing textbook/course materials market share
- Improving the used textbook program
- Improving personnel management
- Improving the bookstore facility

The RFP for Dining Services status was also provided to the Board, indicating that final proposals were due to the Foundation by June 21, 2007. Ms. Burns reported that it was anticipated that the Foundation would receive proposals from all 3 of the major dining management companies to include Aramark, Chartwell, and Sodexo.

An update was also provided on the Foundation's insurance coverage and the gifted properties in Earlimart, California and California City, California, noting that both properties had been listed for sale.

Agenda Item K – Status of PDC Building Project

Ms. Burns reported that the building at PDC was on schedule and moving ahead. Total projected cost is \$14.5 million. Will provided the first wet labs and the only nursing program in the Desert.

Agenda Item L – Committee Reports

Background: No action necessary. In lieu of standing committee reports to the Board of Directors, drafts of all minutes of all Foundation Standing Committees are provided with the agenda for review.

Report: No report provided.

Agenda Item M – Fundraising Activities

Background: No action required. William Aguilar, Vice President for University Advancement, will provide an update on the status of development and fundraising activities.

Report: No report provided.