



*The Foundation for  
California State University, San Bernardino*

## **BOARD OF DIRECTORS MEETING**

Thursday, March 16, 2006 - 4:00 p.m.

Student Union 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 Student Union Board Room located on the campus of California State University, San Bernardino, 5500 University Parkway, San Bernardino, California, on March 16, 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. Charles Obershaw, Director     |
| Ms. Glenda Bayless, Director         | Mr. Philip Savage III, Director    |
| Ms. Lois Carson, Director            |                                    |

#### **Members Absent:**

|                             |                               |
|-----------------------------|-------------------------------|
| Mr. George Gorian, Director | Dr. Frank Rincón, Director    |
| Mr. Rex Jackson, Director   | Mr. Stephan Saleson, Director |

#### **Others Present:**

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|--|---|
| Ms. Kim Ball, Director, Bookstore  | Ms. Cheryl Ruzak, Associate Director,<br>Dining Services -- SU      |
| Ms. Debbie Burns, HR Director  | Mr. Charles Stanley, Director, Sponsored<br>Programs Administration |
| Mr. Tito Calderon, Associate Director,<br>Dining Services – Catering/Commons | Mr. Bill Takehara, Assistant Treasurer                              |
| Dr. Greg Lehr, Exec Director, Santos<br>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 7:45 p.m.

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Secretary

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

### **Call to Order/Introductions**

President Teyber called the meeting to order at 4:20 p.m. A quorum was declared. The following guests were introduced: Mr. William Takehara, Associate Vice President for Financial Operations; Dr. Greg Lehr, Executive Director of the Santos Manuel Student Union; and Dr. Jeff Thompson, Associate Provost for Research.

It was announced that Foundation Director Stephan Saleson submitted his resignation from the Foundation Board of Directors effective March 16, 2006, due to his recent appointment to Superior Court Judge.

It was announced that Foundation Director of Finance, Jeff Blake, resigned from his position effective March 3, 2006.

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

President Karnig provided an update on University activities:

- Construction of the Santos Manuel Student Union building has been completed. The facility will be fully operational by the first week in April. Completion of the project will be celebrated with a ribbon-cutting ceremony on April 6, 2006.
- The new Student Recreation Center will be completed early in June. An interesting side note regarding this project is that students voted for this new facility in 2002 and have been paying for the project during the past four years.
- A groundbreaking ceremony for the College of Education building is scheduled for April 21, 2006. An active fundraising campaign, led by developer Jim Watson, has brought in \$600,000 in a relatively short period of time.
- In conjunction with the Richmond Homes residential project across the street from the University, a commercial shopping center identified as “The Promenade” is proposed by developer Jim Watson. The project will be presented to the City of San Bernardino Planning Commission on April 4.
- Plans are pending for a new development of 250 single-family homes north of the campus.
- If the proposed 2006/07 General Fund budget is adopted, the university will be provided with some marginal increases and compensation, and will likely allow the restoration of some programs that had significant reductions during previous lean budget years.

### **Agenda Item C --- Approval of Minutes from the December 8, 2005 Directors' Meeting**

Recommendation: It is recommended that the Board approve the attached minutes of the December 8, 2005, Board of Directors meeting.

Background: The Executive Committee recommended at its March 2, 2006, meeting that the minutes of the December 8, 2005, meeting be presented to the Board for approval.

Board Action: The minutes of the December 8, 2005, Board of Directors meeting were approved as distributed. (Fernandez/Fullerton/Passed/One Abstention)

### **Agenda Item D – Contracting for Accounting Services with State Accounting Department**

Recommendation: It is recommended that the Board approve a request to authorize the Foundation Treasurer to develop a transition plan to move Accounting Services operations to the State-operated Accounting and Budget offices.

Background: Since the inception of the Foundation organization, all accounting and budget functions have been performed by Foundation employees working in a Foundation accounting office. The only exception is that Payroll functions have been contracted out for many years.

Several factors have changed over recent times, which places greater demands upon the Foundation Accounting Department. Year-end deadlines have been moved up, accounting standards have become more stringent, internal audits are conducted by the CSU Chancellor's Office, auditing standards are more stringent, and accounting systems have become more complex and costly.

It is recommended that the Foundation Board authorize the Treasurer to develop a transition plan to move Accounting Services operations to the State-operated Accounting and Budget offices. The plan will include a transition of Foundation employees to become State employees, as well as a "fee schedule" for services provided for Foundation recordkeeping, monthly reports, audit activities, and any other activities required.

The transition plan will be provided to the Board.

The Executive Committee recommended at its March 2, 2006, meeting to approve the transition plan to move Accounting Services operations to the State-operated Accounting and Budget offices.

Board Action: The Board approved the recommendation to authorize the Treasurer to develop a transition plan to move Accounting Services operations to the State-operated Accounting and Budget offices. (Bayless/Obershaw/Unanimous)

### **Agenda Item E – Appointment of Mr. William Takehara as Assistant Treasurer**

**Recommendation:** It is recommended that the Foundation Board appoint Mr. William Takehara as Assistant Treasurer of the Foundation.

**Background:** Mr. William Takehara serves as the Associate Vice president for Financial Operations for CSUSB. In his capacity as AVP, the Accounting Department reports to Mr. Takehara. Commensurate with the Board's approval of having the CSUSB Accounting Department assume accounting functions on behalf of the Foundation, Mr. Takehara will also assume the overall responsibility for Foundation accounting operations. It is not planned to fill the position of Foundation Director of Finance. In the absence of this position, it would be beneficial for Mr. Takehara to assume some duties of the Foundation as part of his role as AVP for Financial Operations. These duties would be without individual compensation from the Foundation.

The need for approval of this agenda item was identified after the Executive Committee meeting on March 2, 2006. Therefore, the Foundation Treasurer recommends that the item be placed on the agenda for approval by the Board to approve the appointment of Mr. William Takehara as Assistant Treasurer of the Foundation.

**Board Action:** The Board approved the recommendation to appoint Mr. William Takehara as Assistant Treasurer of the Foundation. (Carson/Fernandez/Unanimous)

### **Agenda Item F – Signature Authority**

**Recommendation:** It is recommended that the Board approve signature authority in accordance with the attached chart.

**Background:** With the resignation of Mr. Jeff Blake from the Foundation, it is necessary that the Board authorize current signature authority on various accounts.

The need for approval of this agenda item was identified after the Executive Committee meeting on March 2, 2006. Therefore, the Foundation Treasurer recommends that the item be placed on the agenda for approval by the Board to approve signature authority in accordance with the attached chart.

**Board Action:** The Board approved the recommendation to approve signature authority in accordance with the attached chart. (Carson/Fernandez/Unanimous)

### **Agenda Item G – Modify Board Meeting Agenda/Committee Reports**

**Recommendation:** It is recommended that the Board approve a request to modify the quarterly board meeting agendas to eliminate committee reports.

Background: Currently, the Foundation Board meeting agendas include a report from each of the committees. The committee format was adopted approximately ten years ago. Typically, the Board meetings last 2 ½ to 3 hours. By the time the committee reports agenda item is reached, many Board members have left the meeting, and there is no longer a quorum remaining.

It is recommended that the Foundation Board agendas no longer include a report from each committee. A process can be adopted that the Executive Director or Treasurer can include pertinent committee information in their report, or significant committee information or action can be included in an action or information agenda item.

The Executive Committee recommended at its March 2, 2006, meeting to approve the recommendation to modify the quarterly board meeting agendas to eliminate committee reports.

Board Action: The Board approved the recommendation to modify the quarterly board meeting agendas to eliminate committee reports. Significant committee information or action will be included in an action or information agenda item. (Carson/Obershaw/Unanimous)

#### **Agenda Item H – Approval of Board Resolution to Accept Year Four Funding for the Assistive Computing Contract**

Recommendation: It is recommended that the Board approve the Board Resolution to accept year four funding for the Assistive Computing Contract, and to authorize the Foundation Treasurer to sign the agreement on behalf of the Board.

Background: The Foundation entered into an agreement with the California Department of Rehabilitation, effective December 31, 2002, for a four-year program. Under this contract, the Department of Rehabilitation provides funds to support the campus Assistive Computing program. This is a development contract which funds 100 percent of the cost in year one, and subsequently reduces the funding in each following year. By the end of year four, the program is to be self-supporting. Previous funding received has been for \$113,109 in year one, \$92,198 in year two, and \$72,925 in year three.

The State of California Department of Rehabilitation will be processing the year four contract amendment shortly. The regulation requires a new Board Resolution for each year of the contract. Funding for year four will be approximately \$52,000.

Indirect cost is received on the program at 42 percent of Salary and Wages.

The Executive Committee recommended at its March 2, 2006, meeting to approve the recommendation to approve the Board Resolution to accept year four funding for the Assistive Computing Contract, and to authorize the Treasurer to sign the agreement on behalf of the Board.

Board Action: The Board approved the recommendation to approve the Board Resolution to accept year four funding for the Assistive Computing Contract, and to authorize the Foundation Treasurer to sign the agreement on behalf of the Board. (Savage/Obershaw/Unanimous)

### **Agenda Item I –Approval of Payment to Californians for Higher Education to Support 2006 Education Bond**

Recommendation: It is recommended that the Board approve a request to support the 2006 Education Bond in the amount of \$11,000.

Background: Periodically, the University is asked by the CSU Chancellor’s Office to provide financial support for construction bond initiatives which provide capital outlay funds for the California State University campuses. This year, the University has been asked to contribute \$11,000, in compliance with the attached schedule of payments. It is recommended that the Board approve the request to allocate funds for the requested contribution

The Executive Committee recommended at its March 2, 2006, meeting to approve the request to support the 2006 Education Bond in the amount of \$11,000.

Board Action: The Board approved the recommendation to approve a request to support the 2006 Education Bond in the amount of \$11,000. (Obershaw/Chang/Unanimous)

### **Agenda Item J – Food Services Update**

Background: No action required. Foundation management provided a status report of food services activities.

1. Food services venues in the Santos Manuel Student Union will operate a “soft opening” beginning on March 27. Full service will be provided in conjunction with the opening of Spring Quarter on April 3.
2. New menu items will be introduced in the Commons to replace those venues that have been moved to the Student Union. Home cooking menus will be introduced Monday through Friday. New catering menus were distributed.

### **Agenda Item K – Financial Report**

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

- Chancellor’s Office auditors recently completed an Auxiliary Organizations Audit. Preliminary information did not reveal significant findings. A draft audit report is expected within the next few weeks.
- External auditor Roland Vasin has assisted with the operational activities resulting from the departure of the Director of Finance. He has also participated in discussions regarding preparation for year-end closing.

- Two goals have been established in conjunction with the implementation of the PeopleSoft accounting system: (1) fiscal records will be closed accurately and within the June 30 deadline; (2) the implementation of the PeopleSoft system will be completed by July 1, 2006.
- The January 31 statement was reviewed. Year-to-date revenue is lower than projected, but it is anticipated that the shortage will be reversed by year-end. Employees were hired to operate the dining services venues in the Student Union; however, due to construction delays, the opening of the venues was delayed by several weeks, thereby affecting projected revenue. Sales in convenience stores have been brisk.
- The return to the campus is greater than anticipated.
- It is anticipated that finances in the Child Care Center will break even by June 30.
- Foundation Investment Committee  
The endowment at 12/31/05 was at \$10.6 million for the January-December 2005 period. Overall earnings for 2005 were 5.48%. The blended index return would have been approximately 5.72%.

The Investment Committee is considering several strategies that might improve earnings.

A handout was distributed presenting CSU earnings averaged among all CSU campuses vs. earnings reported in a recent NACUBO study (National Association of College and University Business Officers). CSUSB underperformed the mean of the CSU system. The larger reported endowments were involved in alternative investments.

- Palm Desert Campus – Phase III Project

Fund raising efforts for the Phase III project are approaching \$11-11.5 million. It is anticipated that the \$12.8 million goal may be reached within thirty days. Drawings of the project were shared with the Board.

Agreement has been reached with College of the Desert (COD) to allow freshman students to attend classes at the PDC facility. COD faculty will teach the classes.

### **Agenda Item L – Tour of Student Union**

Background: No action required. Mr. Corey Jackson, Chair of the Santos Manuel Student Union Board of Directors, provided comments from the students' perspective regarding the new facility and the expectations for its use.

Dr. Greg Lehr, Executive Director of the Santos Manuel Student Union, provided Board members with a tour of the new Student Union facility.

The meeting adjourned at 7:45 p.m.