



CAL POLY Foundation

EXECUTIVE COMMITTEE MEETING

October 17, 2023

Teleconference

MINUTES

Committee Members Present:

Mike Applegate

Dick Bradshaw

William Swanson

Jeffrey Armstrong

Chuck Harrington

Stan Van Vleck

Marc Benadiba

Committee Members Absent:

John Ronca

Staff:

Stacy Cannon

Jen Haft

Lisa Rockwell-Harpster

Aaron Curti

Grant Kirkpatrick

Ericka Scott

Christina Diaz

Amanda McAdams

Call to Order and Attendance

Chair William H. Swanson called the meeting to order and welcomed members. Mr. Swanson announced that a quorum of directors was present and that the meeting, having been duly convened, was ready to proceed.

Approval of Minutes

Mr. Swanson asked members for corrections to the August 1, 2023, Executive Committee meeting minutes. None were identified; accordingly, a motion was made and seconded, approving the minutes.

Committee Reports

Governance

Governance Committee Chair Stan Van Vleck reported that the Governance Committee met on October 5, 2023.

Report of LLC formation

Foundation Treasurer Marc Benadiba reported on the formation of the LLC. A copy of the memos outlining the ballots for approving the formation of the LLC and the subsequent policy changes have been included for reference and record on pages 9 through 24 of the

meeting materials. This serves as the official record that the Executive Committee unanimously approved the formation of the Cal Poly Foundation LLC. The Governance Committee was informed during their most recent meeting. The Board will be informed during the Governance Report at the Board of Directors meeting on October 28th.

Update Annual Compliance Documents

Chair Van Vleck shared updates on the Annual Compliance documents. Foundation staff has researched thresholds for reporting business between the Board of Directors and either the University or the Foundation, noting that all purchasing is done in accordance with University and/or Foundation purchasing policies. The Tax Form 990 threshold of \$100K is the only dollar amount identified for reporting business transactions. However, the Governance and Executive Committees recommend that all business transactions be documented and reviewed by a governing body of the Board and reported accordingly.

Annual Compliance documents will be distributed to the Board members over several weeks. Board members can also submit business transactions under \$100K to calpolyfoundation@calpoly.edu. Submissions will be recorded and tracked through the Foundation business office and reported to the Governance Committee for evaluation. In the coming year, The Governance Committee will review the Conflict of Interest Questionnaire and Acknowledgement forms to formally update and outline the process for next year.

Nominations Update

Two potential candidates have been submitted for consideration of formal nomination. The Executive Committee was presented potential candidate names and information. These candidates have been reviewed by President Armstrong, Chair Swanson, and the Governance Committee. The potential nominees have confirmed their willingness to serve if nominated. One previous nominee asked to hold her nomination for consideration the following year. A motion was made and seconded, approving the two potential nominees to move forward to the Board of Directors for consideration. Pending approval by the Board at the October meeting, the nominees will be invited for official nomination at the February 2024 meeting of the board.

Policy Review

As noted on pages 32 through 48 of the meeting materials, internal Foundation policies have been initiated at the committee level for review. Policy 312 Reserves Policy is under the purview of the Investment and Audit Committees. Policy 411 and 412 are policies under the purview of the Investment Committee. Audit Committee Chair Mike Applegate and the Review Team conducted a detailed review of Policy 312 Reserves Policy. Investment Committee Chair Dick Bradshaw and the Review Team conducted a thorough review of Policies 312 Reserves, 411 Endowment Investment, and 412 Endowment Fund. The purpose of the review was to determine the policies' continued relevancy, validate references, and propose modifications to improve the policies. The Review Team determined that Policy 312, 411, and 412 are relevant to Foundation operations and should remain in force with proposed modifications for improved clarity of process and practice.

Mr. Benadiba recommended the policies for review and approval by the Executive Committee and forwarding to the Board for adoption. A motion was made and seconded, approving Policies 312, 411, and 412 to move forward for review by the Board for adoption.

The remaining policies are being routed through their initiating committees for review and will be presented for review by the Governance and Executive Committees during the following meeting cycle. Chair Van Vleck shared a brief overview of policies 413 Special Endowment Funds and 431 Internal Investment Funds, which the Investment Committee will review on October 28. The Audit Committee initiated a review of Policy 114 Risk Management Program and determined that additional time for review was needed. The policy will be reviewed further by the committee for risk assessment and addressed in the coming months.

Audit

Audit Chair Mike Applegate noted that audit partners Glenn Burdette completed the annual audit and gave a clean opinion. The Foundation audited financials for the fiscal year 2023 were approved and submitted to the CSU before the September filing deadline.

Review of Quarterly Financial Statements

Treasurer Marc Benadiba reviewed highlights from the Quarterly Financial Report for the period, referencing the supplemental pdf to the meeting book. The Foundation's deferred inflows and net position were \$379.8 million as of September 30, 2023. This is a decrease of \$15.9 million from June 30, 2023, and was primarily due to market value losses and payouts.

Endowment investments decreased to \$250.0 million at September 30, 2023, a decrease of \$12.8 million (4.9%) compared to the June 30, 2023, balance of \$262.8 million. The decrease was primarily due to market value losses of \$10.5 million, income of \$1.3 million, and additional gifts and transfers to the endowment of \$1.4 million. Payouts were \$4.2 million, and fees were \$1.1 million. Payouts of \$4.2 million included \$1.4 million in payouts from endowments to their respective campus programs accounts and \$2.8 million in scholarship distributions.

As of September 30, 2023, the Foundation managed 1,058 endowments, which are managed in a unitized investment pool. There were 1,054 endowments at June 30, 2023. Of the \$250.0 million endowment investment assets, \$250.0 million was actively invested in the endowment investment pool. At September 30, 2023, the Foundation had cash deposits of \$9.4 million held at Wells Fargo Bank, compared to \$9.1 million at June 30, 2023. The Foundation maintains a minimum cash balance necessary to cover operations and support campus programs activities in order to maximize interest earnings. Contributions receivable of \$25.7 million at September 30, 2023, decreased by \$3.1 million as a result of new pledges, less payments on existing pledges, including pledge payments from one donor of \$3.2 million.

Investment

Investment Committee Chair Dick Bradshaw reported that the preliminary total fiscal year-to-date return on the Endowment Pool at September 30, 2023, was -3.6% net of fees, compared to a return of -3.6% for its benchmark. The balance is now \$250 million, a drop of 6%. The market value of all equity funds exceeds cost.

Development

Acting UDAE Vice President Stacy Cannon called attention to the Productivity Report beginning on page 52 of 58 of the meeting materials. Total productivity for Quarter 1 was \$16.4 million at September 30, 2023, which is 17 % of the \$95 million annual goal, representing one of our strongest first quarters. Total productivity year-to-date at October 15, 2023, was at \$17.8 million, 19% of the \$95 million annual goal.

CEO Report

Chair Swanson called on Acting CEO President Armstrong to present the CEO Report. President Armstrong shared a brief update on the University Development Vice Presidential search, sharing that University Presidential Chief of Staff Jen Haft is serving as the Search Committee Chair. Armstrong will present the finalists to the Executive Committee.

President Armstrong has also held regular meetings concerning the internal audit. President Armstrong, Senior Vice President for Administration and Finance Cindy Villa, and their teams are working on strategy and timeline for the recommendations listed in the audit.

University Update

President Armstrong continued to present the University Update. President Armstrong noted that he will present the vision at the next meeting. He spoke about Cindy Villa's retirement in the Spring of 2024 and Dean Thulin's retirement at the end of this calendar year. President Armstrong additionally noted that he conducted his first meeting with the new CSU Chancellor, Millie Garcia. Armstrong continued sharing the enrollment status for the university. While Cal Poly enrollment is strong, and average units per student have increased, the CSU system continues to be about 5% down for over 300,000 California students for unit load and enrollment. Community college enrollment is also down across the state.

Review Draft Agenda

Chair Swanson asked for comments or changes to the agendas for the October 28, 2023, Board of Directors Meeting. No comments were identified; accordingly, a motion was made and seconded to approve the agendas.

Adjournment

With no further business to discuss, the meeting adjourned at 5:18 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. Swanson', with a horizontal line extending to the right.

William H. Swanson
Executive Committee Chair
Cal Poly Foundation