



100 Campus Center ~~~ Seaside, CA ~~~ 93955-8001

**Memorandum**

**TO:** Foundation Board of Directors  
**CC:** Barbara Zappas, Foundation CEO

**FROM:** Nancy Ayala  
**DATE:** September 2, 2022

---

**SUBJECT:** Agenda and Read-Ahead Materials

---

Enclosed are the agenda and read-ahead materials for the Foundation Board of Directors meeting on Friday, September 9, 2022. The meeting will be at the Alumni and Visitors Center on campus and will begin at 9:00 am. The meeting instructions were emailed.

If you have any questions or concerns before the Board meeting, please feel free to contact me at [nayala@csumb.edu](mailto:nayala@csumb.edu).



100 Campus Center ~~~ Seaside, CA ~~~ 93955-8001

## Board of Directors Meeting

Friday, September 9, 2022 9:00 a.m. – 11:00 a.m.

Alumni and Visitor's Center – Lobby

*Light Breakfast will be served.*

### AGENDA

- |              |                                                                |                 |
|--------------|----------------------------------------------------------------|-----------------|
| <b>I.</b>    | <b>Call to Order</b>                                           | B. Saxon        |
| <b>II.</b>   | <b>Governance</b>                                              | B. Saxon        |
| 5 min.       | Nominating Committee Report                                    |                 |
| <b>III.</b>  | <b>Approval of Minutes</b>                                     |                 |
| 2 min.       | Approval of June 10, 2022 meeting minutes                      | B. Saxon        |
| <b>IV.</b>   | <b>Reports</b>                                                 |                 |
| 10 min.      | A. President's Report                                          | V. Quiñones     |
| 10 min.      | B. Foundation CEO's Report                                     | B. Zappas       |
| 10 min.      | C. Provost's Report                                            | K. Kantardjieff |
| 10 min.      | D. CFO's Report                                                | G. Nelson       |
| 15 min.      | E. Investment Committee Report<br><i>Attachment IV.E.</i>      | B. Colligan     |
| 5 min.       | F. Chair's Comments                                            | B. Saxon        |
| <b>V.</b>    | <b>Presentation</b>                                            |                 |
| 15 min.      | Alumni Update<br><i>Attachment V.</i>                          | V. Loforti      |
| <b>VI.</b>   | <b>Open Communications/Announcements</b>                       | B. Saxon        |
|              | The next Foundation Board meeting will be on December 9, 2022. |                 |
| <b>VII.</b>  | <b>Closed Session</b>                                          |                 |
|              | In accordance with Education Code § 89923                      |                 |
| <b>VIII.</b> | <b>Adjournment</b>                                             | B. Saxon        |

*Note: In accordance with Education Code §89921 and Foundation Bylaws Article VII §5, this agenda provides notice of the business to be transacted (i.e., topics for Board discussion). Action may be taken on any item on the agenda. The italicized notations above are for guidance purposes only and the Board may take action on any item listed on the agenda, whether action is specifically prescribed.*



100 Campus Center ~~~ Seaside, CA ~~~ 93955-8001

**Memorandum**

**TO:** Foundation Board of Directors

**VIA:** Nominating Committee

**FROM:** Nancy Ayala

**DATE:** August 17, 2022

---

**SUBJECT:** 2022/23 Appointment to Nominating Committee

---

The proposed appointment recommendation for the Foundation's Nominating Committee for a term of one year is as follows:

President Vanya Quiñones

The term is effective immediately for the 2022-23 fiscal year.

At the meeting on Friday, September 9, 2022, the Board will be asked to vote on the appointment. Staff recommends approving the appointment as presented.

If you have any questions or concerns before the Board meeting, please contact me at [nayala@csumb.edu](mailto:nayala@csumb.edu).



**Board of Directors Meeting**

Friday, June 10, 2022 9:05 a.m. – 10:24 a.m.  
 Otter Student Union, Ballroom and Virtual meeting via Zoom

**Draft, Minutes**

<b>Board Members Present</b>		<b>Members Absent</b>
Bettye J. Saxon, Ed.D., Chair	Eduardo Ochoa, President	Anna M. Caballero, Director
Barbara Zappas, CEO	Maria Bellumori, Director	Gordon Eubanks, Director
Michael McMillan, Director	Ralph Thompson III, Director	Debbie Juran, Secretary
Gregory Gonzalez, Director	Lawrence Samuels, Director	Glen Nelson, Director
Ted Balestreri, II, Director	Betsey Pearson, Director	Steven Packer, M.D., Director
David Ledesma, Director	Carrie McIntyre Panetta, Director	
Bud Colligan, Director		
<b>Presenters:</b>		<b>Staff Present</b>
Sherry Baggett, Auxiliary Controller		Starr Lee, Corp. Associate Executive Director
Katherine Kantardjieff, Provost and VP for Academic Affairs		Nancy Ayala, Gov. & Compl. Mgr.
Glen Nelson, VP of Admin and Finance (pre-recorded video)		Stephen Mackey, Assoc. VP for Finance
Lacey Raak, Director of Sustainability		

**Annual Meeting**

- I. Call to Order:** A quorum being established, Chair Bettye Saxon called the meeting to order at 9:05 a.m.
- II. Governance:**
  - A. Nominating Committee Report: Moved by Director Michael McMillan. and seconded to elect the Directors as presented. With no further discussion, the motion carried.
  - B. Election of Board Officers: Moved by Director McMillan and seconded to adopt the slate of Officers as presented. With no further discussion, the motion carried.
  - C. Appointment of Standing Committee Members: Moved by CEO Barbara Zappas and seconded to adopt the standing committee appointments as presented. With no further discussion, the motion carried.
- III. Approval of Minutes:** Moved by Director Lawrence Samuels and seconded to approve the March 11, 2022 meeting minutes as presented, the motion carried.
- IV. Public Comment:** There were no requests to address the Board.  
 Director Mac Clemmens thanked the volunteers that choose to serve on the Foundation Board and noted the velocity of the great work going on at CSUMB.
- V. Business:**
  - A. Board Guidance to Investment Committee: President Eduardo Ochoa reported that the CSU system charged the campuses to divest from fossil fuels. The Auxiliary Investment Committee has had several discussions on this topic and is asking the Boards for guidance on whether to divest or reorient investments to reflect the University's commitment to moving toward a fossil fuel-free future. Once provided with guidance, the Investment Committee would explore different options and make a formal recommendation to the Board. President Ochoa noted that it is not the appropriate time to provide guidance to the Investment Committee because the Board should be provided with the different options and background material on divestment. President Ochoa stated that this report serves as notice that this subject will be discussed at a future meeting with the new President.

- B. 2022/23 Budget Request Consideration: Controller Sherry Baggett presented the 2022/23 Budget Request, noting that the Foundation does not generate Operating Revenue. The budgeted operating expenses of \$287,004 are subsidized by the University Corporation. It was noted that since the Corporation subsidizes the Foundation, donor contributions are 100% devoted to their intended philanthropic objectives. The Foundation is the only auxiliary in the CSU that does not charge a gift fee to manage the donor funds. Ms. Baggett highlighted a new budget item, “Unrelated business income tax,” of approximately \$22K. Two of the endowment fund’s private equity managers have investments in debt-related property which yielded unrelated business income resulting in tax implications. The Investment Committee will monitor these two private equity managers to ensure the gains offset the costs. This expense will continue for as long as the Committee keeps these fund managers. Moved by Director Samuels and seconded to approve the 2022/23 budget request. With no further discussion, the motion carried.

## VI. Reports

*The CEO’s Report was moved up on the agenda.*

- B. CEO’s Report: CEO Barbara Zappas reported on Foundation’s activities. As of this week, fundraising is at \$10.4 Million with a budget of \$7.2M. Ms. Zappas is excited to close out this year under President Ochoa’s leadership. The CSU Annual Productivity Report, which highlights the 23 campuses' performance, has been published. Ms. Zappas noted that CSUMB is performing at \$21M. In this report, CSUMB is number three in performance across the 23 campuses. Ms. Zappas reported that her team is almost fully staffed. There have been some attritions and challenges with recruitment, an experience felt across most of the divisions on campus. Upcoming events should be held in person, starting with the Women’s Leadership event on September 8, where Julie Packard will be honored. October 20 will be the Donor Appreciation Reception on campus.
- A. President’s Report: President Ochoa provided an update on University activities.
- Commencement/Enrollment update: Provost and Vice President for Academic Affairs Katherine Kantardjoeff provided an update on the commencement ceremonies held in May. Provost Kantardjoeff also reported on enrollment, noting that enrollments have decreased approximately 5% across the system. Current enrollment numbers are not yet available because first-year students have not enrolled. Provost Kantardjoeff noted that while work continues to get another building queued up, a \$3M grant was submitted to the Department of Education. These funds are allocated for Hispanic serving institutions to build capacity in STEM. If awarded, these funds would be available in 2024. Lastly, Provost Kantardjoeff thanked President Ochoa for asking her to represent CSUMB at the 10th anniversary of the Ford Ord National Monument.
  - Budget Update: Vice President of Administration and Finance Glen Nelson provided a budget update via pre-recorded video. Mr. Nelson reported that revenues exceeded expenses this fiscal year primarily due to CARES Act funds the University received from the Federal Government. These funds will not be available next year, and the University will revert to relying on State appropriations, and the dollars generated from tuition. The CSU restored the \$6.9M cut from the budget last year. However, with the restoration of funds came the obligation to spend \$1.5M on new expenditures that the campus must spend. Another significant expense is salary increases for staff and faculty, resulting from collective bargaining unit negotiations. The salary expense will exceed the remaining \$5.4M of the restored funds. The budget for next year is based on these developments and will not require any significant cuts. It does, however, take away excess dollars the University could use to make strategic investments to advance the goals of the University. Mr. Nelson concluded that the University ended this fiscal year well. Although the

University will face challenges next year, the hope is enrollment increases, which will help make a difference.

- Covid update: President Ochoa reported that the masking requirement was planned to be lifted. Since the risk in Monterey County is now high, the decision was made to keep the mask mandate.

President Ochoa thanked the board for their service and support for the University and his time as President and that it's been a wonderful experience. President Ochoa invited the board to his farewell reception on campus on July 28.

- C. Investment Committee Report: Investment Committee Member Bud Colligan noted that President Ochoa covered the discussions held at the Investment Committee meeting in his previous remarks.

*Chair Saxon deferred her comments until the end of the meeting.*

**VII. Presentations**

Sustainability Update: Director of Sustainability Lacey Raak provided a campus sustainability update. Ms. Raak presented the campus's three core goals of sustainability. The three core goals are to plant 2,030 trees, divert 90% of waste from landfills, reduce greenhouse gas emissions and achieve carbon neutrality by 2030. Since 2020, 265 trees have been planted on campus, achieving 13% of the goal. In 2021, the waste diversion rate was at 44%. Greenhouse gas emissions have significantly decreased throughout the years. This is a significant achievement given that new buildings have been added, the campus has grown, and yet the natural gas and purchased electricity are decreasing. Ms. Raak reported that CSUMB has about 6% sustainability course offerings. CSUMB has consistently received a score of silver in the Association for the Advancement of Sustainability in Higher Education Stars program.

- VIII. Open Communications/Announcements**: Chair Saxon presented the certificate of appreciation to Directors Ralph Thompson III and David Ledesma for their service to the Board. Director Thompson thanked President Ochoa for involving him on the Board a few years ago. Director Thompson noted that working with each of the Presidents was a pleasure. Director Ledesma thanked the Board for its contributions to the Foundation and CSUMB.

Chair Saxon announced that this is President Ochoa's last board meeting as he is retiring. President Ochoa was presented with a certificate of appreciation and a case of wine from Bernardus Winery. Chair Saxon thanked Director Greg Gonzalez for linking staff with the winery to provide this special gift. The President noted that a lot was accomplished in the last ten years. President Ochoa again thanked the Board for helping raise the profile of CSUMB in the region and for the support.

- D. Chair's Comments: Saxon stated that it has been a pleasure to serve on the board and get to know the members. The search for the new president is down to three candidates, and the new president will be announced on July 12. Chair Saxon thanked the University for the opportunity to address students and discuss the Foundation's purpose.

- IX. Closed Session**: There was no request for closed session.

- X. Adjournment**: With no further business to conduct and no objection, the meeting was adjourned at 10:24 a.m.

---

Deborah Juran, Secretary

---

Date



SEPTEMBER 2022

# Environmental Sustainability in CSUMB's Investments



**California State University  
at Monterey Bay**

# CSUMB's current environmental sustainability statement

In 2007 President Harrison signed the Second Nature Climate Commitment with a **goal** of achieving Carbon Neutrality by 2030, this was reaffirmed in 2017 by President Ochoa.

The State and CSU **policy** is to achieve carbon neutrality by 2045.



**1**  
Reduce Greenhouse Gas Emissions and Achieve Carbon Neutrality by 2030

**2**  
Plant 2,030 trees

**3**  
Divert 90% of waste from landfill

CSUMB's broad approach to sustainability recognizes that the decisions we make today impact future generations. Through the lens of **justice and equity** we work in all areas of **operations and teaching** to respect, and respond to, the needs of our **natural environment**.



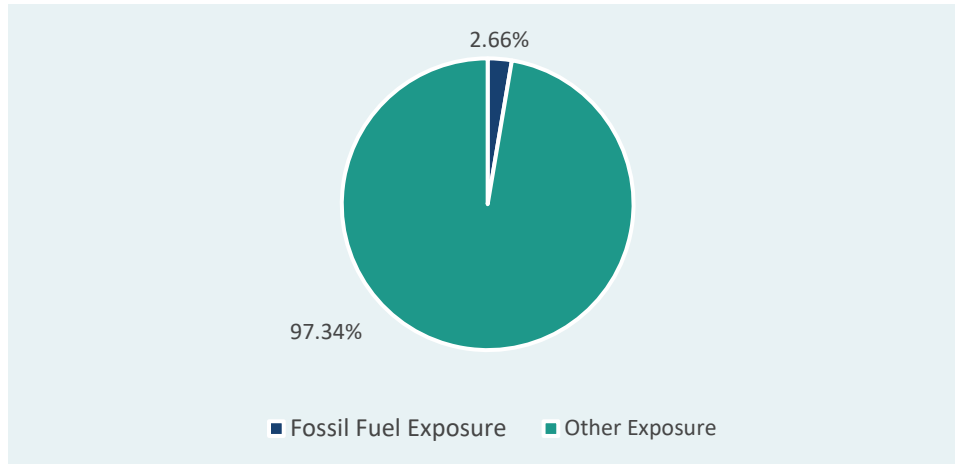
# Where are we?

- The investment committee has discussed the consideration of sustainable investing at each of the last 3 meetings.
- We have surveyed and discussed the broad policies on sustainability across the CSUMB campuses.
- In previous investment committee meetings, we have heard input and ideas from students, staff, and faculty regarding sustainable ways to invest our assets.
- Verus has provided insight as to how other universities have tackled issues of sustainable investing and ways we may do the same.

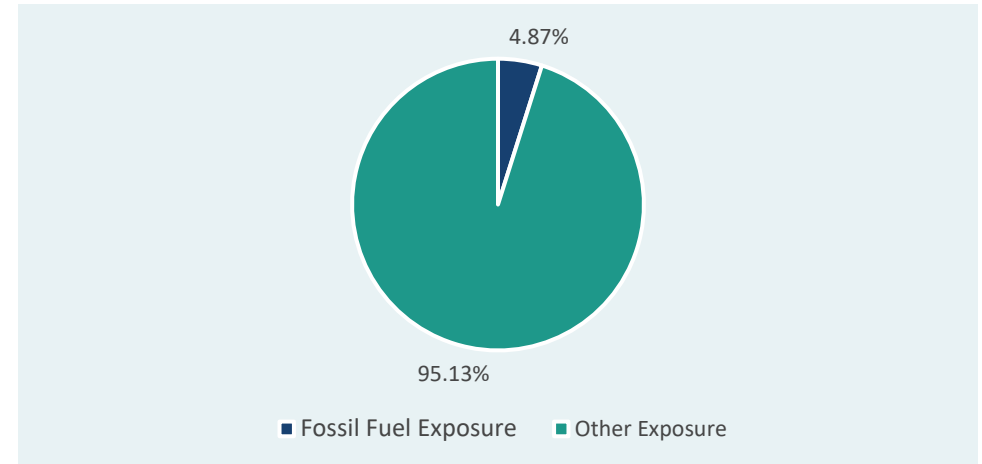
# Fossil fuel equity exposure - Foundation

	Portfolio Allocation (\$)	Fund Exposure to Fossil Fuels (%)	Exposure to Fossil Fuels (\$)	Total Portfolio Exposure (%)	Total Equity Exposure (%)
Vanguard S&P 500 Index	\$ 4,042,243	3.42%	\$ 138,300	0.43%	0.79%
Schwab US Fundamental Large Co. Index	\$ 4,195,857	7.73%	\$ 324,413	1.01%	1.85%
DFA US Micro Cap	\$ 1,596,059	2.09%	\$ 33,327	0.10%	0.19%
Schwab Fundamental Intl. Large Co. Index	\$ 2,171,926	7.03%	\$ 152,587	0.47%	0.87%
WCM Focused Growth International	\$ 1,146,788	0.00%	\$ -	0.00%	0.00%
Dodge & Cox International	\$ 1,306,285	3.61%	\$ 47,122	0.15%	0.27%
Baillie Gifford Emerging Markets	\$ 1,381,128	5.49%	\$ 75,871	0.24%	0.43%
DFA Emerging Markets Value	\$ 1,739,618	4.87%	\$ 84,715	0.26%	0.48%
	<b>\$ 17,579,904</b>		<b>\$ 856,335</b>	<b>2.66%</b>	<b>4.87%</b>

TOTAL PORTFOLIO FOSSIL FUEL EXPOSURE



EQUITY FOSSIL FUEL EXPOSURE

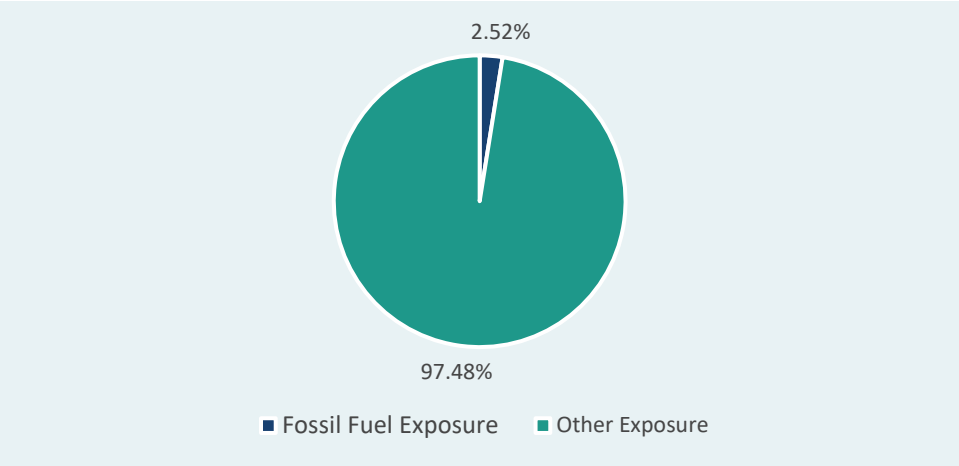


Fossil fuel exposure represents share of underlying holdings also held in the iShares MSCI Global Energy Producers ETF (FILL). Core fixed income, emerging market debt, real estate, and private credit not included.

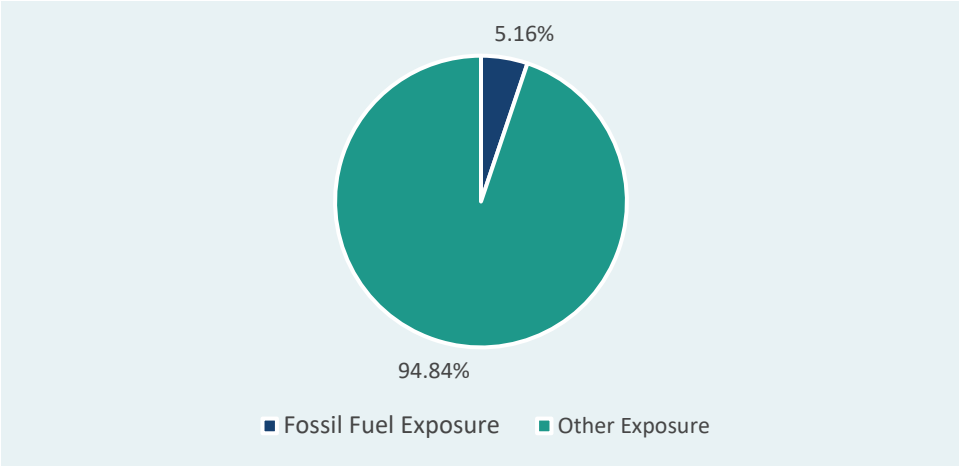
# Fossil fuel equity exposure - Corporation

	Portfolio Allocation (\$)	Exposure to Fossil Fuels (%)	Exposure to Fossil Fuels (\$)	Total Portfolio Exposure (%)	Total Equity Exposure (%)
Vanguard S&P 500 Index	\$ 7,104,328	3.42%	\$ 243,066	0.49%	1.01%
Schwab US Fundamental Large Co. Index	\$ 7,400,582	7.73%	\$ 572,194	1.16%	2.37%
Schwab Fundamental Intl. Large Co. Index	\$ 4,872,753	7.03%	\$ 342,331	0.69%	1.42%
WCM Focused Growth International	\$ 2,294,247	0.00%	\$ -	0.00%	0.00%
Dodge & Cox International	\$ 2,502,134	3.61%	\$ 90,260	0.18%	0.37%
	<b>\$ 24,174,044</b>		<b>\$ 1,247,851</b>	<b>2.52%</b>	<b>5.16%</b>

TOTAL PORTFOLIO FOSSIL FUEL EXPOSURE



EQUITY FOSSIL FUEL EXPOSURE



Fossil fuel exposure represents share of underlying holdings also held in the iShares MSCI Global Energy Producers ETF (FILL). Core fixed income, emerging market debt, real estate, and private credit not included.

# Narrow vs. broad assessment of sustainability



MSCI environmental ratings measure company activities relating to:

- Alternative Energy
- Energy Efficiency
- Green Building
- Sustainable Water
- Pollution Prevention
- Sustainable Agriculture
- Carbon Intensity
- Ownership of Fossil Fuel Reserves
- Impact of Fossil Fuel Reserves
- Exposure to High Water Risk

*Weighted average carbon intensity is an MSCI metric measured as tons of CO2 emitted/\$1mm revenue.*

*Exposure to fossil fuels will be measured using share of underlying fund holdings also held in the iShares Global Energy Producers ETF (FILL).*

# Standard vs. sustainable recent 3-year returns

Funds	Weighted Average Carbon Intensity	Fossil Fuel Exposure	MSCI Environmental Rating	3-Year Annualized Return	3-Year Annualized Standard Deviation	Fees
S&P 500 (Vanguard FTSE Social Index)	148.6 (51.0)	3.42% (0.00%)	6.1 (6.3)	10.60% (10.27%)	18.70% (19.88%)	0.03% (0.14%)
MSCI EAFE (iShares ESG Aware EAFE ETF)	120.6 (103.7)	3.03% (2.86%)	6.2 (6.5)	1.07% (1.68%)	18.06% (18.07%)	0.32% (0.20%)
MSCI Emerging Markets (iShares ESG Aware EM ETF)	362.5 (167.7)	1.93% (0.11%)	5.1 (5.8)	0.57% (0.50%)	18.25% (18.35%)	0.68% (0.25%)
Bloomberg Barclays Aggregate Index (iShares ESG Aware Aggregate ETF)	N/A	N/A	N/A	-0.97% (-1.04%)	4.55% (4.52%)	0.03% (0.10%)

Returns and standard deviation are as of the period 7/1/2019-6/30/2022

S&P 500 & MSCI index fund fees represent corresponding ETF fees. Tickers: VOO, EFA, EEM, AGG. ESG index funds are shown for illustrative purposes only, they are not recommendations.

3-year annualized return is a measurement of average return per year over the period. 3-year annualized standard deviation is a measurement of average volatility per year over the period.

# What are the tradeoffs?

## Higher Fees

In total, fees paid to investment managers will likely rise

Morningstar found the average fees for sustainable funds were 16bps higher than traditional funds at the end of 2021

## Fewer Investment Opportunities

There will be fewer investment funds that are available for use

Some asset classes may not have high quality options in sustainable funds e.g., emerging market debt

## Less Diversification

The portfolio is likely to become more concentrated in certain sectors/countries

A growth bias could develop due to positive environmental factors in the style

# The cost of higher fees

Morningstar's 2021 annual fund fee study showed that sustainable funds had an average fee 16bps higher than traditional funds.

With the foundation portfolio value of \$32,205,086 as of 6/30/22, the total portfolio fee would be \$51,530 higher than it is now.

As the industry matures, we expect the same fee compression in sustainable funds that we've witnessed across the investment management landscape. In fact, Morningstar's fee study has shown a more rapid decline in fees for sustainable funds than traditional funds.

# Performance differences

	S&P 500	Vanguard FTSE Social Index
YTD	-20.0%	-24.0%
1 Year	-10.6%	-15.1%
3 Years	10.6%	10.3%
5 Years	11.3%	11.5%
2021	28.7%	27.7%
2020	18.4%	22.7%
2019	31.5%	33.9%
2018	-4.4%	-3.4%

We do know that most sustainable funds seem to exhibit negative correlation to carbon-based energy prices.

Otherwise, predicting difference in performance moving forward is difficult.

It is important to note that sustainable funds will perform differently than their respective indices due to differences in sector and company allocations.



# A possible timeline for implementation



Large cap domestic equities (25% of Endowment, 30% of Operating)

International growth & value equities (13% Endowment, 20% Operating)

Emerging market equities (11% Endowment) & domestic small cap equities (6% Endowment)

Core fixed income (22% Endowment, 25% Operating)

*Endowment value as of 6/30/22 was \$32,205,086. Operating portfolio value as of 6/30/22 was \$49,515,623. Allocations to emerging market debt, real estate, and private credit not shown.*

# Input from foundation board

We are seeking input on the following:

1. The plan outlined today to move to an environmentally sustainable portfolio
2. The possible timeline proposed for implementing the changes to our investment portfolios.

## Foundation Board Meeting

Sept 9, 2022 - 9am-11am

### Alumni Report

#### Goals

- Increase Contactable Alums
- Build a Culture of Philanthropy
- Build a Pipeline to Giving

#### 2021/22 Activities

- Raft Week
- Alumni Networking
- Alumni Business Owners Directory
- Alumni Work Here Directory
- CSUMB Now
- Professional Sporting Events
- Fostering Future Alums

#### 2022/23 Activities

- Enrollment initiative with admissions office
- Micro-Networking Events
- Professional sporting events
- Raft Week
- Explore Alumni to Alumni peer mentoring/career services platform