

Approved June 24, 2022

Governors present: **David Hodson, Chair**; Chuck Nelsen, Vice Chair; Stuart Casillas, Past Chair; Joyce Densmore-Thomas; Jay Gilbert; Tom Giustina; David Heinsen; David Hodson; Tom Martin; Marcia Moore; Dennis Murphy; Christina Nichols; Matt Ober; Cathy Pleasant; Michael Prime; Marilyn Rees; Darryl Schoen; Dave Scotto; David Alexander (Faculty Representative); Malik Duffy (Student Representative)

Absent: Jon Krabbenschmidt; John Morrell. (r) = remote

Ex Officio present: Gayle Hutchinson, President; Ahmad Boura, Vice President for University Advancement (CEO); Ann Sherman, Vice President for Business and Finance (CFO); Debra Larson, Provost and Vice President for Academic Affairs

Staff present: Evelyn Buchanan, Pam Hollis, Robin Carter, Evonnia Dominguez, Wendi Engasser

MINUTES

Chair David Hodson called the meeting to order at 10:02 a.m. Hodson asked for changes or corrections to the minutes of the General Session on October 8, 2021 or the Executive Committee meeting on January 26, 2022. There were none. Darryl Schoen moved to approve both sets of minutes. Cathy Pleasant seconded, and the board approved.

Chair's Report: Hodson

Hodson noted a change to the agenda. Due to a conflict, the President's report was moved to 1:00 p.m. and the report from Arnerich and Massena was moved to 11:15 a.m. Hodson reminded the board that the Governor's Award proposals have been submitted and the board will be voting on them soon. The leadership in the colleges review the proposals prior to submission and Pam Hollis prepares all the proposals to send to the Governors. Generally, there will be three weeks to review the proposals. Dave Scotto mentioned in a previous discussion that the scale has been expanded from a scale of 1-3 to a scale of 1-5. The proposals and voting process will be sent to the board members approximately March 15, 2022 and the board votes will be due in April. The board will meet via Zoom in April for discussion. Joyce Densmore-Thomas asked to have the proposals sent in PDF format so they can be printed.

There were two presentations from 2021-22 Governor's Award projects. Malcolm McLemore, Director of the Cross-Cultural Leadership Center, presented on the Men of CHICO. Men of CHICO aims to empower, guide, and support men of color at CSU, Chico. Men of CHICO stands for Culture, Honor, Integrity, Courage and Opportunity. The group began in 2016. An additional component to the program is a required general education course. Students Davion Johnson, Cohort 18 (Alum), Jose Tolis-Vazquez, Cohort 19 and Arath Jacobo, Cohort 19 shared their powerful and meaningful experiences.

Vice President Ann Sherman reported on LEAD6, which is a leadership development program preparing Chico State managers to further the strategic priorities of the university and enhancing relationships across campus leadership. The program meets once a month for seven months. Each session focuses on a topic (such as inspiring performance, managing talent, building a team, etc.) networking and on-the-spot application of the content. The entire cross-divisional leadership of the campus is invited to learn with and from one another.

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VP Sherman shared that feedback from the program has been positive and is raising the bar for all leadership at Chico State.

Board Education: Arnerich Massena

Brian Shipley, Co-Chief Investment Officer and David Janec, Senior Investment Advisor from Arnerich and Massena presented education on “Diversification: Avoiding the Illusion of Safety”. Arnerich and Massena believes in diversification. There are many reasons to diversify. Portfolio benefits include higher than expected returns and less chance of extreme outcomes. Benefits to the investor include more confidence when planning, being less likely to “under save” or “over save” and less fiduciary risk. A diversified portfolio holds a variety of investments that have different expected risks and returns. Some different ways to diversify are through the asset class and investment ideas. A diversified asset mix can provide competitive returns while managing risk. The principles for long-term investing include investing in a globally diversified portfolio, thinking long-term, avoiding emotional biases, and disregarding short-term market forecasts.

Development and Advocacy Committee Report: Darryl Schoen

Schoen offered congratulations on the \$106,509,313 raised in the Transform Tomorrow Capital Campaign. Giving Day will be Wednesday, March 2. Schoen encouraged board members to contact Evelyn Buchanan about setting up a matching challenge. The Women’s Philanthropy Council and the importance of reaching out to specific segments of the community were discussed. Jay Friedman mentioned the Wildcat Connect mentoring program, noting that the program has the opportunity to grow the impact on more students. Homecoming will be a weekend of activities with tours of campus and other community events. VP Boura talked about the difficulty in retaining and attracting quality personnel. VP Boura will speak more about this later in the General Session.

Governance Committee Report: David Scotto

Scotto shared that Section 3 and Section 4 of the policies were reviewed. There were some minor grammatical changes that were approved and added to the Consent Agenda. There was a change to Policy 6.1 Investment Policy reducing the minimum liquidity from \$2 million to \$1.6 million. This approval was not on the Consent Agenda, so Scotto asked for the full board’s approval of the change. Chuck Nelson moved to approve the change. It was seconded and approved. Changes to the CSU building naming and gift acceptance policy were discussed and will continue to be monitored in 2022-23. Potential new board members were presented, which may bring the total to 25 board members. With the loss of Paul McCreary, more volunteers are needed to remain in compliance with Audit Committee member policy guidelines. Two potential Audit Committee volunteers have been approached. The next policy section reviews will be Policy 5 and Policy 6.

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Finance and Investment Committee Report – Chuck Nelsen

Nelsen reported that there was discussion around the acceptance of crypto currency as another donation option. The initial sentiment is to convert the crypto currency to dollars rather than to hold on to it. There was discussion about the ad hoc committee's review of whether the methodology for the fee and distribution rates are adequate for the growth of the endowment and retaining its purchasing power, and whether it followed state law. The ad hoc committee agreed to look at historical data to measure spending when factoring in inflation, fees and distributions. Given the recent investment performance, the recommendation of the Finance and Investment Committee is to leave the next three years' fee and distribution rates at current levels to see how the portfolio performs. Dr. Moore moved to follow the recommendation. Tom Giustina seconded and the board approved. Endowment performance was reviewed. Both the CEO's report and Vance Kelly's report confirmed that financial metrics are performing well and above projections.

President's Report: Gayle Hutchinson

President Hutchinson gave an update on the State of the University. The situation with COVID-19 is moving from pandemic to endemic. Vaccination and booster rates are very high. There were only 15 students out of 16,000 that didn't meet the vaccination deadline and were dropped from classes, but the university was able to work to bring them back. The COVID task force is very involved. Hutchinson gave credit to the Provost, Deans and Department Chairs for moving forward with in-person classes. Chico State is at 68-70% in-person classes.

Hutchinson touched on enrollment trends. There has been a decline in enrollment starting prior to the Camp Fire and continuing through the pandemic. In the spring of 2020, the CSU hired a consultant to study the enrollment trend. There are many applicants, however, more work needs to be done to attract students to make the commitment to enroll. Enrollment decline is not unique to Chico State. There are many factors, such as the pandemic, perception of worth and lower transfer rates from community colleges. The President is doing a deep dive in developing data sets to more fully understand the challenges and determine the best approach. Chico State has also recently done an identity refresh. Provost Debra Larson added to the discussion by pointing out the market potential in reaching non-traditional students such as remote students and graduate students. Some of the barriers are that the system was set up for a different pre-pandemic world. Campus is partnering with Everspring to market some of the online graduate programs. It is an exciting time for Chico State because it is an opportunity to promote the Chico story and what the university has to offer.

CSU Chancellor Castro recently resigned in fallout over his handling of sexual misconduct claims. Hutchinson comes from a practice of transparency. When situations like this happen, there tend to be more media inquiries. Hutchinson reminded the board about the investigation into misappropriation of funds in the College of Business. Chico State cooperated fully with all authorities in the investigation and individuals were held accountable.

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Hutchinson is working with three other campus presidents with university farms to lobby for funding in addition to the \$50 million allocated to the four CSU farm campuses to grow farm education. Additionally, the President is working to promote the work of the Chico State Human Identification Lab that benefits communities nationally and globally. She is planning to build a new state-of-the-art lab and advocating for \$46 million in funding. The President is leveraging relationships with local and state legislators to bring in the funding. Hutchinson is creating a government relations team to continue the advocacy work.

Hutchinson reported on the recent Mechoopda Tribal Council and Chico State Cabinet Meeting. Chico State named Bahapki Commons outside the new Science Building in honor of the people who originally inhabited the grounds. The first two Mechoopda alumni, Thelma Wilson and Carl Delgado, were honored with a display inside the building.

Consent Agenda Approval: Hodson

Chuck Nelson moved to approve the Consent Agenda. Stuart Casillas seconded and the board approved.

COE's Report: Boura

VP Boura reported that he is preparing for the next capital campaign and building the necessary infrastructure. Over the next 5-7 years, the focus will be on three things: the new institutional Do & Dare identity, the university's image and the new capital campaign. In an effort to control the university's image, materials have been coordinated across the campus for the new identity. It is a coordinated effort to leverage our relationships in telling the Chico State story. A mature university is always thinking about the cycle of a campaign. From a fundraising standpoint, a gift of cash is usually asked for, but there is a need to be open to and seeking donations of assets. Boura gave an example of a potential gift of \$10 million for the new College of Business building. The gift would be \$5 million Charitable Remainder Unitrust (CRUT) and \$5 million Charitable Lead Unitrust. With a 5% payout, the gift would provide significant tax deductions and an annual income of \$250,000 to both the benefactor and the university. Over 20 years, there would be \$12.5 million return on the investment for each. Discussion ensued about the liability and risk to the university ensuring a \$250,000 annual income to the benefactor. VP Boura has prepared gifts like this in the past and is working with Arnerich Massena on the growth risk.

New business:

There was no new business. Hodson congratulated Scotto for being selected as one of the top 100 Human Resources Professionals worldwide. Congratulations were extended to Ober and his wife on the arrival of new baby Sophia Brynn. Moore mentioned Chico State's focus on diversity, equity and inclusion encouraging the other board members to think about how they can help diversify the board membership.

The meeting was adjourned at 3:03 p.m.

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