Board of Trustees Meeting Agenda

February 12, 2020
Trustee Meeting 4:00 – 5:30 p.m.
Dinner 5:30 – 6:45 p.m.
Men’s Basketball Game: 7:00 p.m.
Meeting Location: Alumni & Visitors Center
Dinner & Game Location: Student Recreation Center

I. Call to Order and Welcome
Chair-elect Brian Hawley

II. Consent Action Items
Chair-elect Brian Hawley
a. Approval of October 17, 2019 Minutes
b. Ratification of Foundation Officer:
   Marie Schultz – UCR Executive Vice President
c. Ratification of Foundation Officer:
   Sharilyn Berry – UCR Secretary
d. Ratification of Revised Board of Trustees Expectations Document

III. UCR Update
Chancellor Kim Wilcox

IV. Advancement Update
Vice Chancellor Peter Hayashida

V. Campaign Update
Co-chair Tom Haider
Co-chair S. Sue Johnson

VI. Committee Reports
Chair Darin Anderson
Chair Brian Hawley

a. Finance & Investment
b. Advocacy
   i. AB48/Proposition 13 - Public Preschool, K-12, and College Health
      and Safety Bond Act of 2020

VII. Announcements and Acknowledgements
Chair-elect Brian Hawley

VIII. Adjournment and Closing
Chair-elect Brian Hawley

Calendar Dates of Note
Hays Press-Enterprise Lecture – February 27, 2020
Watkins Society Brunch – March 14, 2020
Donors and Scholars Luncheon – May 2, 2020
UCR Foundation Board of Trustees Meeting – May 13, 2020
Chancellor’s Associates Members Spring Reception – May 13, 2020
New Trustee Orientation – September 1, 2020
UCR Foundation Board Retreat – September 2, 2020
UCR Foundation Board of Trustees Meeting – October 15, 2020
Chancellor’s Dinner – October 17, 2020
UCR Foundation Board of Trustees Meeting – February 19, 2021
Campaign Celebration – February 20, 2021
Agenda Item II. a

University of California, Riverside
FOUNDATION BOARD OF TRUSTEES MEETING
Thursday, October 17, 2019
Multidisciplinary Research Building, Seminar Room

MINUTES

Attending:
Trustees constituting a quorum: Eddie Allen, Darin Anderson, Susan Atherton, Beverly Bailey, Wally Bakarc, Allison Campbell, Rochelle Campbell, Bill Dahling, Janet Davis, Tim Greenleaf, Nora Hackett, David Hadley, Tom Haider, Brian Hawley, Irv Hendrick, Dallas Holmes, S. Sue Johnson, Jeff Klein, Wing Lau, James Lin, Matt Lyons, James Merino, Judy Posnikoff, Ronald Stovitz, Carol Stratford, David Tsai, Kathy Wright

Ex-Officio Trustees: Jeff Krynski

Emeritus Trustees: Bob Krieger

UCR Leadership: Interim Provost Thomas Smith, David Bergquist, Gerry Bomotti, Shaun Bowler; Jennifer Brown, Anil Deolalikar, Peter Hayashida, Brian Haynes, Steven Mandeville-Gamble, Milagros Peña, Tamica Smith-Jones, Rodolfo Torres, Kathryn Uhrich, Yunzeng Wang

UCR Staff: Jorge Ancona, LaDonna Ardary, Kate Beach, Erika Bernal, Sharilyn Berry, Nesha Crossman, Johnny Cruz, Pat Kohlmeier, Kim McDade, Emily Rankin, Elizabeth Romero, Marie Schultz, Essam Ulhaq

Guests: Julian Gonzalez, John Haberstroh, Jacqueline Norman, Annette Webb

Chair Susan Atherton called the meeting to order at 4:00 p.m. and introduced the new trustees: Beverly Bailey, Nora Hackett, David Hadley and Jim Merino. She also welcomed trustees Edwin “Eddie” Allen and William “Bill” Dahling, returning after a break in service. She also welcomed and introduced Julian Gonzalez, new president of the Associated Students of UCR; John Haberstroh, new president of the UCR Graduate Student Association; Rodolfo Torres, Vice Chancellor Research and Economic Development; Emily Rankin, Assistant Vice Chancellor for Development; Erika Bernal, Sr. Director Development; Nesha Crossman, Sr. Executive Director Individual Giving and Sharilyn Berry, Sr. Director Foundation and Donor Relations. She also introduced Jaqueline Norman, Campus Architect.

Chair Atherton provided a legislative update regarding ACA 14 and AB 48. ACA 14 did not pass, and AB 48 passed with a vote of 76 to 1. Both items were important wins for the UC System. She thanked the trustees who contacted their legislators. Chair Atherton also provided additional information about the upcoming Day of Giving and encouraged trustees to participate.

Action Item: Approval of the Consent Agenda including the May 8, 2019 meeting minutes, ratifying Darin Anderson as chair of the Finance & Investment Committee (effective 1/1/20) and ratifying Allison Campbell as chair of the Stewardship Committee.

On the motion and unanimous vote, the consent agenda was approved.
UC Update – Darin Anderson
Mr. Anderson recognized and thanked UCR Foundation Trustees Ron Stovitz and Sue Johnson for their service as former Alumni Regents. During his term as an Alumni Regent he visited all 10 campuses, including medical centers and labs. The visits were informative, and he wished all Trustees had the chance to tour all of the campuses to see all the brilliant minds in the UC system. President Janet Napolitano has resigned effective June 30, 2020; a search committee is being formed to select the next President of the UC System. John Perez was appointed as Chair of UC Regents. He was a former speaker of assembly and has outstanding relations with the state which will be helpful for UC. Governor Gavin Newsom has made strong moves to support UC. Stable tuition for incoming freshman is a top priority. There is a discussion about the pros and cons and even possibly eliminating the Scholastic Assessment Test (SAT). Darin’s term as Alumni Regent is coming to an end and he expressed his gratitude for the opportunity to serve our state and the University of California.

UCR Update – Interim Provost & Executive Vice Chancellor Thomas Smith
Interim Provost Smith was thrilled to announce that UCR was named the No. 1 school for social mobility in the U.S. News and World Report because it enrolls and graduates more students with Pell Grants than any university in the country. Campus has been working hard to obtain this goal. Faculty and staff work hard to make a large place feel small to our students. Effective September 1, 2019 UC Riverside hired Rodolfo Torres as the Vice Chancellor for Research and Economic Development (RED). Vice Chancellor Brian Haynes has hired two critical positions 1) Dr. Christine Mata as the Associate Vice Chancellor for Student Affairs and Dean of Students and 2) Dr. Denise Woods-Bevly as the Assistant Vice Chancellor for Health, Counseling and Wellness. At this time, over 20,500 undergraduate students and 3,300 graduate students are enrolled at UCR. UCR received 49,500 applications of which 57% were accepted this academic year.

The UC system set enrollment records this year with 15,600 first generation students and 14,400 low income students. UCR has enrolled its largest transfer class to date; the most popular majors are biology, psychology, chemistry and computer science. Interim Provost Smith noted the state budget includes less than a 1% increase to the core budget and since there will be no increase in tuition UCR expects to be approximately $11M short for the core budget. If there is no increase in tuition or additional state funds UCR will be hard pressed to stay operating in the black. Classes are full and scheduled to start early and end late into the evening. Dorms are full and rental housing prices are rising in Riverside. In early October, UCR signed a memorandum of understanding with California Air Resources Board (CARB), Riverside Unified School District (RUSD) and Riverside College Community District (RCCD) to collaborate on education and curriculum development STEM Academy; UCR STEM High School committee plans to promote the academy on campus by making rounds to students, staff and faculty to share information. At this time, the site at Blaine and Canyon Crest is being considered for the high school, which is expected to open in fall 2024. The first meeting of the Strategic Planning Steering Committee was held, and it has been determined there will be five sub-committees. The sub-committees will start meeting this fall.

Campus Construction Update – Gerard “Gerry” Bomotti, Vice Chancellor, Planning, Budget & Administrative Services and Jacqueline Norman, campus architect
Architect Norman provided an update on the following campus projects: North District Phase I, Dundee-Glasgow Dining Facility, Multidisciplinary Research Building (MRB), Parking structure #1, School of Medicine Clinical Skills Suite at Orbach Library, Plant Growth Environments, Barn expansion, and Student Success Center. Both Pierce and Batchelor’s Hall have renovations scheduled. Other projects on
the horizon are the Student Health & Counseling Center, the School of Business building and the School of Medicine Education Building No. 2.

Campaign Update – Tom Haider, Co-Chair and S. Sue Johnson, Co-Chair
Co-Chair Haider reported as of October 10th $251,400,565 has been raised toward the campaign goal of $300 million (84% to goal). The next meeting of the Campaign Committee has been scheduled for January 28th. Co-chair Haider acknowledged and thanked trustees who have made their campaign gifts since our last meeting in May. New trustee Jim Merino created a new fund in the School of Business, named the Merino Endowed Innovation Fund. David Hadley, also a new trustee, recently made his campaign gift to the Carillon Bell Tower Fund and the School of Business Dean’s Innovation Fund, areas of campus that are important to him and his wife, Cheryl. New trustee Beverly Bailey fulfilled her campaign gift by establishing the Executive Fellows Endowed Scholarship Fund in the School of Business to recruit and retain the best and brightest students in the A. Gary Anderson Graduate School of Business and to recognize excellence in academics, leadership ability, and community engagement. Dr. Haider complimented and thanked the Board of Trustees for leading and being supportive of UCR’s first comprehensive campaign.

Advancement Update – Peter Hayashida, Vice Chancellor
Vice Chancellor Hayashida thanked the trustees for attending today’s meeting. He explained the process for selecting a new President of the University according to Regents Policy 7101; Policy on Appointment of the President. The Special Committee will consult broadly with constituent groups of the University. Darin Anderson will be UCR’s representative on the Alumni Advisory Committee.

Assistant Vice Chancellor/Chief Communications Officer Johnny Cruz has been working to strengthen UCR’s brand. The new UCR brand will be launched in 2020 after substantive conversations across campus. The upcoming alumni engagement survey is expected to provide insight on how alumni would best like to engage with campus. The Living the Promise reception at the Nixon Library was successful and well attended. The Living the Promise post campaign celebration is scheduled for February 2021 and the Student Success Initiative will launch in Fall 2021.

Vice Chancellor Hayashida introduced Marie Schultz, assistant vice chancellor development and campaign director for the Student Success Initiative to talk about the planning phase of fundraising for student support. Susan Atherton has agreed to co-chair the campaign. A feasibility study will be conducted, and trustees may be contacted to help identify themes and ideas over the next month.

There was a brief discussion about AB 48, the Public Preschool, K-12, and College Health and Safety Bond Act of 2020 that would allocate $15 billion in general obligations funds to modernize public education facilities, with $9 billion allocated to California’s public pre-K-12, $2 billion for the California Community College system, $2 billion for the Cal State University system and $2 billion for the University of California. The $15 billion general obligation bond will be voted on March 3, 2020.

UC Riverside Foundation Committee Reports

Audit Committee – Irv Hendrick, Chair
Chair Hendrick shared that the committee met informally in August for a meet and greet of the new committee members. At the September 16, 2019 meeting there was a presentation of the audit results by the PricewaterhouseCoopers (PwC) Audit Team. The committee reviewed a draft of the 2018-19 fiscal year UCR Financial Statements and the UCR Foundation Whistleblower and Document
Retention/Destruction policies. The committee approved the UC Riverside Foundation Document Retention and Destruction policy, which conforms to the UC Records Retention Schedule. We are working on obtaining additional information about the Whistleblower policy and plan to have a policy in place by the time the 990 form is filed next year. At the October 7, 2019 meeting, the committee reviewed and approved the final draft of the UCR Foundation Financial Statements for the 2018-19 fiscal year.

Finance and Investment Committee – Matt Lyons, Chair
Chair Lyons reported that the UCRF endowment underperformed in 2018-19. This year’s endowment return was 1.2% and is 450 basis points behind the target. The endowment was heavily weighted in equities (was 80% and now is 70%). Graystone, the Foundation’s investment manager, favored value over growth and international markets (40% of portfolio). UCR has been with Graystone for the past 4 years. Earlier this year, UC had a system-wide investment forum and members of the Finance and Investment Committee who attended were impressed with the UC fund managers. On August 22, 2019, Jagdeep Bachher and other members of the UCOP Office of the Chief Investment Officer team presented information about their team, their investment philosophy, and the General Endowment Pool (GEP). At the September 10, 2019 Finance and Investment Committee meeting, the committee voted unanimously to move the investment manager from Graystone to GEP/Regents. The move to GEP/Regents will reduce fees and volatility in our portfolio. The move will also reduce investments in public equities and provide an opportunity to increase investments in private equities. An updated draft of the UCR Foundation investment policy was updated accordingly with the current asset allocation from the GEP investment policy. Brian Hawley recommended that we align the asset allocation policy in the investment policy to the UC GEP investment policy instead. Chair Lyons agreed and asked for a motion based on that recommendation.

Action Item: On the motion and unanimous vote, the update to align the asset allocation policy in the UCR Foundation Investment policy with the UC GEP investment policy was approved.

Announcements and Adjournment
Chair Atherton thanked trustees for their active participation and noted the upcoming meeting/event dates. Chair Atherton presented thank you gifts to Darin Anderson for his service as an Alumni Regent and Matt Lyons for his service as a trustee. Pat Kohlmeier is retiring at the end of December and was recognized for her years of service as the Foundation Secretary and trustee confidant. Vice Chancellor Hayashida read a letter from Chancellor Wilcox and Chair Atherton presented Pat with a framed Ansel Adam print on behalf of the UCR Foundation.

There being no further business, Chair Atherton adjourned the meeting at 6:05 p.m.
UCR Foundation Board of Trustees Meeting
February 12, 2020

**Consent Agenda Item II. c.:** Per the UCR Foundation Bylaws (Article IV, Section 1; referenced below), the UCR Foundation Executive Committee recommends the appointment of the following staff Officers of the Corporation:

Marie Schultz, Executive Vice President

Sharilyn Berry, Secretary

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**ARTICLE IV**

**Officers**

**Section 1. Number.** The Officers of the Corporation shall be a Chair, an Immediate Past Chair, a Chair-Elect, if applicable, and a Treasurer, all elected by the Board. Officers of the Corporation shall also include a President who shall be the Vice Chancellor of University Advancement, an Executive Vice President who shall be the Associate Vice Chancellor for Development, a Vice President, Finance and Chief Financial Officer, who shall be the Associate Vice Chancellor of Advancement Finance & Administration; and a Secretary/Executive Director; and an Associate Treasurer, each of whom shall be appointed from the Advancement staff by the UCRF President. **Staff Officers (Vice President and other appropriate titles) may be appointed as recommended by the President with approval of the Executive Committee with ratification by the full Board.**
BOARD OF TRUSTEES EXPECTATIONS

The mission of the UCR Foundation (UCRF) is to support UCR philanthropically and manage the UCRF endowment. Strong leadership and participation from the UCRF Trustees are essential to realize UCRF’s mission.

Successful accomplishment of UCRF’s mission requires that its Board of Trustees functions as a fundraising board, to recognize and celebrate the service of those who have a history of contributions to UCR, and to provide opportunities for emerging UCR leaders to join the board. To fulfill these goals, the Nominations Committee will consider the following in reviewing candidates for new terms or reappointment.

Biennially, the UCRF Nomination Committee reviews the service and contributions of trustees whose terms are expiring. Some trustees are invited to serve another term if eligible to do so, and the purpose of these expectations is to clarify the circumstances under which that would occur:

1. **ANNUAL AND MAJOR GIVING**
   a. **ANNUAL GIVING:** The UCRF Board of Trustees expects 100% participation, with every trustee annually contributing at least $5,000 in private support to UC Riverside during each year of service. Recognizing that individual circumstances can impact the timing of specific gifts, the Committee will consider a total of $10,000 over a two year term as having met the spirit of this expectation. Gifts from employer matching gift programs will be recognized as fulfilling a portion of the annual giving or major gift expectation.

   b. **MAJOR GIFT:** During The Campaign for UC Riverside, each trustee is expected to contribute a major gift. The contribution may be paid in installments over no longer than a five year period and may also take the form of an estate gift. Any trustee whose lifetime, cumulative giving to UC Riverside is at least $1,000,000 will be considered to have fulfilled the major giving requirement for the remainder of their service as a member of the Board of Trustees. For initial terms beginning on July 1, 2016, a major gift is defined as a total gift or pledge of at least $100,000. Trustees who joined prior to that date are asked to consider an amount of personal significance that recognizes UCR as among their highest philanthropic priorities. The major giving expectation may also be fulfilled by gifts from entities where a trustee has decision-making authority to direct philanthropic gifts to UCR.

2. **CONNECTIONS:** In addition to philanthropic contributions, each trustee serves as an ambassador for UC Riverside and is expected to make introductions and substantive connections with philanthropic and business leaders whose engagement results in major gifts to the University. Identifying and cultivating new major gift donors is a key role of trustees.

3. **PARTICIPATION:** Trustees are expected to attend at least two of three annual board meetings, attend the Chancellor’s Dinner to Benefit UCR Students, and engage with the campus in other meaningful ways. This could include active UCRF committee service, if appointed; membership in a school/college/unit advisory board or committee, volunteering as a guest lecturer or mentor; and attending other UCR events.

4. **ELIGIBILITY:** Any trustee who declines to sign an annual UCRF Conflict of Interest statement and disclosures or other agreements required by UCRF may not be considered for continued service as a UCRF trustee.

These expectations are not intended to override provisions of UCRF’s Articles of Incorporation or Bylaws. With the Board of Trustees consent, these expectations may be revised to meet changing needs of the UCRF and may apply to future terms of new or reappointed trustees.
UC Riverside Foundation
Board of Trustees Meeting
February 12, 2020

FINANCE AND INVESTMENT COMMITTEE REPORT

MEETINGS AND ACTIONS SINCE LAST BOARD OF TRUSTEES MEETING

- Investment Committee Meeting – December 5, 2019

OTHER INFORMATION – ENDOWMENT

- Values
  - Fiscal year-to-date @ November 30, 2019:
    - $184.9 million, up $8.9M (5.1%) for fiscal year 2020
    - For the month, additions totaled $872K; investment gain was $3.0M
    - For fiscal year 2020, additions totaled $2.3M; investment gain was $6.6M
    - For the 1st quarter, additions totaled $996K; investment loss was $914K

- Performance
  - Period Ended November 30, 2019
    - The investment return was 4.0% for fiscal year to date (5 months)

UPCOMING MEETING: March 12, 2020

COMMITTEE CHAIR, MEMBERS, AND OTHER REGULAR ATTENDEES
Voting Members – Darin Anderson (Chair), Susan Atherton (ex-officio), Erik Anderson (UCRF Treasurer), Timothy Greenleaf, Judith Posnikoff, Glen Grayman, John Leonard, Dave Hadley
Other regular attendees – Peter Hayashida, Kim McDade, Essam Ulhaq

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1 October 17, 2019
DRAFT Pending Approval by the Finance and Investment Committee

MINUTES
UC Riverside Foundation Board of Trustees
Finance and Investment Committee Meeting

Thursday, December 5, 2019
1127 Hinderaker Hall
University of California, Riverside

Present: Voting Members – Matt Lyons (Chair), Erik Anderson (UCRF Treasurer), Glen Grayman, John Leonard, Judith Posnikoff (via phone), Dave Hadley (via phone); Non-Voting Members – Peter Hayashida, Kim McDade, Essam Ulhaq; Investment Consultants – Jagdeep Bachher, Arthur Guimaraes, Satish Ananthaswamy, Jessica Hans, Allen Kuo, Margaux O’Brien, Edmond Fong; Highlander Venture Fund Representatives: David Schwab, Rosibel Ochoa, Rodolfo Torres

Unable to Attend: Voting Members – Susan Atherton (ex-officio), Darin Anderson, Timothy Greenleaf

I. Call to Order – Matt Lyons

Trustee Matt Lyons called the meeting to order at 12:00 p.m.

II. Highlander Venture Fund Update

Dave Schwab, Managing Director of Vertical Venture Partners discussed the commercialization of the University IP. He runs a $150M firm in Palo Alto called Vertical Venture Partners, an early-stage venture capital firm focused on Seed and Series A investments in companies that address industry-specific pain points for enterprise customers. His firm works with the University of California (UC) in the area of technology transfer. The first $1M comes from VVP and then they do fundraising with the universities to raise more money. They have increased the Highlander Fund from $1M to $4.5M. Dave discussed the 3 life lessons he has learned in his business: 1) Decision making profit minded system, 2) Size of investment needs to be where the company is and 3) Rapid development of ecosystem is necessary. VVP has a 100-person board with CIO’s and CTO’s. UC companies present to CEO’s and CIO’s and then these companies reach out to the Universities to invest. Dave talked about MANTA Instruments located in Scripps College at UCSD, which has technology to measure nano particles for seawater research. They were able to partner the University with another company and able to profit off the tool in a different industry. VVP’s focus is to provide $250K+ in needed pre-seed investments to bring a company product to fruition and get a customer; in essence create the “goo in the gear”. As of right now, Highlander Fund has done well with three investments: 2 that are complete and 1 is currently in the pipeline. The UCR Foundation currently has a $2M commitment to the Highlander Fund, with $1M funded.

III. Approval of September 10, 2019 Meeting Minutes

After determining there were no comments or questions, Matt Lyons called for a motion to approve the minutes of the September 10, 2019 Finance and Investment Committee. A motion to approve the minutes was made:
Motion: John Leonard; Second: Erik Anderson. The minutes were unanimously approved as presented.

IV. Endowment

Investment Results – FIC Committee Chair, Matt Lyons, reviewed the September 30, 2019 quarterly investment report, which was provided to members in advance of the meeting. He stated that the asset allocation is in line with the target. For quarter year to date, we were down 40 basis points which was an underperformance of approximately 80 basis points. There was an underperformance of international equities, which were down 2.25 basis points. The Pimco Fixed Income funds, which are typically good performers, were below the benchmark for the quarter.

V. UC OCIO Presentation

Arthur Guimaraes, Chief Operating Officer of the UC OCIO office, started the presentation by letting us know that their office is honored to manage our investments. The OCIO’s assets have grown by 30%, but their team size has remained consistent. Overall, the OCIO now has a billion-dollar relationship with UCR, between the campus and the Foundation. He then handed off the presentation to Satish Ananthaswamy to discuss international markets.

Satish Ananthaswamy, Managing Director of Asia Investments, mentioned that the fixed income return was lower and couldn’t keep up with the AGG because of the Feds decision to lower the interest rates and keep them low. When he first started at the UC, 95% of the investments were in America. Satish mentioned that it will be tough to generate returns like 2019 in 2020. He stated that in the US, they have exhausted all cylinders, so they are looking internationally at faster growing regions, Asia as an example. He mentioned though, that there are a lot of land mines and many of the public markets are not too developed. He stated the Fed is going to take a backseat in 2020 and watch the economy.

Matt Lyons asked what the impact Hong Kong and its current situation has on the markets.

Satish Ananthaswamy stated that the situation in Hong Kong is sad, but it’s a small percentage of global markets. They are keeping an eye on the situation, but they do not anticipate to much of an impact.

Allen Kuo, Director of Investment Risk Management, who is from Hong Kong and visited there, also mentioned that the situation can get out of hand in Hong Kong, but they are definitely keeping a close eye on it.

Jagdeep Bachher, Chief Investment Officer, said he visited there twice and the first time it was fine, but the second time, the situation was not as fine.

Arthur stated that the UC Riverside Foundation recently invested $160M in GEP as of November 30, 2019. The return for Q1 FY20 was 0.3% and he stated the performance is anticipated to be better in the following quarters.

Jagdeep stated that the private equity market value numbers for 6/30 and 9/30 create a lot of noise in performance due to their accounting reporting. Jagdeep mentioned that we should spend some time at
our next meeting to discuss how the OCIO does estimating and how they true up. Matt felt that this would also be helpful.

Margaux O'Brien, Director, Public Equity Investments, talked about the public equities team and what they do. Their team monitors and selects active managers. They look for fund managers that have long term time horizons and their focus is to find efficient and niche markets. They have extensive projects outside of the US in Europe, Asia, and India, with local managers on the ground. They went through a major overhaul of their portfolio by reducing the number of managers from 38 to 8. They also increased their passive allocation to 45%. Global managers performed well. Markets are cautious in the active equity space. The benchmark used is MSCI ACWI Index that includes the US.

Satish discussed the fixed income performance and how it was all interest rate driven. The economy was pretty robust. The Feds anticipated slowdowns, so they cut interest rates. As of right now, the economy is chugging along, not specifically doing great. He does not foresee a recession coming in 2020, but does anticipate slowdowns in growth. The GEP fixed income target is 10%, which is made up of 5% in AGG type investments and the other 5% in opportunistic income.

Edmond Fong, Senior Managing Director of Absolute Return Investments, stated that 60% of the GEP investments is in other assets, with less than 40% being traditional and 60%+ being strategic/opportunistic. In 2 decades, alternative investments overall have increased from $1.2TN to $9.7TN. More companies going private is what’s driving this. Private equity market valuations are increasing due to overstating of the EBITDA and as such, expectations are being downgraded. Private equities have been great, but there’s been a lot of dry powder. The real estate cap rates are compressing and there are troughs for cap rates. For absolute return hedge funds, they look for zero beta hedge funds, with negative down capture. From a fee perspective, they are fee neutral due to their partnership with companies and revenue share.

Jagdeep commented that the macro private equity funds funded by rich people are shutting down and it’s become harder to make money. The game has changed. At a future meeting, the OCIO will provide a deeper dive into Absolute Return investments.

Jessica Hans, Investment Officer for Real Estate, discussed the real estate portfolio, which includes real estate and real assets. 2/3 of the portfolio is private real estate and 1/3 is real assets. They think about the portfolio in two ways, strategy and implementation. For higher risk strategies, they seek out good partners and they have the advantage because of their large scale. For real assets, they maintain a diverse portfolio. They started their strategy in oil and gas, but now its 55% infrastructure, 25% opportunistic, and 20% natural resources (energy, agriculture, timber). They are looking to reduce the number of their relationships and increase returns. For the real estate market, 98% of it is domestic.

Jagdeep mentioned that real assets are in the form of service giving a cash flow stream, like solar or wind. There is an upside because of the service element. Real Estate is buildings. We have to work with less partners and start doing more with less.

Allen discussed the risks of the current environment by stating the top 3 risks: 1) China, 2) Climate Change, and 3) Business cycle, which is currently at the longest economic expansion in US history. He shared that the current GEP investment strategy is taking a defensive position and not taking on too much risk. The active risk has gone down in public equities. In terms of internal governance, if a
specific asset class is higher risk than the OCIO established threshold, Allen’s team reaches out to the asset class department and the department must write a memo justifying the risk.

Jagdeep shared with the Committee that they should ask two questions of the team at each meeting: 1) how much of the GEP is in cash and 2) how much is in the bank? The answers to those questions will provide a sense of the temperature of his team. He stated that the team’s thinking allows them to manage risk as they don’t use consultants or third parties. They actively monitor risks within the team. Jagdeep recommended that we dedicate time at future meetings to hear the process employed by each team. In addition, he recommended a review of the GEP long-term asset allocation, where we are and where we are heading towards, as this drives their decision making at the next meeting.

Jagdeep ended the presentation by reviewing from a number’s perspective, the GEP performance has been flat for the first quarter, but that is because private equity is catching up due to their accounting. He stated that the US is still the best place for good opportunistic opportunities. His team is like hunters and gatherers and they are looking for the best investments. He reiterated that Arthur and him are available 24/7.

VI. UC GEP Transition Update

Kim McDade discussed the GEP transition and stated the UCOP CIO office has been good partners and Graystone has been cooperative and helpful during the transition process.

Matt mentioned that the call with Graystone to terminate services went well and they appreciated the opportunity to work with us.

Kim discussed that for Graham, we are waiting on the specific date we are going to receive the proceeds in December or January. Balyasny should be liquidated April 2020. The Foundation staff is going to work with Arthur and his team to potentially sell Hamilton Lane. Arthur mentioned that we could potentially sell Hamilton Lane in the secondary market. The UCR Foundation will retain its investment in Highlander.

Kim stated that we are working on the MOU with the UCOP CIO office and we should have that finalized soon.

The UC OCIO left the meeting at this time.

VII. Investment Policy Statement Update and Approval

Essam Ulhaq went over the changes to the investment policy made as a result of the approval received at the October 17, 2019 Board meeting. The main change was in Section VIII. A. where the verbiage was updated to state that the UCR Foundation will use the UC GEP Asset and Risk Allocation policy to set its strategic asset allocation long term weights and allowable ranges. The Exhibits in the investment policy were also updated as follows: Exhibit 1) UC GEP Investment Policy Statement, Exhibit 2) UC GEP Asset and Risk Allocation Policy, Exhibit 3) UC OCIO Annual Report, and Exhibit 4) UC GEP Holdings.

Matt Lyons re-iterated the reason we had to update the policy is because at the October 2019 Board of Trustees meeting, the trustees approved having our investment policy directly align with the UC GEP policy.
A motion to approve the minutes was made:

Motion: Dave Hadley; Second: Glen Grayman. The updates to the investment policy were unanimously approved as presented.

Matt stated that the UC spending policies were included in the package. He referenced that the UC Riverside Foundation spending policy was lower than all the other UC spending policies.

Dave mentioned that the current spending policy was conservative in two ways: the 4% payout and the 84-month average.

The spending policy will be added as an agenda item for the next FIC meeting to review and discuss.

VIII. Hylander Student Investment Fund

Kim shared that the Hylander Student Investment Fund is now active. Jean Helwege, Professor of Finance, is the faculty advisor to the group. The FIC will receive an annual report on the Fund that includes performance, asset allocation, and activity. An Advisory Board has been established for the Investment Group and one member of the FIC should be on the Advisory Board. Kim asked the committee if there was anyone that would like to be a member on the advisory board for the Hylander Student Investment Fund. Dave Hadley stated that he was interested. Kim said she would reach out to the appropriate contact who would follow up with Dave with additional details regarding the commitment involved.

IX. Adjournment
As there was no further business to discuss, the meeting was adjourned at 1:24 p.m.
University of California, Riverside
Foundation Board of Trustees Advocacy Committee Meeting
October 17, 2019 @ 11:00 AM
2120 Hinderaker Hall

Attendees: Brian Hawley, Eddie Allen, Susan Atherton, Janet Davis, Dallas Holmes, Bob Krieger, Elizabeth Romero, Carol Stratford

Chair Hawley called the meeting to order at 11:00 am. He welcomed committee members and asked them to introduce themselves and what attracted them to the Advocacy Committee. The answers included being an alumnus, interest in the welfare of the university, and being a Riverside Community member.

Governmental & Community Relations Update – AVC Elizabeth Romero

Local & Regional Issues
UCR, RCCD, K-12 signed MOU with CARB. CARB and UCR can leverage their facilities and staffing resources to conduct air quality and climate change research. UCR is already partnering with local school districts and community colleges to offer training programs for local residents to become scientists and technicians in the environmental arena, with an emphasis on education for disadvantaged and underrepresented populations, including women and people of color. The MOU also underscores CARB’s commitment to providing educational opportunities and developing a synergistic relationship with the Riverside community.

This is a strong example of how advocacy has been effective. The facility was moving forward with a location in El Monte, however it was moved to the Riverside location after Senator Roth pushed for an open bid process. Property was given by Citrus Experiment Station (site is now on Iowa across from Ag Ops land). $460M investment to economy with exponential impact for local resources. Businesses will be moving to the area who want to be located near the CARB location – AVL, Huriba, and several that rely on air quality testing.

UCR is looking at how we build University Avenue as clean planning. Governor Newsom is set to raise visibility into coastal and inland communities. UCR has been pitching to compete in an innovation economy.

The Community Meeting for the RUSD STEM High School at UCR is scheduled for November 6th. UCR has received approval to build a STEM high school on UCR land. This school will include 9-12 grades with part- and full-time students https://stemhighschool.ucr.edu/ http://stehighschool.riversideunified.org/ Arguments against this project include: 1) Community against any change and 2) How this will be built with bond funds (measure O), which opponents say should be used to rehab existing schools. Holmes stated opinion that UCR wouldn’t be involved in community. Romero re-emphasized that students will be accepted based on a lottery. There will be 20 seats for UCR recruitment (small percentage – 800 total students). Norco Community College has a school on their campus. Sue Johnson has been advocating for this magnet school for 20 years. Location is set for the practice fields on Blaine Street.
State Legislation Update
UCR School of Medicine – This has been a priority set by President Napolitano. SB56 has been advocated for by Senator Roth and Assemblyman Medina. Although $100M one-time funding for the building has been approved, the ongoing funds of $25M did not make it into the FY19 budget. Napolitano has requested that the $25M be included in the UC budget. UCR SOM is the only community-based medical school in that it cannot recoup revenue, like UCLA or Berkeley. Campus has received a $15M allocation from the state, but it has not kept up with inflation and opportunities are limited due to expenses. Funding for SOM Ed building will serve more students than enrolled. The $100M building approval was through bonding AB94 process. The state is responsible for bond repayments. The legislation will go before UC Regents on November 14, 2019 and groundbreaking will begin in 2021.

SB14 – School facilities bond will issue $8B in bonds. UC will have access to $2B for our system, divided across the campuses—the largest bond for school facilities in last 5-10 years. UCR would use the bond for seismic retrofitting Speith Hall and Rivera Library, and to fund new construction for SB. Advocacy will be needed with strong messaging.

AB 1313 – This legislation would withhold student transcripts until all university debts are paid. Attorney General was a cosponsor of this bill and it was passed, though UC opposed.

ACA14 – Overall, this legislation would prohibit UC from entering into contracts for a board array of support and clinical services, which would dramatically increase expenses. The defeat of this legislation proves that advocacy is increasingly important with phone calls and letters from key campus stakeholders. Senator Roth spoke against this bill on the state floor. Romero asked that each advocacy committee member thank him for his support of UCR and UC.

SB206 – Enacts the Fair Pay to Play Act, which allows student-athletes at UC universities to receive compensation based on their name, image and likeness and prohibits any governing body with authority over intercollegiate athletics from limiting a student-athlete’s ability to earn compensation as a result of the student’s name, image or likeness. UC sent a letter requesting the Governor’s veto on September 18th. The Governor signed the bill on September 30th.

SB493 – Requires higher education institutions that receive state funds to comply with specified requirement relating to the protection of students from and providing students with procedural protection relating to complaints of sexual harassment. The University issued an oppose unless amended position letter on July 3rd. The bill was made a 2-year bill by the Assembly Appropriations Committee on August 30th.
Federal Legislation Update
Continuing Resolution (CR) is funding the government until November 21. UCR will continue to pursue the funding from the federal government. This was successful as documented in UCR Today – grants received for $16M for health disparities; $6M for Plant 3D and to further Agoscience. GCR is formulating an ask for the reauthorization of transportation funding.

Supreme Court hearing on DACA – UC Regents have a call to action. Communications will be sent out to advocacy groups.

AGA – higher education act. Following, but no updates.

UC Advocacy Network (UCAN) can easily engage community with state and local representatives. Members send letters, text message, and utilize social media. Connect to legislators by zip code. Stay up to date with advocacy platform. All committee members were encouraged to join at https://universityofcalifornia.edu/support-uc/ucan/join

Advocacy Priorities
ACA14 – revisions will come back. Be prepared to advocate again for the defeat of this legislation $25M for ongoing fund request for SOM through Napolitano’s budget or through Roth/Medina

CE-CERT activities closer to CARB – active proposal for clean tech park to build out research park closer to CARB. System priorities will be sent to committee Advocacy day is March 9-10.

There is a Living the Promise event with an evening reception in Sacramento on March 10th. Each UCR advocate is paired with a partner to see Senators and Assembly Members in their Sacramento offices. Feedback has been that the advocates continue to show up and support issues. Romero provides training beforehand with talking points and schedules.

New Business
Alumni Association – Committee discussed interacting more with the Alumni Association. The Foundation has not partnered in the past, but some ideas with advocacy are synonymous with the work the Alumni Association may advocate for. Romero sits on this advocacy committee and that of the advocacy committee on the Alumni Association. Working together would not consolidate into one committee, but rather to work actively together, or perhaps a joint committee.

Action Items / Next Steps:
Hawley has requested a list of which committee members know which federal or state legislators. The list should be given to Romero or Hawley.
Hawley to work with Romero to set up meeting with UCRAA president (Jeff Krynski)

Meeting concluded at 11:53 AM.
MINUTES

I. Attended:
Allison Campbell (chair), Rochelle Campbell, Bill Dahling, James Merino, Ron Stovitz, Katherine Wright

UCR staff: Sharilyn Berry, Ian Foster, Deidre Kowalczyk-Stowell

Committee Chair Allison Campbell called the meeting to order at 11:00 a.m.

II. Action Item:
Approval of Stewardship Committee meeting minutes of October 19, 2018 and January 15, 2019
By consensus, the minutes were approved.

III. Stewardship Overview
The Donor Relations staff gave an overview of the existing stewardship program for the benefit of new members. Senior Director Berry covered the gift acknowledgement matrix, and the birthday card and holiday cards program. She also covered the coordination of endowed chair approvals, related events, and gift agreement process. Assistant Director Kowalczyk-Stowell reported on Watkins Society, the Bell Tower Society, Chancellor’s Associates and their respective events. Director Foster reported on the endowed fund reports, scholarship coordination and campus namings.

Committee Member Dahling asked for more information on the tribute and memorial gift program. Director Foster described the program and the process for mailing notes to people being honored and the family members of those who are being memorialized that allows them to thank donors. He confirmed that the university will also send the appropriate letters corresponding to their gift level to the donors as they would do whether or not there was a tribute involved.

Committee Member Dahling asked how often we check on gift agreements to make sure that we are still in compliance. Director Foster answered that there isn’t a standard timing for review, but because of the endowment reporting we do have reason to review how money is spent on a yearly basis. The members of the committee asked what steps UCRF takes to stay in contact with the families after the original donor has passed away. The Donor Relations staff will report back at the next meeting.

IV. Homecoming Panel Update
Assistant Director Kowalczyk-Stowell provided an update on the upcoming Homecoming panel titled “If You’re Happy and You Know It: The Ins and Outs of Happiness.” Faculty include Rengin Firat from Sociology, Sonja Lyubomirsky from Psychology, and Eric Schwitzgebel from Philosophy. The moderator will be Gerald A. Maguire from the School of Medicine. We have just started to receive our first responses to the invitation. An invitation-only luncheon will follow the discussion.
V. **2018-19 Endowment Report Update**
Director Foster updated the committee on the timing of this year’s endowment reports, which in almost every case will be hand delivered or mailed by the end of 2019. Senior Director Berry went through the separate components and asked the committee to share their thoughts, particularly about the letters from the deans. She said that while the trustees often have many contacts with deans and other campus leaders through a typical year, some donors may only hear from a dean when they receive their endowment report. Committee Chair Campbell said that she appreciated the letters from faculty and students more than the letters from the deans. Committee Member Merino stated that he liked the dean’s letter, and Committee Member Wright said she liked receiving the dean’s letter and worried that donors might miss it if it was not included. Committee Member Stovitz said that he prefers a more streamlined endowment report. Director Foster shared that some of the letters are more complex, with some deans sharing individualized information for each donor. Committee Member Campbell asked if those donors appreciated it more, but there does not seem to be corresponding feedback from the relatively small number of donors who reach out to the office after receiving their reports. There was some consensus that it might be hard to take the letters away once people had become used to them. The Stewardship & Donor Relations team will work with development officers to gain a broader feedback from the donor perspective and will present options at future meetings.

VI. **Chancellor’s Associates Events**
Assistant Director Kowalczyk-Stowell reported that in addition to the upcoming Homecoming panel and luncheon, Chancellor’s Associates should have received an invitation to the upcoming “Perfect Pomegranates” event on November 5. Members will get to taste several types of pomegranates, participate in an official research survey, and learn about UCR’s pomegranate breeding program. On February 26, we will have an event featuring the Center for Iberian and Latin American Music, and this spring we will feature Norman C. Ellstrand, author of “Sex on the Kitchen Table: The Romance of Plants and Your Food.”

The meeting was adjourned at noon.
I. Fiscal Year 2019/20 UCR Foundation Operating Budget-to-Actual as of December 31, 2019

- The FY 2019/20 approved Operating Budget is $320,000

- Fiscal Year 2019/20 UCR Foundation operating expenditures as of December 31, 2019 totaled $65,147 (20% of approved operating budget)

Expenditure Summary Information:

- Fiscal Year 2019/20 expenditures as of December 31, 2019 included:

  - Accounting Tech Improvements & Maintenance - $33,582
  - Board & Committee Meetings/Board Events - $14,701
  - Bank/Credit Card Fees - $11,510
  - Other Expenses - $4,728
  - Office Expenditures - $626