



*The Foundation for  
California State University, San Bernardino*

## **BOARD OF DIRECTORS MEETING**

Thursday, December 7, 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 December 7, 2006 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. Charles Obershaw, Secretary	Mr. George Gorian, Director
Mr. David DeMauro, Treasurer	Mr. Rex Jackson, Director
Ms. Glenda Bayless, Director	Mr. Philip Savage III, Director
Ms. Lois Carson, Director	

#### **Members Absent:**

Dr. William Aguilar, Director	Dr. Darleen Stoner, Director
Dr. Frank Rincón, Director	

#### **Others Present:**

Ms. Kim Ball, Director, Bookstore	Ms. Cheryl Ruzak, Associate Director, Dining Services -- SU
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 Manuel Student Union	Dr. Jeff Thompson, Associate Provost, Research
Ms. Linda Pella-Hartley, Exec Assistant	

Actions taken by the Board on the agenda items are attached. The meeting adjourned at 6:30 p.m.

---

Secretary

### **Agenda Item A – Call to Order/Introductions**

President Teyber called the meeting to order at 4:15 p.m. A quorum was declared. The following guests were present: Dr. Jeff Thompson, Associate Provost for Research; and Mr. William Takehara, Associate Vice President for Financial Operations.

### **Agenda Item B – Welcoming Remarks**

President Karnig provided an update on University activities:

- Fundraising efforts for the third set of buildings at the Palm Desert Campus (PDC) are near completion. A celebration of this milestone was held at PDC on November 6, 2006. This successful fundraising campaign was achieved through the efforts of an alliance of cities in the Coachella Valley region. The City of Palm Desert contributed the land for the campus, as well as a cash donation of \$4.5 million to help support the construction of the fourth and fifth buildings. These buildings collectively will be named the “Palm Desert Health Sciences Building” and will accommodate a new academic program that will focus on nursing and health sciences.
- A gift of several million dollars was received for the William and Barbara Leonard Transportation Center. The gift was contingent upon the approval by the U.S. Department of Transportation of a strategic plan which paved the way for receiving Federal funds. Norm King, former City Manager of Palm Springs and former Executive Director of the San Bernardino Associated Governments (SANBAG), has been appointed to the position of Director of the Transportation Center.
- The campus is seeking additional funding to support a Foster Youth Program for children who are either emancipated or have no living parents. This invaluable program provides year-round housing, financial, and emotional support for CSUSB students who are completely on their own. Counseling and advising are also provided. It is hoped that the program will eventually be funded to support 100 foster children. Enrollment in the program is based on the student’s ability to meet CSU entrance requirements.
- One of the University’s goals this year is to study ways to improve the campus image and increase enrollment. Visits by faculty from sister CSU campuses, former CSU administrators, and a team from the Chancellor’s Office have been hosted for the purpose of exploring strategies that will improve advising, counseling, retention of students, and graduation rates.
- A 6-minute video which focuses on student recruitment was created by campus staff and students. The video features our own students who describe their college experiences while enrolled here. This recruitment video is being distributed to high schools as well as internationally.

- The recruitment video was shown to the Foundation Board.

### **Agenda Item C – Approval of Minutes from September 21, 2006 Directors Meeting**

Recommendation: It is recommended that the Board approve the minutes of the September 21, 2006, Board of Directors meeting.

Background: The Executive Committee recommended the minutes of the September 21, 2006, Board of Directors meeting be presented to the Board for approval.

Board Action: The minutes of the September 21, 2006, Board of Directors meeting were approved as distributed. (Savage/Obershaw/Unanimous)

### **Agenda Item D – Approval of Revised Articles of Incorporation**

Recommendation: It is recommended that the Board approve a request to revise the dissolution clause of the Foundation Articles of Incorporation.

Background: Pursuant to procedures established by the Chancellor for the California State University, internal compliance/internal control review of auxiliary organizations is conducted on a triennial basis. The most recent audit was conducted from March 6-April 14, 2006. The draft final audit report dated September 21, 2006, indicates that the Foundation Articles of Incorporation contain an improper dissolution clause relative to the distribution of net assets, other than trust funds, to a successor. The Board is requested to approve the revised language in Article V of the Articles of Incorporation.

The Executive Committee recommended at its November 30, 2006, meeting to approve the request to revise the dissolution clause of the Foundation Articles of Incorporation.

Board Discussion: Director Savage stated that the proposed dissolution clause must be included in the Foundation's Articles of Incorporation.

Board Action: The Board approved the recommendation to approve the proposed dissolution clause for the Foundation Articles of Incorporation. (Carson/Obershaw/Unanimous)

### **Agenda Item E – Approval of Palm Desert Loan**

Recommendation: It is recommended that the Board approve a request to enter into an agreement with the Berger Foundation to borrow funds for construction of the fourth building at the Palm Desert Campus.

Background: The planning phase and schematic designs of the fourth building at the Palm Desert Campus have been completed. Funding agreements for all of the money needed to construct the

building have been executed. However, some of the anticipated funds are committed over periods of time beyond the construction start date, which is anticipated early in 2007. Per CSU requirements, funds must be in place before construction of the building can begin. In order to begin construction in January 2007, it will be necessary to borrow money and pay it back as the funds are received per the donor agreements. The Berger Foundation has agreed not only to lend the money but to also assume the risk should any of the donor cities, foundations, or individuals fail to provide the funding as stipulated in executed agreements. Prior to entering into the agreement with the Berger Foundation, approval to accept the loan is needed from the Foundation for CSUSB Board of Directors and, subsequently, from the CSU Board of Trustees.

The Executive Committee recommended at its November 30, 2006, meeting to approve the request to enter into an agreement with the Berger Foundation to borrow funds for construction of the fourth building at the Palm Desert Campus.

Board Discussion: Treasurer DeMauro reported that the project is currently out to bid. The bid opening is scheduled for December 19, 2006. Signed funding agreements are in place with each donor. In meetings between the campus and Chancellor's Office attorneys, it was determined that an acceptable strategy for proceeding with construction prior to collection of all contributions would be to secure a loan to cover the funds that would be collected over several years with a guarantee that any funds that cannot be collected would be forgiven. The campus has reached an agreement with the Berger Foundation to provide such a loan with guarantee. The amount of the loan will not exceed \$3 million.

Board Action: The Board approved the recommendation to enter into an agreement with the Berger Foundation to borrow funds for construction of the fourth building at the Palm Desert Campus. (Bayless/Savage/Unanimous)

#### **Agenda Item F – Endorsement of Allocation to the Congressman Jerry Lewis Endowed Scholarship in Water Resource Studies**

Recommendation: It is recommended that the Board endorse a decision to allocate \$10,000 toward the Congressman Jerry Lewis Endowed Scholarship in Water Resource Studies.

Background: Congressman Jerry Lewis has been a tremendous supporter of the university and its programs for an extended period of time. He has provided funding support for many programs, including the Water Resources Institute, distance learning initiatives, National Center for Excellence in Distance Learning, and many others. Congressman Lewis was presented with the Lifetime Achievement in Water Resources Award in a recent ceremony at CSUSB on November 4, 2006. It was deemed appropriate that the campus provide funding toward endowed scholarships in Congressman Lewis's name in the amount of \$10,000. The Foundation Board of Directors is requested to endorse that decision.

The Executive Committee recommended at its November 30, 2006, meeting to endorse a decision to allocate \$10,000 toward the Congressman Jerry Lewis Endowed Scholarship in Water Resource Studies.

Board Discussion: Treasurer DeMauro reported that the funds for this request would be drawn from prior year earnings.

Board Action: The Board approved the recommendation to allocate \$10,000 toward the Congressman Jerry Lewis Endowed Scholarship in Water Resource Studies. (Savage/Obershaw/Unanimous)

### **Agenda Item G – College Bookstore Consulting**

Recommendation: It is recommended that the Board approve a recommendation for the Bookstore to enter into an agreement with College Bookstore Consulting to conduct an assessment of Bookstore operations.

Background: Based upon a recommendation to assess the feasibility of contracting out Bookstore operations, Bookstore management has entered into discussions with College Bookstore Consulting. This consulting firm is highly recommended by several CSU campuses. The consultant would assess internal operations, financial trends, and service levels, and would provide a comprehensive assessment of performance and an analysis of the value and merit of continuing to self-operate the Bookstore vs. contracting with an independent company to operate the Bookstore. A summary of the consultant's proposal is included with this agenda item. The assessment would be conducted over a period of approximately four months at a cost of \$28,800, plus travel, courier and printing expenses.

The Executive Committee recommended at its November 30, 2006, meeting to approve the recommendation to enter into an agreement with College Bookstore Consulting to conduct an assessment of Bookstore operations.

Board Discussion: Ms. Burns reported that the projected \$28,800 cost to provide the assessment would be charged to the Bookstore. The Bookstore would be billed for half of the cost in 2006/07 and the remaining half in 2007/08. It was recommended by the Board that the agreement must include a specified "not to exceed" in the amount of \$10,000 in the section applicable to travel costs.

Board Action: The Board approved the recommendation to enter into an agreement with College Bookstore Consulting to conduct an assessment of Bookstore operations. The agreement will include a statement that travel costs are not to exceed \$10,000. (Carson/Chen-Maynard/Unanimous)

### **Agenda Item H – Endowment Fund Transfer**

Recommendation: It is recommended that the Board endorse a decision by the Foundation Investment Committee to move \$400,000 from the Foundation's current investment to NWF Advisory.

**Background:** In an effort to achieve increased earnings on endowed funds, the Investment Committee, at a meeting on November 1, 2006, approved a recommendation to move a portion of the endowed funds into a fund of stocks managed by NWF Advisory. This fund is unique in that a pool of fifteen top performing funds is used. NWF Advisory conducts a monthly analysis of the performance of the fund and replaces the lowest performer with a higher performer, maximizing the opportunity to achieve increased earnings. Investment Committee members acknowledged the value of this investment strategy and voted to immediately move \$400,000 into this fund.

The Executive Committee recommended at its November 30, 2006, meeting to endorse the decision of the Investment Committee to move \$400,000 into a fund managed by NWF Advisory.

**Board Discussion:** Director Rex Jackson reported that the performance of NWF Advisory has been exceptional for an extended period of time. Over the past five years – all of which were difficult years for the stock market industry – NWF’s 5-year average rate of return was +17% per year.

**Disclosure Statement:** Treasurer DeMauro reported that Director Jackson is a principal partner with NSF Advisory. Director Jackson will receive no compensation for investments managed for the Foundation for CSUSB, thus eliminating any potential conflict of interest.

**Board Action:** The Board endorsed the decision of the Investment Committee to move \$400,000 into a fund managed by NWF Advisory.

### **Agenda Item I (Information) – General Manager’s Report**

**Background:** No action required. Deborah Burns, Interim General Manager, will provide an overview of the Foundation’s financial status, commercial enterprises, and other Foundation activities.

**Report:** Interim General Manager Deborah Burns provided a PowerPoint presentation which summarized recent activity in the Foundation Business Office and Foundation commercial enterprises. The report included revenue information in the Bookstore, Dining Services, Commons, and Catering. In addition to information contained in the presentation, Ms. Burns also reported the following:

- Sales in franchise operations will be monitored over the periods of the respective contracts.
- The Investment Committee will be meeting in special session in January to interview prospective investment managers. A recommendation will be presented at the March Board meeting.
- An assessment of the feasibility of co-locating and/or combining the operations of Research and Sponsored Programs with Sponsored Programs Administration is in progress. A recommendation will be presented at the March Board meeting. The report

will be presented to the campus after presentation to the Foundation Board.

- Commons/Catering: Tito Calderon reported that operations in Commons and Catering are going well. Improvements in service have been implemented in service and menu choices.
- Student Union Dining: Cheryl Ruzak reported that a second cash register was installed in the Starbucks venue, which has significantly increased sales. A new campus-operated hamburger venue will open soon in the Student Union which will be known as the “Blue Coyote.” Taco Bell prices will be increased by 11% due to the increase in minimum wage effective in January.
- Bookstore: Kim Ball reported that sales in the Bookstore have outpaced enrollment. Additional cash registers will be installed in convenience stores to boost sales. Kim will follow up on suggestions made by Board members to promote the Student Union C-store, e.g., rolling carts.
- Sponsored Programs Administration: Stan Stanley reported that numbers are comparable to 2005/06.
- Financial Operations: Lisa Iannolo reported that the Foundation is assisting faculty with the conversion to PeopleSoft reports.

#### **Agenda Item J [Information] – 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.

David DeMauro, Treasurer, will provide information regarding recent activities of the Foundation Investment Committee.

Report: Treasurer DeMauro noted that copies of draft minutes for all second quarter standing committee meetings are included with the Board meeting agenda.

#### **Agenda Item K [Information] – 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: This item was tabled until the third quarter meeting due to the absence of William Aguilar.

**Agenda Item L [Information] – Palm Desert Health Sciences Building Report**

Background: No action required. David DeMauro, Treasurer, will provide a report of the status of fundraising activities for the fourth building – the Palm Desert Health Sciences Building -- at the Palm Desert Campus.

Report: An update regarding the Palm Desert Campus construction project was provided with the information for Agenda Item E.