



Approved June 23, 2023

*Governors Present:* **Darryl Schoen, Chair;** Joyce Densmore-Thomas; Jay Gilbert; Tom Giustina; David Heisen(r); David Hodson; David Hufford (r); Tom Martin; Dennis Murphy; Christina Nichols; Matt Ober; Cathy Pleasant; Tim Sauer; Dave Scotto; David Alexander, (Faculty Representative); Taylor Stewart, (Student Representative) **Absent:** Stuart Casillas; John Morrell; Marilyn Rees; Braydan Young;

*Ex Officio Present:* Gayle Hutchinson, President; Ahmad Boura, Vice President for University Advancement (CEO); Ann Sherman, Vice President for Business and Finance (CFO)

*Staff Present:* Pam Hollis ( r), Robin Carter, and Christine Ponce, University Advancement; Vance Kelly, Financial Director, Chico State Enterprises

*Guests Present:* Bryan Shipley and David Janec, Arnerich Massena

## MINUTES

Finance and Investment Committee Chair Darryl Schoen called the meeting to order at 1:01 p.m. He asked for changes or corrections to the minutes of the October 6, 2023 meeting. There were none. Tom Martin moved to approve the minutes. Another committee member seconded the motion, and the minutes were approved.

### **Chair's Report: Darryl Schoen**

Schoen talked about his experiences as a volunteer for the foster system in Orange County, then introduced Marina Lomeli, program coordinator for the PATH Scholars program, who talked about how her Governor's Award help her team support students from the foster system who don't have the family support they need to get through college. Next, Larry Langwell, Coordinator of Veteran Education Transition Services (VETS) talked about how he has used his Governors Award to support student veterans through the VETS program, which is solely supported by donations. Langwell introduced student veteran Clint Stephens, who came to Chico State after a military tour of duty and found great support from the center and Tim Ward who had experienced a period of homelessness in San Diego after his service. The vets program helped him find a place on campus with people who had similar challenges.

### **Arnerich Massena Report: Bryan Shipley and David Janec**

Bryan Shipley and David Janec from Arnerich Massena joined the FIC in person to provide an investment review and outlook for the Endowment and Strategic Reserves portfolios as of 12/31/2022. The fourth quarter represented a reversal of fortune for investable assets, with all major asset classes showing positive returns for the first time in 2022. While the fourth quarter was very strong, it was not able to overcome the previous three quarters of negative returns.

The drivers of volatility for 2022 remained the same as prior quarters: geopolitical issues continue to simmer across the globe, but the main driver of negative returns for the year was inflation and the Fed (as well as other central banks) attempts to arrest rising prices.

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*The Foundation's mission is to support CSU, Chico's strategic plan by raising, investing and disbursing funds to fuel the growth and excellence of the University.*

**BOARD OF GOVERNORS  
FINANCE & INVESTMENT Committee**

Colusa Hall Room 100B  
Thursday, February 23, 2023  
1:00 p.m. to 4:00 p.m.



The Endowment portfolio finished the quarter with a positive return of 6.0%, roughly in line with the Policy Index return of 6.1%. The Endowment portfolio value as of 12/31/2022 was \$78.9m. The asset allocation continues to be managed within IPS guidelines and will continue to do so as we work to finalize the new Investment Policy Statement with the Governance Committee in the near future. The current positioning is right on target as we see continued volatility in the coming months and plan to maintain overweights to Cash and Low Duration. We will continue to look for opportunities to work towards the targeted allocation to private equity, and anticipate several more years before the targeted exposure is achieved.

The Strategic Reserves portfolio offered similar returns as the Foundation, mostly in line with benchmark for the quarter 6.1% return in the fourth quarter, against its Policy Index return of 6.0%. The Strategic Reserves portfolio was \$24.7m as of 12/31/22 and is managed similarly to the Foundation account, namely a neutral exposure to growth and stability investments. The primary difference in the two accounts is the overall risk tolerance is lower for the Strategic Reserves, and the availability of illiquid investments in the Foundation account.

**CEO's Report: Ahmad Boura**

Tawnie Peterson, Chair of the Staff Council, made a presentation requesting \$1,500 annual funding for each of two new staff awards: "Staff Student Impact Award" and "Emerging Team Leader" as well as \$500 additional annually for four existing awards to bring them up to the \$1,500 level. The five existing awards are the "Wildcat Spirit Award", the "Customer Service Award", the "Safety Award" and the "Making a Difference Award". The total ask is for \$5,000 annually.

Chris Nichols moved to approve to fund an additional \$5,000 annually, as proposed. The motion was seconded and the committee voted to approve the funding.

Joyce Densmore-Thomas and Chris Nichols gave an update on their work with professors Shelly Hart and Marianne Paiva to come up with a proposal for funding for some new faculty awards. They said the group should have a proposal ready to present at the June board meeting.

Dr. Monique Sendze presented her request for \$72,000 in one-time funding for the new Wireless Hotspot Lending Program to create a long-term, sustainable mobile wireless hotspot lending program for students who do not have off-campus internet access. After some discussion, a motion was made to provide the funding. The motion was seconded and the committee voted unanimously to approve the request.

Vice President Ahmad Boura reported on the foundation operating budget, noting that as of 12/31/22, revenue was at \$1,356,365, with expenditures of \$760,341 and a mid-year surplus of \$596,025.

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**CFO's Report: Ann Sherman**

Vice President Ann Sherman gave an update on the University Budget noting that the CSU got more proactive and got their plan approved early, and their request submitted in September. This positions the CSU for stronger advocacy during the spring. With a \$22.5 billion state budget deficit this year, the CSU does not expect to receive the full amount it requested. The money that had been allocated for the farm has been pulled, but they are replacing it with debt payment. No recession has been declared, but growth is not anticipated. The governor granted the agreed upon amount, but no more.

The CSU's enrollment is expected to be down about 7% below target. It is not possible to make up that difference. Beginning 24/25 the CSU will begin to permanently reallocate funds from campuses like Chico, to those who can bring in more enrollments, in order to collectively maximize enrollment in the CSU, which needs to increase 1% each year in order to comply with the budget contract to fund the CSU.

To manage these expectations the campus is working both to increase enrollment and to cut costs. A hiring freeze was enacted last week new efforts have been launched in marketing and recruitment.

**University Foundation Financial Report: Vance Kelly, Chico State Enterprises**

Vance Kelly gave an overview of the University Foundation financial statement. Total cash and investments are at \$111,451,095 with the endowment value at \$80 million. Total revenue is down \$1.4 million compared to the same date last year but market returns have improved since last year's drastic drops. Expenditures are up from the same time the previous year because the post-COVID spending ramp-up had not yet been fully realized. Boura noted that they will be monitoring our liquidity carefully to make sure there is adequate funds available for campus program funds to be depleted as the campus deals with state budget cuts.

**New Business: Schoen**

Schoen asked the group for any new business. There was none and Schoen adjourned the meeting at 3:30 p.m.

The next meeting will be held on Thursday, June 22, 2023.

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