



EXECUTIVE COMMITTEE MEETING

January 21, 2020
Teleconference

MINUTES

Committee Members Present:

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| Mike Applegate | Marc Benadiba | Bob Wacker |
| Jeff Armstrong | John Ronca | |
| Richard Bradshaw | Bill Swanson | |

Committee Members Absent:

Chuck Harrington

Staff:

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| Stacy Cannon | Jessica Darin | Adam Jarman |
| Aaron Curti | Ericka Horn | Lisa Rockwell-Harpster |

Call to Order and Attendance

Chair Bill Swanson called the meeting to order and welcomed members. Mr. Swanson noted that President Armstrong has assumed the role of CEO of the Foundation, upon the resignation of Vice President for Development Matthew N. Ewing, effective December 31, 2019. Mr. Swanson announced a quorum of directors' present, and that the meeting, having been duly convened, was ready to proceed.

Approval of Minutes

Mr. Swanson asked members for corrections to the November 5, 2019, Executive Committee meeting minutes. None were recorded, a motion was made and seconded and approving to adopt the minutes.

Committee Reports

Governance

Governance Committee chair Dick Bradshaw reported that the Governance Committee met on January 9, 2020. Mr. Bradshaw called the Committee's attention to page 25 of 35, the summary of terms of Board members noting several directors are up for consideration of reappointment ahead of the Annual Meeting in May. Chair Swanson will follow up

with each director individually over the coming weeks to discuss continued service on the board. Mr. Bradshaw continued on to highlight the list of potential nominees to the Board, noting the Governance Committee endorsed the list presented in the memo. The Committee discussed the nominees. Governance Chair Dick Bradshaw, Chair of the Board Bill Swanson, and President Armstrong answered questions about each of the nominees. A motion was made and seconded, approving the list of potential nominees for consideration. Chair Swanson and President Armstrong will follow up with each potential nominee's individual to gauge interest in serving and next steps. They will report back to the Executive Committee ahead of the Annual Meeting in May.

Audit

Committee Chair Applegate reported that Treasurer Marc Benadiba has met with local auditor firm, Glen Burdette, and they have agreed to handle Foundation audit at the same cost as Caliber charged for the prior year. Glen Burdette's has 80 employees and 20 GASB clients. The firm has a comprehensive CPE program to ensure that auditors are current as far as the latest GASB pronouncements. Glenn Burdette currently prepares Cal Poly's Annual NCAA Agreed Upon Procedures. Additionally, the firm currently performs the audit and 990 tax return for the Cal Poly Corporation. A director inquired as to cost for future years. Mr. Applegate noted that he and Mr. Benadiba will continue to work with Glenn Burdette in the vetting processing and will address items such as this. Mr. Applegate noted the Foundation is committed to paying fair market value for work performed and has made supplemental payments when the scope of work exceeds the contacted amount. Chair Swanson inquired as to the team that will be assigned to Cal Poly Foundation. Mr. Applegate noted that additional vetting will take place through the Audit Committee to ensure the process is thorough.

Mr. Applegate continued on to note that staff will commence the budget process immediately after this next board meeting, which is consistent with the process for the prior year. He reported that a template has been refined over the last number of years that provides a good basis for updating. The process will start in early February with the goal of finalizing the budget before the end of April. Mr. Applegate noted that additional requests for supplemental funding may come up as leadership changes may result in requests for new initiatives or need for investment.

Review of Quarterly Financial Statements

Treasurer Marc Benadiba reviewed highlights from the Quarterly Financial Report for the period, the Foundation's deferred inflows and net position was \$383.8 million at December 31, 2019. This is an increase of \$13.7 million from June 30, 2019 and was primarily due to market value gains.

Endowment investments increased to \$237.7 million at December 31, 2019, an increase of \$12.2 million (5.4%) compared to the June 30, 2019 balance of \$225.5 million. The increase was primarily due to market value gains of \$10.9 million, income of \$4.6 million, and additional gifts and transfers to the endowment of \$4.4 million. Payouts were \$4.6 million and fees \$2.0 million.

As of December 31, 2019, the Foundation managed 937 endowments, which are managed in a unitized investment pool. There were 920 endowments at June 30, 2019. Of the \$237.7 million endowment investment assets, \$237.6 million was actively invested in the endowment investment pool.

At December 31, 2019, the Foundation had cash deposits of \$60.0 million held at Wells Fargo Bank, compared to \$38.1 million at June 30, 2019. The increase in cash is due to cash requirements for building projects getting under way. A director inquired as to the significant increase in permanently restricted net assets. Marc Benadiba followed up with Dick Bradshaw via email and confirmed that the increase was due to the fact that the permanently restricted net assets are adjusted each year to move the returns on permanently restricted net assets from permanent to temporary. Mr. Benadiba noted he would research and follow up after the meeting. University Development support payments of \$1,766,000 were \$23,000 above budget due to payment for the California Coalition for Public Higher Education Issues Committee campaign approved by the Executive Committee of the Board.

A director inquires as to the \$343k reserves than budgeted. Mr. Benadiba noted that gift fees are collected based on when the gift is received and the timing was due to a few large pledge payments received. In the first six months of the year additional gifts related to the Campaign launch and end of year giving may be influencing the amount. Mr. Applegate noted additional research to determine the cause will be conducted and reported back to the Committee.

Investment

Investment Committee Chair Bob Wacker reported that the endowment return for the quarter, was 4.3% (net of fees) in line with Growth multi-asset benchmark. He reported the year to date return of 5.5%. He noted that the calendar year will be challenging to duplicate, as it was a great year for returns. The Cal Poly endowment portfolio has a value tilt. Growth as outperformed value for the first year in a long history.

Development

Committee Chair John Ronca noted that the Development Committee has not met since the November 1, 2019 meeting. Due to the recent vacancy in the Vice President for Development position, The Development Committee has postponed an in-person meeting. Committee Chair John Ronca will work with President and CEO Jeffrey D. Armstrong, Associate Vice President Office of Gift Planning and Principal Gifts Stacy Cannon, and Assistant Vice President for Individual Giving Grant Kirkpatrick to determine next steps for the committee. He continued on note that the deans and unit leaders had adopted a new presentation format based on the Plus Delta 90 second commercial that is working well. He called on President Armstrong for additional input. President Armstrong called attention to the Productivity Report beginning on page 27 of 35. As of December 31, 2019, total productivity for the fiscal year was \$42 million, which is 49% of the \$85 million annual goal. He called on the Committee for questions, none were recorded.

CEO Report

President Armstrong provided an overview of the interim organizational structure of University Development & Alumni Engagement. He noted that he has asked University Chief of Staff Jessica Darin to step in as Interim Executive Director of the division, until a new Vice President is hired. Isaacson Miller has been retained to conduct the Vice President search, which is expected to take six to twelve months. President Armstrong noted that the annual CSU Philanthropic Report has been released. Copies will be provided to the Board at the board meeting in February. The report allows us to benchmark ourselves among our sister schools. Total commitments to the CSU were almost \$570 million, an all-time high, with \$117 million of which is Cal Poly. President Armstrong briefly discussed the potential for increasing the campaign goal due to the success of the campaign to date and potential pipeline prospects.

University Update

President Armstrong reported on the State and CSU budget allocations, the capacity study, and facilities project updates including the Dignity Health Baseball Clubhouse, Justin and J Lohr Center, Kennedy Library and the William and Linda Frost Center.

Review Draft Agenda

Chair Swanson asked for comments or changes to the February 1, 2020, the Board of Directors Meeting agenda. No further comments were recorded; accordingly, a motion was made and seconded to approve the agenda.

Adjournment

With no further business to discuss, the meeting adjourned at 5:09 p.m.

Respectfully submitted,



William H Swanson (Oct 19, 2020 17:21 PDT)

Bill Swanson
Executive Committee Chair
Cal Poly Foundation Board


SWANSON Annual, BOD, & Executive Meeting Minutes


Final Audit Report


2020-10-20


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