

Thursday, August 08, 2019
3:00 PM to 5:00 PM
Welch Hall 360 E

EXECUTIVE COMMITTEE MEETING MINUTES

Members Present: Ron Coley, David Donell, Roger von Ting, and Dana Ward

Guests: Richard Chester (Associate Executive Director), Amanda Dodd (Director Human Resources and Payroll), Jerome Groomes (Interim Executive Director), Karin Longhurst (Morgan Stanley/Graystone Consulting), Brian Lundeen (Grobstein & Teeple LLP), Jinna Matzen (Manager Business Process Improvement) and Andrew Price (Morgan Stanley/Graystone Consulting)

I. Closed Session

The Executive Committee entered into a closed session pursuant to California Education Code § 89923 from 3 P.M. – 4:18 P.M.

II. Call to Order – Chair Roger von Ting

Meeting called to order by von Ting at 4:18 P.M.

III. Approval of Meeting Agenda

Donell moved and Ward seconded. Motion carried.

IV. Approval of Minutes of Previous Meeting(s)

- June 12, 2019

Donell moved and von Ting seconded. Motion carried.

V. Public Comment

No one was present to represent the public.

VI. Financial Reports – Brian Lundeen (Grobstein Teeple)

Lundeen attended telephonically. Lundeen opened his report noting that due to the expanded closed session, he had limited time to review the financial reports as he had a prior engagement scheduled for 4:30pm. Lundeen announced to the committee that his company, Grobstein Teeple, were in the midst of creating flow charts to assist

Foundation's accounting department with organization. Lundeen stated that these flow charts would be distributed within the next couple of weeks. Lundeen went on to discuss bank reconciliations, notifying the committee that his staff completed the bank reconciliation to the end of June and transitioned those responsibilities back to Foundation's accounting staff. Lundeen further noted that approximately two weeks ago, the Grobstein Teeple group engaged another consultant of Foundation's to discuss implementation of a OneSolution bank reconciling module. Lundeen briefly discussed the financial reports provided to the Executive Committee explaining the prior year draft, and new allocation methods. Lundeen transitioned his report to discuss the complications regarding the comingled sweep accounts, discussions included weighted average, and positive and negatives aspects of separation. Lundeen also noted that Dining services was over recognizing revenue and that a memo would be distributed to Dining staff on proper accounting procedures and that procedures surrounding A/R aging would be implemented. Lundeen closed his report discussing the endowment project. Lundeen noted a series of inconsistent errors in accounting and guaranteed the committee that a documented procedure for endowment accounting and gift guideline instructions would be supplied to Foundation no later than two weeks from the current date. Lundeen's report ended at 4:45pm.

VII. Other Items- Morgan Stanley

This item was moved up on the agenda.

Prior to opening the conference line with Morgan Stanley, staff notified the committee that in their meeting materials was a document created by Morgan Stanley titled "Skybridge Remediation". Staff explained to the committee that on 7/25/19 Morgan Stanley contacted Foundation to let them know that during an audit of their accounts Morgan Stanley identified a billing error. In 2015 when the Foundation and Philanthropic Foundation separated into two entities, splitting the long term investment fund in two, the Philanthropic Foundation was billed for Foundation's Skybridge management fees. Foundation staff notified the committee that it was their intention to approve the transferring of funds in the amount of \$13,775.41 from the Foundation investment account to Philanthropic's Foundation investment account for repayment of the misallocated charges. The committee accepted this information.

Longhurst and Price attended telephonically. Price opened his discussion on investments explaining the current asset allocation and the reason for the proposed asset allocation change citing the volatility in stocks caused by US and China Trade. The committee reviewed the documents supplied by Morgan Stanley and held discussion with Price and Longhurst on stock volatility, current stocks in comparison to stocks a year ago, short-term outlook, expected return on bonds, benchmark being net of expenses, inflation, target rates, five year annualized change, alternative investments, risk reduction bucket, and hedge funds. Price answered questions from the committee on hedge funds clarifying that Skybridge Management allocates funds to ten – fifteen different hedge funds and that those hedge funds mostly buy pools of mortgages on private homes. Price further detailed that since real estate values continue to rise, real estate is an area of small equity with a big return. Price and Longhurst completed their review of the Asset Allocation Study and Proposed IPS documents and requested that the committee give their consent for Morgan Stanley to change the current allocations on Foundation's asset class. Price added that the

main change would be to reduce US equity and increase international. Coley approved with Donell seconding. The committee unanimously agreed to approve the asset allocation methodology proposed. Price closed his report briefly providing an explanation of the Investment Review as of June 30, 2019. The committee accepted this information with no questions and thanked Morgan Stanley for their time.

VIII. Informational Items

Dining Plan for New Student Housing

Deferred to next scheduled meeting

Expanded Dining Hours

Deferred to next scheduled meeting

Update on Infant Toddler Center

Deferred to next scheduled meeting

IX. Action Items

Fund Disbursement Policy

Donell moved and Ward seconded. Motion Carried.

Approval of Expense: Ice Machine, Dining

Groomes informed the Committee that due to health and safety a new commercial ice machine in Dining has to be purchased. The committee held discussions on procurement practices.

Donell moved and von Ting Seconded. Motion Carries

IX. Other Items – None

X. Adjournment

von Ting moved to adjourn, Ward seconded. Motion Carried. Meeting adjourned at 5:42 P.M.