



Board of Directors Meeting

Friday, December 10, 2021 9:00 a.m. – 10:38 a.m.
Virtual meeting via Zoom

Minutes

<u>Board Members Present</u>		<u>Members Absent</u>
Eduardo Ochoa, President	Barbara Zappas, CEO	Bettye J. Saxon, Ed.D., Chair
Anna M. Caballero, Director	Deborah Juran, Director	Gordon Eubanks, Director
Michael McMillan, Director	Ralph Thompson III, Director	Ted Balestreri, II, Director
Steven Packer, M.D., Director	Bud Colligan, Director	
Mac Clemmens, Director	Betsey Pearson, Director	
David Ledesma, Director	Carrie McIntyre Panetta, Director	
Glen Nelson, Director	Gregory Gonzalez, Director	
Larry Samuels, Director	Maria Bellumori, Director	
<u>Presenters:</u>		<u>Staff Present</u>
Sherry Baggett, Auxiliary Controller		Starr Lee, Corp. Assoc. Exec. Director
Katherine Kantardjoeff, Prvst and Vice President for Academic Affairs		Nancy Ayala, Gov. & Compl. Mgr.
Bud Colligan, Investment Committee member		
Kirby Garry, Athletics Director		

Annual Meeting

- I. **Call to Order:** A quorum being established, Foundation CEO Barbara Zappas called the meeting to order at 9:00 a.m. Chair Bettye Saxon was unexpectedly unable to attend the meeting. Ms. Zappas chaired the meeting in her absence.

- II. **Approval of Minutes:** Moved and seconded to approve the September 24, 2021 meeting minutes as presented. With Directors Carrie McIntyre Panetta, David Ledesma, and Mac Clemmens abstaining, the motion carried.

- III. **Business:**
Presidential Advisory Committee Selection: Ms. Zappas presented the directors that volunteered to serve on the Presidential Advisory Committee. The Board submitted anonymous ballots via Zoom poll. Director Steve Packer, M.D., was selected as the Foundation representative to serve on the committee. Ms. Zappas thanked Secretary Debbie Juran and Director Ralph Thompson for their submissions.

- IV. **Reports**
 - A. President's Report: President Eduardo Ochoa provided an update on University activities.
 - o Fossil Fuel: The Investment Committee received a statement encouraging the university to divest from fossil fuel funds. The CSU and sister campuses have divested or begun to divest from fossil fuel investments. The Committee is considering divesting and has tasked the investment consultant to research the matter and provide recommendations to the Committee at the next meeting. The Committee will bring any recommendation to the Board for approval. In the meantime, divesting from fossil fuels may be a lengthy process.
 - o Enrollment Update (Spring Semester): Provost and Vice President for Academic Affairs Katherine Kantardjoeff provided an update on enrollment, noting students are still registering. Although final enrollment numbers are not conclusive, target enrollment is on track.

Director Anna Caballero arrived at 9:15 a.m.

 - o Fall applications: Fall applications are ahead of what they were one year ago. The Provost is working closely with Admissions to get students to commit to CSUMB.

- Before President Ochoa retires, he'd like to make significant progress on three ongoing issues, launching Academic 4 Building for Science and Engineering. University Development has raised approximately \$13.5M. President Ochoa will make a final plea to the Chancellor's Office to begin construction.
- Moss Landing Marine Lab: President Ochoa is advocating for the continuance of the Moss Landing Marine Laboratory consortium instead of it being absorbed entirely by San Jose State. The incoming Chancellor reevaluated the Moss Landing Marine Lab situation and is ready to implement the External Committee's recommendation of continuing the consortium between San Jose State and Monterey Bay.
- VA Clinic: The VA Clinic is looking to build a three-story 80-bed facility for homeless veterans across the street from lower-division student resident halls. This is not the best location for this facility; therefore, CSUMB has offered the VA a plot of land, free of charge, away from the main campus to construct the facility. CSUMB is not against veterans or the organization, but rather looking to avoid issues in the future by placing the facility outside of the main campus. Elected officials including Leon Panetta have been contacted to assist with the matter.
- Omicron Variant: The Chancellor's Office is informed regarding the new variant and may develop new requirements based on future information and CDC guidelines.

The Investment Committee Report was moved up because Director Bud Colligan must depart soon.

- D. Investment Committee Report: Investment Committee Member Bud Colligan reported on the investment committee activities noting that President Ochoa covered the divestment discussion in his report. Member Colligan reported that the endowment fund has no more than 3% in fossil fuel exposure and is embedded in mutual funds or ETFs. Unwinding from these funds will be a bit tricky. The endowment is over \$35M and, over the last five years, has earned an annual return of 8.9%, underperforming the policy index by 0.4%. The Committee will begin to develop a statement of investment beliefs to enable the Committee to review the portfolio with one common goal and belief system.
- B. CEO's Report: CEO Barbara Zappas reported on University Advancement's activities noting exceeding the annual fundraising goal with the recent addition of a \$5 million gift commitment from Taylor farms and Bruce Taylor to support the Science and Engineering Building. Total raised is approximately \$7.7M, exceeding the goal by \$1M. Ms. Zappas provided an update on staffing issues noting that her longtime confidential assistant, Vincent Loforti, will assume the position of Director of Donor Relations and Alumni Relations effective January 1. The Communications team has finished their recruitment and now has a strong team. The Presidential Innovator Award Gala will be on March 12 at the Spanish Bay Inn. President Ochoa will be honored at this event for his many years of service to the CSU system. Ms. Zappas recognized the passing of former Director Bob Danziger, who left a significant legacy in his contributions to our community, music, and philanthropy. Ms. Zappas and her team are so proud to have been able to celebrate him with an honorary degree in 2011 and the naming of the amphitheater building in 2019.
- C. Auxiliary Audit Committee Report: Auxiliary Controller Sherry Baggett reported on the Committee's activities. The Committee met on November 9 to review the KAZU audit report and the auxiliaries' Form 990 tax returns. The Committee approved the KAZU audit report and the OSU's and Corporation's Form 990s tax returns. The Foundation's Form 990 tax return was placed on an extension because of investment income. The endowment portfolio includes a fund

called Owl Rock. Owl Rock holds debt-financed property in various states, in their investments. Owl Rock issued a K-1 to the Foundation, subject to section 514 of the internal revenue code. Tax preparer Glenn Burdette confirmed this is considered unrelated business income and subject to unrelated business income tax, about 20% feds and 10% states, including Minnesota and New York. While the return is not filed, the extension does not provide an extension of time to pay what is owed; therefore, vouchers for payments were issued to the IRS for \$15K, New York for \$7K, California for \$300, and \$400 to Minnesota, totaling approximately \$23K in taxes. The Investment Committee may discuss this fund at their next meeting to weigh out its value to the endowment, knowing it's subject to a substantial amount of tax. Ms. Baggett explained that the Foundation does not have any unrestricted revenue streams, so this payment came from the Corporation, which subsidizes all of the Foundation's operating costs.

E. Chair's Comments: None

Director Bud Colligan exited the meeting at 10:12 a.m.

V. Presentations

Athletics Update: Athletics Director Kirby Garry provided an update on Athletics. Athletics supports 265 student-athletes, which compete in 13 NCAA DII sports. Mr. Garry presented the Athletics Department's values, academics, student-athlete graduation rates, and challenges.

VI. Open Communications/Announcements: The next board meeting is on March 11, 2022.

VII. Closed Session: The Board did not enter into closed session.

VIII. Adjournment: With no further business to conduct and no objection, the meeting was adjourned at 10:38 a.m.

Deborah Juran

[Deborah Juran \(Mar 11, 2022 11:23 PST\)](#)

Deborah Juran, Secretary

03/11/2022

Date