



*The Foundation for
California State University, San Bernardino*

BOARD OF DIRECTORS MEETING

Thursday, September 21, 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 September 21, 2006 at 4:00 p.m.

Members Present:

Dr. Albert Karnig, Chairman
Dr. Edwart Teyber, President
Mr. Robert Fullerton, Vice President
Mr. Charles Obershaw, Secretary
Mr. David DeMauro, Treasurer
Dr. William Aguilar, Director
Ms. Lois Carson, Director
Dr. Dorothy Chen-Maynard, Director

Mr. Anthony Conley, Director
Mr. Louis Fernández, Director
Mr. George Gorian, Director
Mr. Rex Jackson, Director
Dr. Frank Rincón, Director
Mr. Philip Savage III, Director
Dr. Darleen Stoner, Director

Members Absent:

Ms. Glenda Bayless, Director

Others Present:

Ms. Kim Ball, Director, Bookstore
Ms. Debbie Burns, HR Director
Mr. Tito Calderon, Associate Director,
Dining Services – Catering/Commons
Ms. Lisa Iannolo, Finance Manager
Manuel Student Union
Ms. Linda Pella-Hartley, Exec Assistant

Ms. Cheryl Ruzak, Associate Director,
Dining Services -- SU
Mr. Charles Stanley, Director, Sponsored
Programs Administration
Mr. Bill Takehara, Assistant Treasurer
Dr. Jeff Thompson, Associate Provost, Research
Mr. Rolland Vasin, Vasin, Heyn & Company

Actions taken by the Board on the agenda items are attached. The meeting adjourned at 7:00 p.m.

Secretary

Agenda Item A – Closed Session

Board members met in closed session to discuss confidential matters. Minutes for this agenda item will be retained in a confidential location.

Agenda Item B – Call to Order/Introductions

President Teyber called the meeting to order at 4:30 p.m. A quorum was declared. The following new Board members were introduced: Mr. Anthony Conley, President, Associated Students, Inc.; and Dr. Darleen Stoner, Professor, Environmental Education. The following guests were introduced: Mr. William Takehara, Associate Vice President for Financial Operations; Dr. Jeff Thompson, Associate Provost for Research; and Mr. Rolland Vasin, Auditor, Vasin, Heyn & Company.

It was announced that, during closed session today, the Foundation Board appointed Ms. Deborah Burns to a one-year appointment as Interim General Manager.

Agenda Item C – Welcoming Remarks

President Karnig provided an update on University activities:

- Mr. Lou Monville was recently appointed as a CSU trustee, the first ever from the Inland Empire. He is also an alumnus and incoming Alumni Association President.
- Academic year 2006/07 is the fifth year of the Presidential Academic Excellence Scholarship program. The program covers fees and provides \$5,000 per year which continues for up to four years for those students who maintain a 3.5 GPA. The program has grown from 6 students in the first year to 38 students this year. Of the 81 students who have participated in the program, only two have withdrawn from school. This represents a retention-graduation rate of over 97%. Students at CSUSB have received 15% of all scholarships available throughout the CSU system.
- Based on student opinion data, the *Princeton Review* selected CSUSB as one of the schools accorded the “Best of the West” designation. The *Review* also reported that CSUSB’s Graduate Program in Entrepreneurship was ranked as the nation’s fourth best graduate program in entrepreneurship.
- The national Association of Physical Plant Administrators chose CSUSB as one of five universities honored for effective and innovative energy practices.
- This fall the campus will accept students into a new computer engineering program. This is the first engineering program at CSUSB, and the first new engineering program in the CSU system in 22 years.
- Two new master of science programs are being planned in Studio Art and in Creative Writing.
- In Fall 2007 the campus will offer its first doctoral program in Educational Leadership.

- One of the major priorities for the coming year is to identify methods to connect with parents to encourage young people to socialize to the concept of attending college. 70% of CSUSB students are the first generation from their families to attend college, and 70% of CSUSB students are on financial assistance. The university's enrollment target this year is an increase of 4.1% over 2005/06. It appears at this time that enrollment will be about 2.2% above last year, but 1.9% below the overall target, which will require the campus to return approximately \$2 million in funding to the CSU system, per California Senate requirement.
- The principal priority this year is recruitment of faculty to increase the number of permanent, tenure track faculty, with the 5-year goal of reaching a tenure-to-non-tenure track ratio of 3 to 1. 35 new tenure track faculty were hired this year, representing an 85% success rate.
- Priority will be placed this year on providing greater equity with personnel salaries, especially for young faculty members.
- The university will strengthen enrollment strategies by examining marketing and advertising efforts and will work more closely with high schools, international universities, military installations, and troops mustering out to capture opportunities to attract prospective students.
- Faculty housing is a serious issue. University management devised a housing assistance program and worked with the City of San Bernardino to set aside \$1 million for two years for loans to entice new faculty to the university.
- Fundraising was a record year. The university raised +\$16 million. This year the University will look at new ways in which resources can be identified.
- Grants and Contracts achieved a record year for 2005/06, bringing in \$28 million.
- New investment strategies for endowed funds will be identified, and special initiatives will be researched in which the university may be able to receive congressional support.
- Planning will be done in the coming year in terms of revising the university strategic plan and the long-term capital plan.

Agenda Item D --- Convocation Video

A short video highlighting the 2005/06 academic year, which was presented to the campus community at the annual Fall Convocation on September 18, was shared with the Foundation Board of Directors.

Agenda Item E --- Approval of Minutes from June 8, 2006 Directors Meeting.

Recommendation: It is recommended that the Board approve the attached minutes of the June 8, 2006 Board of Directors meeting.

Background: The Executive Committee recommended the minutes of the June 8, 2006 Board of Directors meeting be presented to the Board for approval.

Board Action: The minutes of the June 8, 2006, Board of Directors meeting were approved as distributed. (Savage/Obershaw/Unanimous)

Agenda Item F --- Election of Board Officers for 2006-2007

Recommendation: It is recommended that the following slate of officers be elected for 2006-2007:

President	-	Dr. Edward Teyber
Vice President	-	Robert Fullerton
Secretary	-	Charles Obershaw
Treasurer	-	David DeMauro

Background: Foundation Bylaws, Article VII, Section 2, Election and Terms of Office, state that all of the officers of the corporation shall be elected by the Board of Directors at its annual meeting. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as may conveniently be scheduled.

The Executive Committee recommended at its September 14, 2006, meeting to elect the proposed slate of officers for 2006-2007.

Board Action: The Board approved the proposed slate of officers for 2006-2007. (Conley/Chen-Maynard/Unanimous)

Agenda Item G -- Audit Report and Approval

Recommendation: It is recommended that the Board approve the annual audit completed by the audit firm of Vasin, Heyn & Company.

Background: Each year, an independent audit examination and report is completed by a firm hired by the Foundation. The firm completes the process by using both "Governmental Accounting Standards Board" (GASB) and "Financial Accounting Standards Board" (FASB) rules. This is required by the CSU system.

The Foundation Audit Committee met with the auditor prior to the audit process to discuss with the auditor any issues they identified of importance for the auditor to review. The audit, at the time of this writing, is being prepared for the Audit Committee to review prior to the September 21 Board meeting. The audit will be presented to the Board at the Board meeting.

The Executive Committee recommended at its September 14, 2006, meeting to invite the auditor to present the audit report to the full Board of Directors.

Board Action: The Board approved the 2005-2006 audit report as presented by Mr. Rolland Vasin, Auditor. (DeMauro/Obershaw/Unanimous)

Agenda Item H -- PERS Health Insurance Resolution

Recommendation: It is recommended that the Board approve the attached resolution continuing the 2006/2007 employer contribution rates.

Background: The Foundation's Health Insurance contract with PERS must be amended annually to reflect the new employer contribution rates paid by the Foundation. It has been the policy of the Board to maintain comparability with the University on this contribution. With this resolution, the Foundation's employee contributions for FY 2006-2007 will increase by 10% from the 2005-2006 rates. If adopted, the new rates will be effective on January 1, 2007.

The Executive Committee recommended at his September 14, 2006, meeting to approve the proposed resolution regarding 2006-2007 employer contribution rates.

Board Action: The Board approved the proposed resolution regarding 2006-2007 employer contribution rates. The resolution was signed by President Edward Teyber and Secretary Charles Obershaw. (Chen-Maynard/Obershaw/Unanimous)

Agenda Item I -- Approval of Vending Contract

Recommendation: It is recommended that the Board authorize Foundation management to enter into a five-year contract with First Class Vending, Inc., to provide vending services to the campus.

Background: A five-year contract with Take-a-Break for snack and beverage vending services has expired and was extended to June 30, 2006. A Request for Proposals was issued, and four vending companies responded. Comparative analysis of the bids has been completed, and it is recommended that the Board approve the proposal submitted by First Class Vending, Inc. First Class Vending offered the highest commissions, best service, and healthy food options.

The Executive Committee recommended at its September 14, 2006, meeting to authorize Foundation management to enter into a five-year contract with First Class Vending, Inc., to provide vending services to the campus. (Obershaw/Chen-Maynard/Unanimous)

Board Action: The Board approved the recommendation to authorize Foundation management to enter into a five-year contract with First Class Vending, Inc. (Obershaw/Chen-Maynard/Unanimous)

Agenda Item J -- Resolution to Change Employee Benefit Plan

Recommendation: It is recommended that the Board approve a change in the Foundation employee benefit plan to include: dental, vision, group life and accidental death and dismemberment, long-term disability, and optional life coverage.

Background: The Foundation has used broker, Keenan & Associates, for the past several years for employee benefits including dental, vision, group life and accidental death and dismemberment, long-term disability, and optional life coverage. The service provided by Keenan & Associates has deteriorated over the years, and insurance premiums are anticipated to increase 10% for 2006-2007. A new broker, LBL Associates, has been identified that will provide a higher level of service, a higher level of benefits, and a savings of \$2,102 per year.

The Executive Committee recommended via e-mail and telephone communication on June 26, 2006, to approve the changes to the Foundation Employee Benefit Plan effective August 1, 2006. The Board is being requested to ratify the Executive Committee's decision retroactive to June 26, 2006.

Board Action: The Board ratified the Executive Committee's decision to approve changes to the Foundation Employee Benefit Plan, retroactive to June 26, 2006. (Stoner/Chen-Maynard/Unanimous)

Agenda Item K -- Standing Committee Chair Selections and Membership – 2006-2007

Recommendation: It is recommended that the Board approve the proposed Standing Committees for 2006-2007.

Background: Each year, the Board reviews the chair and membership of the Standing Committees. Attached are the recommended chairs and members for 2006-2007.

The Executive Committee recommended at its September 14, 2006, meeting to approve the proposed Standing Committees for 2006-2007. (Chen-Maynard/Obershaw/Unanimous)

Board Action: The Board approved the recommendation to approve the proposed Standing Committees for 2006-2007, with the addition of Dr. Darleen Stoner to the Sponsored Programs Administration Committee. (Chen-Maynard/Obershaw/Unanimous)

Agenda Item L -- Conflict of Interest Statement – 2006-2007

Recommendation: It is recommended that the Board members review, sign, and return the attached Conflict of Interest statement for the period July 1, 2006, through June 30, 2007, to the Office of the Vice President for Administration and Finance by October 13, 2006.

Background: It is the Foundation's responsibility to ensure that all Board members sign a Conflict of Interest statement for the current year, in accordance with California Education Code, Sections 89906-89909.

The Executive Committee recommended at the September 14, 2006, meeting to request Board members to complete Conflict of Interest statements for the period July 1, 2006, through June 30, 2007.

Board Action: The Board approved the recommendation to request Board members to complete Conflict of Interest statements for the period July 1, 2006, through June 30, 2007.
(Obershaw//Stoner/Unanimous)

Agenda Item M (Information) – Treasurer's Report

Background: No action required. David DeMauro, Treasurer, will update the Board regarding the status of Foundation finances.

Mr. DeMauro reported that the Foundation is undergoing analysis of all operations to identify more efficient strategies to improve services and profits. Bookstore operations will be examined to determine if there would be any advantages to contracting out the operation. Operations and activities in Human Resources and Sponsored Programs Administration will be analyzed to determine how services to the campus could be maximized. Updates on the status of these analyses will be reported to the Board at future meetings.

Agenda Item N (Information) -- Chancellor's Office Auxiliary Organizations Audit Report

Background: No action required. David DeMauro, Treasurer, will provide a summary report on the results of the recently completed Chancellor's Office audit of campus auxiliary organizations.

Mr. DeMauro reported that the campus auxiliary organizations were recently audited by Chancellor's Office auditors. Eight minor findings were applicable to the Foundation. Most findings have been closed.

Agenda Item O (Information) --Foundation Strategic Plan

Background: No action required. Deborah Burns, Foundation Human Resources Director, will provide a summary report of the recently completed Foundation Strategic Plan.

Ms. Burns reported that a committee composed of several Foundation managers has been working for several months to draft a Foundation Strategic Plan. Details of the Strategic Plan will be provided at the December Board meeting.

Agenda Item P (Information) -- Committee Reports

Background: 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.

George Gorian, Chair of the Foundation Investment Committee, provided an update report on committee activities. Total investments as of June 30, 2006, were \$11,143,000. The return during the quarter was \$149,000. Performance of trusts managed by the Foundation was reviewed. The committee has reviewed a CSU systemwide report of endowed earnings at other CSU campuses. Endowments at some CSU campuses have performed quite well. Foundation management will research investment managers in use at the successful campuses and will interview investment managers who may be able to manage the Foundation's endowments more aggressively with improved performance.

Agenda Item Q (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.

Mr. DeMauro provided a report on behalf of Dr. Aguilar. \$16.2 million was raised in 2005/06, including \$8.5 million government contributions (mostly for construction of the fourth building at the Palm Desert Campus), \$7.7 million from private resources, and \$1.7 million for the College of Education "Tools for Education" campaign. Contributions in response to a campaign to build an observatory on Badger Hill are approximately \$1 million. An event will be held on campus to honor Congressman Jerry Lewis and recognize the support he has provided dealing with water quality. In conjunction with this event, a scholarship campaign will be conducted.

Agenda Item R (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.

Mr. DeMauro reported that Dean Fred Jandt has conducted a very successful fundraising campaign to bring in contributions for construction of the Palm Desert Health Sciences Building. More information will be provided at the December meeting regarding the offer of a loan to bridge the gap between start of construction and receipt of pledges. A groundbreaking ceremony will be held in November.