May 13, 2020

Trustee Meeting Time: 4:00 – 6:00 p.m.
Location: Zoom meeting
https://ucr.zoom.us/j/99703402309?pwd=WXpUdjhoR29uVFg4enBzTIFZS0EwUT09
Meeting ID: 997 0340 2309
Password: 020162

I. Call to Order and Welcome  Chair Susan Atherton

II. Consent Action Items  Chair Susan Atherton
   a. Approval of February 12, 2020 Minutes
   b. Approval of Annual Letter of Recognition from Chancellor Wilcox
   c. Ratification of 2020-2021 UCRF Operating Budget

III. Current Business Requiring Board Action  Nominations Chair Ron Stovitz
   a. Election of Trustees
   b. Election of Emeritus Trustees
   c. Ratification of 2020-2021 Committee Chairs and Executive Committee Appointments  Chair-elect Brian Hawley

IV. UCR Update  Chancellor Wilcox

V. Advancement Update  Vice Chancellor Peter Hayashida

VI. Board Retreat  Chair-elect Brian Hawley

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

VIII. Committee Reports  Chair Brian Hawley
     a. Advocacy
     b. Audit  Chair Irv Hendrick
     c. Finance and Investment  Chair Darin Anderson
        i. Action Item – FY21 Spending Policy Approval

IX. Announcements and Acknowledgements  Chair Susan Atherton
   a. Trustee Recognition

X. Adjournment and Closing  Chair Susan Atherton

Calendar Dates of Note
September 1, 2020 – UCR Foundation New Trustee Board Orientation
September 2, 2020 – UCR Foundation Executive Committee Meeting
September 2, 2020 – UCR Foundation Board Retreat
October 15, 2020 – UCR Foundation Board of Trustees Meeting
October 17, 2020 – Chancellor’s Dinner
University of California, Riverside
FOUNDATION BOARD OF TRUSTEES MEETING
Wednesday, February 12, 2020
Alumni & Visitor Center, Redmond Dining Room

MINUTES

Attending:
Trustees constituting a quorum: Erik Anderson, Susan Atherton (via telephone), Beverly Bailey, Rochelle Campbell, Kristin Crellin, Bill Dahling, Janet Davis, Tim Greenleaf (via telephone), Nora Hackett, David Hadley, Tom Haider, Brian Hawley, Irv Hendrick, Dallas Holmes, S. Sue Johnson, Wing Lau, John Leonard (via telephone) James Lin, Agenor Mafra-Neto, James Merino, Walter Stewart, Ronald Stovitz, Carol Stratford, Kathy Wright

Ex-Officio Trustees: Jeff Krynski, Chancellor Wilcox

Emeritus Trustees: Concepcion Rivera

UCR Leadership: David Bergquist, Shaun Bowler; Jennifer Brown, Anil Deolalikar, Peter Hayashida, Brian Haynes, Christopher Lynch, Steven Mandeville-Gamble, Milagros Peña, Louie Rodriguez, Thomas Smith, Tamica Smith Jones, Rodolfo Torres, Kathryn Uhrich, Kevin Vaughn, Yunzeng Wang

UCR Staff: LaDonna Ardary, Erika Bernal, Sharilyn Berry, Nesha Crossman, Johnny Cruz, Jeff Kaatz, Kim McDade, Emily Rankin, Marie Schultz, Essam Ulhaq

Guests: John Haberstroh, Dylan Rodriguez

Chair-Elect Brian Hawley was asked by Susan Atherton to fill in during her absence. He called the meeting to order at 4:07pm. He thanked the Trustees who participated in the Giving Tuesday challenge. The results are as follows: 2,039 donors gave a total of 2,400 gifts (1,186 were first time donors); $75.8K of UCRF Challenge funds were unlocked and will be going to Athletics, Guardian Scholars Support for Foster Youth and University Honors, the three initiatives that had the greatest number of donors. There were 257 gifts from GOLD (graduates of the last decade) members. Total dollar amount raised $254,706.

Consent Action Items: Approval of the Consent Action Items including the October 27, 2019 meeting minutes, the ratification of Marie Schultz as the UCRF Executive Vice President and the ratification of Sharilyn Berry as the UCRF Secretary, and the ratification of the revised Board of Trustees Expectations document.

On the motion and unanimous vote, the consent action items were approved.

UCR Update – Chancellor Kim Wilcox
Chancellor Wilcox began his update talking about “Dynamism” in relation to UCR. The statistics show that UCR is the fastest rising University in America. In August 2019, UCR was ranked No. 1 in Social Mobility by U.S News & World Report Best Colleges. We have had a 23% increase in students, a 40% increase in faculty a 24% increase in research expenditures, and a 62% increase in 4-year graduation rates over the past eight years. Chancellor Wilcox discussed the core budget revenue and expenditures broken out by type. He also presented a chart that included detailed figures on FY19 funding per California resident. UCR would need to hire 760 more staff to meet the average UC Student-staff ratio.
He reviewed several locations on campus needing infrastructure and seismic repairs that could benefit from the general obligation bond that is on the March 2020 ballot. He spoke about the projects UCR is currently working on or investing in, including the Web Lab Incubator, Biocontainment Facility, CARB Facility and the Opportunities to Advance Sustainability, Innovation and Social Inclusion (OASIS) proposal.

Chancellor Wilcox shared UCR’s goals for the next ten to fifteen years. By 2030 we want to produce 200,000 more degrees, achieve a 90% overall graduation rate and add 1,100 ladder rank faculty. By 2035 -- with support from the state, UCOP and community partners – we hope to grow by 10,000 more students, increase overall graduation rates by 10 percentage points, and eliminate equity gaps. He also hopes that we will add 444 ladder rank faculty and 1,963 staff.

**Advancement Update – Peter Hayashida, Vice Chancellor**

Vice Chancellor Hayashida congratulated Marie Schultz on her promotion to Associate Vice Chancellor for Development.

The campaign has raised $271,500M (90%) of the $300M goal. Year-to-date FY20 $24,321M has been raised toward the $40M goal. Fundraising is one third ahead of the goal compared to this same time last year. The endowment is at $280M and the campaign goal is $300M.

Vice Chancellor Hayashida notified the Board of Trustees that UCR will be sending out a brief “Alumni Roll Call” to 116,000 constituents (degreed and non-degreed alumni and certificate holders). The alumni engagement survey is expected to provide insight on how alumni would like to engage with campus and update our alumni information.

Assistant Vice Chancellor/Chief Communications Officer Johnny Cruz provided an update on the visual brand identity. It has been 14 years since the last brand identity assessment, and the current logo does not format correctly in social media applications. This process was completed over an eight month period, and UCR Communications met with over 100 stakeholders. He presented the new identity system with a variety of option for different uses. The starburst has been removed and a rising ray added. The new logo is expected to be revealed at the May Spring Splash event.

**Campaign Update – Tom Haider, Co-Chair and S. Sue Johnson, Co-Chair**

Co-Chair Haider reported that there was a Campaign Committee meeting held on January 28th. UCR is expected to meet and exceed the $300M goal. The committee discussed UCR’s next steps and the Student Success Initiative Campaign. The Living-the-Promise Campaign celebration is scheduled on February 20, 2021. He congratulated Development on their scientific approach to fundraising and thanked trustees who have made their campaign gifts.

Ex-officio member and UCR Alumni Association President Jeff Krynski gave a campaign gift to create the Highlander Student Success Endowed Support Fund for Undergraduate Student Basic Needs and the Highlander Student Success Endowed Support Fund for Graduate Student Basic Needs. These funds will support students’ greatest needs as determined each year, including food and housing security, mental health and wellness, and financial literacy resources.

John and Elizabeth Leonard established the Leonard Family Foundation Graduate Scholar Fund, to be used to recruit an outstanding Ph.D. student. They also are generously supporting the CNAS Research in Science and Engineering – RISE Summer Program and the John and Elizabeth Leonard Family Foundation Teacher Education Scholarships at the Graduate School of Education.
Nora Hackett established the Nora A. Hackett Instructional Equipment Endowed Fund, which will support the purchase of modern equipment for several labs at the Marlan and Rosemary Bourns College of Engineering.

Co-chairs Tom Haider and Sue Johnson complimented the Board of Trustees for leading and being supportive of UCR’s first comprehensive campaign. Chair-elect Brian Hawley thanked Tom and Sue for their roles as leaders of the Campaign Committee.

**UC Riverside Foundation Committee Reports**

**Finance & Investment Committee Report – UCR Foundation Vice President, Finance & CFO – Kim McDade**

As of November 30, 2019, the endowment market value was $184.9M, up 5.1% ($8.9M) fiscal year to date. The investment return was 4.0% for fiscal year to date.

On November 22, $159.7M (approximately 90% of our endowment assets) consisting of all our public equities, fixed income investments and cash had been sold and proceeds were transferred from Graystone to the UC OCIO (Office of the Chief Investment Officer). On November 30, all funds were invested to buy units into GEP. On January 15, 2020, the Graham hedge fund was redeemed and the $6.4M proceeds were invested in GEP as of January 31, 2020.

Below is a summary of the remaining assets and pending actions:

- Hedge Fund ($9.5M)
- Balyasny ($9.5M): to be redeemed April 2020
- Private Equity ($7.1M)
- Hamilton Lane ($7.1M)

The OCIO will look into options for a secondary sale of Private Equity to be retained.

**Advocacy**

Chair Brian Hawley shared the preliminary polling results on the Proposition 13 school bond from the Public Policy Institute were only 48%. He encouraged Trustees to reach out to their legislators and their networks to promote Proposition 13.

**Announcements and Adjournment**

Chair-elect Hawley asked the Trustees to add the dates on the agenda to their calendars, particularly the Board Retreat. There were vans curbside to drive the Trustees to dinner and the Men’s basketball game.

There being no further business, Chair-elect Hawley adjourned the meeting at 5:05 p.m.
May 13, 2020

Mrs. Susan Atherton, Chair  
Mr. Peter A. Hayashida, President  
UC Riverside Foundation  
4128 Hinderaker Hall  
University of California  
Riverside, CA 92521

Dear Mrs. Atherton and Mr. Hayashida:

The UC Riverside Foundation is officially recognized as the campus organization that is organized and operated solely for the support of the University’s interests; has as its purpose the fostering of support for the benefit of the campus; and, among recognized organizations, provides the major private support for the campus.

This letter is to notify you, as officers of the UC Riverside Foundation, that compliance with the University’s Policy on Campus Foundations and the Administration Guidelines for Campus Foundations is a condition of continued recognition. By signing below, you, as UC Riverside Foundation officers, indicate that the Board of Trustees has reviewed this recognition requirement and will abide by the terms of the University’s policy and the Administrative Guidelines during fiscal year 2020-2021.

Please sign and date below and include the date on which the UC Riverside Foundation Board of Trustees accepted these conditions.

Sincerely,

Kim A. Wilcox  
Chancellor

Accepted on _____________ by the UC Riverside Foundation Board of Trustees.

____________________________________  ________________________
Susan Atherton, Chair  Date

____________________________________  ________________________
Peter A. Hayashida, President  Date
# UC RIVERSIDE FOUNDATION
## FY 2020/21 Proposed Operating Budget

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<th>Approved FY 2019/20 Budget</th>
<th>Proposed FY 2020/21 Budget</th>
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<td>Administrative Fees</td>
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<td><strong>Total Expenditures</strong></td>
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<td>270,000</td>
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¹ Due to the sale of the Moreno Valley Land in fiscal year 2019, there are no anticipated property tax expenses in fiscal year 2021
² Due to the transition to the General Endowment Pool (GEP), there will be no Clearwater Analytics expenses in fiscal year 2021
³ Includes credit card merchant fees. Increase in fiscal year 2021 due to additional activity from telefund and crowdfunding.
⁴ Maintaining contingency for annual audit expenses currently funded by UCOP
To: UCR Foundation Board of Trustees

From: Ron Stovitz, Nominations Committee Chair on behalf of the committee members Eddie Allen, Darin Anderson, Susan Atherton, Brian Hawley, S. Sue Johnson, Buzz Stewart, David Tsai, Chancellor Kim Wilcox, Kathy Wright

Date: May 1, 2020

Re: 2020 -2022 Trustee Election – Recommended Slate of Nominees

Re-nominations
- Susan Atherton
- Wally Bakare
- Gordon Bourns
- Janet Davis
- Glen Grayman
- Tom Haider
- Dallas Holmes
- S. Sue Johnson
- John Leonard
- Judy Posnikoff
- Walter “Buzz” Stewart
- Carol Stratford
- Kathy Wright

Nomination for Emeriti Trustee
- Rochelle Campbell
- Ron Stovitz

New Nominees
1. Virginia Blumenthal, Attorney, Blumenthal Law Offices (Riverside, CA)
2. Timothy Jenkins, Founder & CEO, TableNeeds (Riverside, CA)
3. Sam Konyn, President, Konyn Software Consulting, Inc. (Riverside, CA)
4. Jeff Krynski, Vice President of Renewal and Negotiations at Alight Solutions (Long Beach, CA)
5. Marigold Linton, Cognitive Psychologist, (Phoenix, AZ)
6. Allison Mackenzie, CEO, Babcock Laboratories, Inc. (Riverside, CA)
7. Byron Pollitt, retired, Executive Vice President and CFO Visa, Inc. (La Jolla, CA)
8. Teresa Pollitt, retired, Vice President, Scudder Stevens and Clark (La Jolla, CA)
9. Victor Tolan, President, B&K Precision (Yorba Linda, CA)

New Nominee Bios

Ms. Virginia Blumenthal has worked as an attorney for over 40 years, specializing in white collar crimes and all aspects of criminal law. She opened Blumenthal Law Offices, the first woman-owned law firm in the Inland Empire in 1975.

• Ms. Blumenthal is an alumna of UCR extension.
  o All her children (Zachary, Jon and Heather) are UCR alumni.
• She is currently on the UCR Athletics Association Board of Directors, a member of the 99 for Title IX Committee.
• Ms. Blumenthal has received numerous accolades and awards, including being one of the Top 100 Trial Lawyers in the US by The National Trial Lawyers.
• She is one of the founders of the Riverside County Mock Trial Program. The program is recognized today as one of the best in the country.
• Ms. Blumenthal received her BA and MA in Speech at CSU Northridge and she received her JD from California Southern Law School.

Timothy Jenkins has over 20 years of entrepreneurial and software development experience. He is the founder and CEO of TableNeeds, a mobile app that works with restaurants to coordinate customer needs without customers having to wait for someone to come to their table.

• Mr. Jenkins is an alumnus of UCR.
• He has served as a mentor for the Entrepreneurial Proof of Concept and Innovation Center (EPIC) at UCR.
• Mr. Jenkins earned his BS in Computer Science at Marlan and Rosemary Bourns College of Engineering.

Mr. Samuel “Sam” Konyn is the president of Konyn Software Consulting Inc. He designed the software now used in the onboard diagnostic systems of Chrysler vehicles.

• Mr. Konyn is an alumnus of UCR, as were his late-wife Cathleen and his sister, Catherine Lekawa.
• His sister-in-law Cheryl Sautter-Kony is a former UCR staff member.
• He is actively engaged with BCOE and is a member of UCR’s Chancellor’s circle. He has worked with UCR to provide student internships in his company.
• He established the Cathleen and Sam Konyn Endowed Student Project Fund.
• Mr. Konyn received his BA in Mathematics from the College of Natural and Agriculture Sciences (CNAS).
Jeffrey Krynski is the vice president of renewal and negotiations at Alight Solutions, a human resource services firm headquartered in Lincolnshire, IL.

- Mr. Krynski is an alumnus of UCR.
- He is currently a member of the Alumni Association Board of Directors.
- He established the Steve and Joann Krynski Memorial Endowed Scholarship for the Fine and Performing Arts fund and the Jeffrey S. Krynski Learn and Earn Funds.
- Mr. Krynski received his BS in Administrative Studies at the College of Humanities, Arts, and Social Sciences (CHASS) and his MBA from Pepperdine University.

Marigold Linton is an enrolled member of the Morongo Band of Cahuilla Mission Indians, and the first California reservation Indian to ever leave a reservation to go to a university. Dr. Linton is reportedly the 17th American Indian to have ever earned a PhD in any discipline.

- Dr. Linton is an alumna of UCR.
- Her research on very long-term memory has been internationally recognized.
- She co-founded the Society for the Advancement of Chicanos and Native Americans in Science.
- She established the Marigold Linton Endowed Scholarship, the Sadakichi Hartmann fund in the UCR libraries, and has made a bequest to the university.
- Dr. Linton received her BA in Psychology from the College of Humanities, Arts, and Social Sciences.
2020 – 2022 Trustee Election
Recommended Slate of Nominees

Allison Mackenzie is the CEO of Babcock Laboratories, Inc., a 100% employee-owned commercial laboratory. She is an advocate for high ethical standards and quality in the testing industry.
- Ms. Mackenzie is an alumna of UCR.
- She is a member of CNAS Dean’s Development Advisory Board.
- She is an active member of the Environmental Services Section of the American Council of Independent Laboratories.
- Ms. Mackenzie received the Cal State University Spirit of the Entrepreneur Award (2009) and she was named a 2015 Preston S. Millar Award recipient for her advocacy for environmental laboratory quality in California.
- Ms. Mackenzie received her BS in Biology from the College of Natural and Agriculture Science.

Byron Pollitt retired in 2015 as executive vice president and chief financial officer of Visa, Inc.
- Mr. Pollitt is an alumnus of UCR. He served as an Executive Fellow for UCR’s School of Business in 2018-2019.
- Byron is a member of the UCR Foundation Campaign Committee
- Mr. & Mrs. Pollitt established Pollitt Endowed Term Chair for Interdisciplinary Research & Learning in the Hum. & SS Funds I, II and III.
- Mr. Pollitt earned his BS in Business Economics at the School of Business and he earned his MBA from Harvard Business School. He graduated as a Baker Scholar.

Teresa “Teri” Pollitt worked for 15 years as a security analyst with the investment counsel firm of Scudder Stevens and Clark, rising up to the level of vice president before retiring.
- Mrs. Pollitt is an alumna of UCR.
- Teri is also a member of the UCR Foundation Campaign Committee
- As mentioned above - Mr. & Mrs. Pollitt established Pollitt Endowed Term Chair for Interdisciplinary Research & Learning in the Hum. & SS Funds I, II and III.
- Mrs. Pollitt received her BA in Psychology from UCR and her MBA from USC. She also earned a chartered financial analyst (CFA) credential from the CFA program.
Victor Tolan is the president and CEO of B&K Precision Corporation. The company is headquartered in Yorba Linda, CA and provides test and measurement instruments for engineer, electronic design and education.

- Mr. Tolan served as an Executive Fellow for UCR’s School of Business during the 2016-2017 academic year.
- Mr. Tolan received his MBA in Marketing from CSU Fullerton and a master’s degree in civil engineering from Technical University of Cluj-Napoca.
To: UCR Foundation Board of Trustees
From: Brian Hawley, Chair-elect
Date: May 13, 2020
Re: Appointment and Ratification of 2020-21 Committee Chairs and Executive Committee

Standing Committee Chairs:
1. Audit – Judy Posnikoff
2. Executive – Brian Hawley
3. Finance & Investment – Tim Greenleaf
4. Nominations – Susan Atherton

Ad Hoc Committee Chairs:
1. Advocacy – Kristin Crellin
2. Campaign – Thomas Haider and S. Sue Johnson, Co-Chairs
3. Stewardship – Allison Campbell

Executive Committee:
Brian Hawley, Chair
Susan Atherton, Immediate Past Chair & Nominations Committee Chair
Erik Anderson, Treasurer
Wally Bakare, Member-at-large
Allison Campbell, Stewardship Committee Chair
Kristin Crellin, Advocacy Committee Chair
Tim Greenleaf, Finance & Investment Committee Chair
Thomas Haider, Campaign Committee Co-Chair
S. Sue Johnson, Campaign Committee Co-Chair
Judy Posnikoff, Audit Committee Chair
Kim A. Wilcox, Chancellor

As required by the UCR Foundation Bylaws, the following committee chair appointments and Executive Committee assignments are recommended for approval by the Board of Trustees.
AUDIT COMMITTEE REPORT

MEETINGS AND ACTIONS SINCE LAST BOARD OF TRUSTEES MEETING

- **Audit Committee Meeting – April 17, 2020**
  
  - **Items Discussed:** Review of the final draft of the Fiscal Year Ending 2019 UCR Foundation Form 990 with KPMG. The Foundation’s PWC external audit team presented the plan for the upcoming Fiscal Year 2020 financial audit.
  
  - **Action Items Approved:** Approved the Fiscal Year Ending 2019 Form 990 - IRS Information Return as presented.

**UPCOMING MEETING:** TBD

**COMMITTEE CHAIR, MEMBERS, AND OTHER REGULAR ATTENDEES**

Voting members: Irv Hendrick (Chair), Beverly Bailey, Gordon Bourns, Nora Hackett, Brian Hawley, Wing Lau, Judith Posnikoff

Other regular attendees: Kim McDade, Essam Ulhaq

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1 February 12, 2020
DRAFT Pending Approval by the Audit Committee

MINUTES
UC Riverside Foundation Board of Trustees
Audit Committee Meeting (via Conference Call)

Friday, April 17, 2020, 12:00 pm
University of California, Riverside

Participants: Voting Members – Irv Hendrick (Chair), Gordon Bourns, Nora Hackett, Wing Lau, Judy Posnikoff, Beverly Bailey; Non-Voting Members – Kim McDade, Essam Ulhaq; PwC – Tracee Jones, Brooke Tarkashvand, Breanne St. Martin; KPMG – Chad Franks, Pablo Cora, Shalini Saidha

Unable to Attend: Voting Members – Brian Hawley

I. Call to Order – Irv Hendrick
Trustee Irv Hendrick called the meeting to order at 12:02 p.m.

II. Approval of September 16, 2019 and October 7, 2019 Meeting Minutes
After determining there were no comments or questions, Irv Hendrick called for a motion to approve the minutes of the September 16, 2019 and October 7, 2019 Audit Committee meetings. A motion to approve the minutes was made:

Motion: Gordon Bourns; Second: Judy Posnikoff. The minutes were unanimously approved as presented.

III. Presentation of Draft UCR Foundation FYE19 Form 990 by KPMG
The draft Form 990 was provided to committee members in advance of the meeting.

KPMG Tax Partner Chad Franks presented a high-level overview of the draft UCR Foundation FYE19 Form 990 to the Committee. As the Form 990 is a public document, Chad discussed the review of the document with a donor relations and IRS risk perspectives lens and noted that there were no new programs, no new schedules, no new assets, no compensation, and no areas of non-compliance for the fiscal year ending June 30, 2019. Since the Foundation now has a document retention and whistleblower policy, those questions on the 990 form have been marked “Yes” creating enhanced governance. This is a change from last year. Chad also mentioned that the Foundation has a strong program with 94% of expenses spent on program services.

Gordon Bourns raised a question about why there was no compensation listed on the Form 990. Kim confirmed that development officers and foundation officers are employed and compensated through UCR campus, not the Foundation.

Judy asked where the UBIT comes from that is reflected on the Form 990. Shalini confirmed that it is from underlying partnership investments.

After determining there were no comments or questions, Irv Hendrick called for a motion to approve the UCR Foundation FYE19 Form 990 as presented.
Motion: Wing Lau; Second: Judy Posnikoff. The Form 990 was unanimously approved as presented.

KMPG left the call at this time.

IV. Presentation of the FYE20 External Financial Audit Plan by PWC Audit Team

Brooke Tarkashvand, Tracee Jones, and Breanne St. Martin from the PwC audit services team joined the call and presented the UCR Foundation FYE20 external financial audit plan with the Committee.

Tracee kicked off the presentation and discussed that the audit period is for the period ending June 30, 2020. Their primary objectives are to perform an audit in accordance with auditing standards generally accepted in the US and render an opinion on the financial statements.

Tracee introduced Brooke Tarkashvand who is new to the team and will be working on the UCR Foundation audit and other UC campus audits as well.

Brooke introduced herself and talked about her 10 years of experience in the asset management practice and experience with different investment strategies.

Brooke discussed the risk assessment process and results of the audit and the three types of risk: 1) Significant risk, which requires special audit consideration in term of nature, timing, or extent of testing, 2) elevated risk, which requires additional audit consideration beyond what would be required for a normal risk, but does not rise to the level of significant risk because of the nature and likely magnitude, and 3) normal risk, which relates to the relatively routine, non-complex transactions that tend to be subject to systematic processing and require little management judgement.

Brooke then discussed the risks and the planned audit response outlined below:

1) Management override of controls
   a. Perform fraud inquiries
   b. Incorporate unpredictability into the audit approach

2) Inappropriate revenue recognition
   a. Test contributions, including obtaining third party support (executed agreements) and vouching cash receipts to bank statements as applicable

3) Fair value of investments
   a. Test the fair value of investments for those that lack readily available prices

Brooke shared the two primary focuses for scoping accounts which are: size and complexity, and risk.

Brooke summarized the timeline and communication plan as follows:

1) April: meet with Audit Committee to discuss engagement plan
2) August/September: execution of audit

Tracee went over the client services team which includes Will Cobb, the UC Systemwide Partner, herself, the Foundation Partner, Brooke Tarkashvand, Director, and Breanne St. Martin, Manager.

Breanne discussed the requirements to make certain inquiries of the Audit Committee related to fraud risks. Also, they review that there were no relationships of matters identified that might reasonably be
thought to bear on independence, no instances of non-compliance with laws and regulations, potential legal acts and no significant issues discussed with management in connection with the retention of PwC.

Breanne also mentioned that a draft of the engagement letter is at the end of the presentation for reference.

Tracee stated that fees are negotiated and paid at the UCOP level.

Irv asked if there were any questions from the committee regarding the audit plan. Everyone agreed with the plan and did not have any questions.

PwC left the call at this time.

V. Adjournment
As there was no further business to discuss, the meeting was adjourned at 12:34 p.m.
I. Call to Order – Darin Anderson

Trustee Darin Anderson called the meeting to order at 12:02 p.m.

II. Approval of December 5, 2019 Meeting Minutes

After determining there were no comments or questions, Darin Anderson called for a motion to approve the minutes of the December 5, 2019 Finance and Investment Committee. A motion to approve the minutes was made:

Motion: Dave Hadley; Second: Judy Posnikoff. The minutes were unanimously approved as presented.

III. UC OCIO Presentation

Arthur Guimaraes, Chief Operating Officer of the University of California Office of the Chief Investment Officer (UC OCIO), started the presentation by confirming that we have transitioned $189 million to General Endowment Pool (GEP) as of current date. Arthur shared that at the end of February, our portfolio was down $4 million. The UC OCIO ran analysis based on our prior portfolio and if we still had that asset allocation, the portfolio would have been down around $20 million.

Jagdeep Bachher, Chief Investment Officer of the UC OCIO, stated that in the market today, there is a liquidity crunch among market participants. Investors are looking to convert liquid assets to cash.

The UC OCIO currently has $120 billion in assets and $12 billion is in treasury or cash/cash equivalents among their entire portfolio. There is $1 billion in cash/cash equivalents in the GEP. When opportunities are attractive, they will invest. They started investigating $250 million one day, $250 million the next day, but then stopped because they realized there were more drops to go.

Right now, treasury markets are very attractive and the go-to for many investors due to the current volatility. The European Central Bank has stated there is not enough ammunition to save the
economy from coronavirus. All the markets have to wait for some kind of announcement stating that the virus is in containment before there is some stability.

Unfortunately, the fiscal stimulus didn’t help the markets when the President announced the $200 billion potential funding to stimulate the economy and bolster small business. The estimate is that $1 trillion is the floor of what needs to be done.

As of right now, the United States is the worst country in the world for testing. There is the potential to see 1 million cases of coronavirus globally. There is no economic news in the next 20 days, but once we pass March 31 and the earnings as well as GDP numbers start coming out, we will start to see the impact the coronavirus has had. The next 19-20 days will be like a vacuum. Economic bad news is to be anticipated. In the current portfolio, the biggest risk factor is the economic growth. Equity markets are currently down 20%.

Currently, the UC OCIO team is mapping out various scenarios and what they will do depending on how the market reacts. The real estate market is attractive right now. The UC OCIO total portfolio is now ex-fossil fuels, after the decision was made to become fossil fuel free last year. Jagdeep reiterated that students are always right, as they provided feedback on going fossil fuel free. The energy sector is down 50%; China has held up well in the energy markets.

Currently, the UC OCIO portfolio is overweight in healthcare and biotech as well as in cash which has all helped the performance.

Satish Ananthaswamy, Managing Director of Asia Investments, stated that from a market perspective, there’s lots of panic and fear. People are uncertain with coronavirus testing and they are watching news about Italy, which is adding to the fear. The lack of leadership in this country is not helping. Investors are selling risky assets and investing in US Treasuries to protect principal, even though they are at record lows. The Federal Reserve is providing $1 trillion to provide liquidity. There is liquidity in the market and this is the time to be cautious and have liquidity. When we start hearing about the coronavirus being under control, then we’ll have an idea of what the impact actually is and have a clearer picture. Satish made it clear that there is going to be an economic hit. However, there needs to be a good handle on the healthcare crisis before the economic impact is known.

Edmond Fong, Senior Managing Director of Absolute Return Investments, stated that UC OCIO has leverage because they have liquidity. Banks can’t intervene at this time, because they don’t want to take on risk. Prior to this, people were reaching for yields, but now that volatility is really high, people are looking for liquidity. There is a vacuum for liquidity. Conditions were there to get to a bear market quickly. This is the fastest correction that’s ever been seen. Due to the Saudi Arabia and Russia issue, we are starting to see de-leveraging happening and volatility across all asset classes. It’s hard to see how this will end as there isn’t a natural end. The UC OCIO is in a fortunate position because of their liquidity.

Margaux O’Brien, Director, Public Equity Investments, stated that the view on equites in 2019 was positive. There was concern about a correction and the virus fit the concern to a “T”. The concern, however, did not originate in the financial sector. It’s not clear how this will affect the markets. In March 2019, the S&P was flat. Today, we see significant weakness. We are starting to get back into more reasonable valuation levels. There are 2 categories that they are keeping an eye on, inflation
rates and financial markets. Margaux shared that China has held up well and they are now moving out of the crisis.

Jagdeep said that their team is on top of it. He asked, what can his team do about the current situation? They still have dry powder in the passive index, with a few billion in there and they can put it to work if they see good opportunities. In the next 20 days, they see no positive signs. US will get calm but is only through 2 weeks of the crisis and 20 days will not provide a solution. China took 6-8 weeks to stabilize, but the US response and leadership has not been perfect, so it may take longer for to stabilize. Jagdeep shared that everyone on his team has been sent home as a preventative measure and that they are managing $130 billion portfolio remotely.

Darin stated that the GEP is well positioned. He has two questions: 1) Are we adding more liquidity or holding positions and 2) What is the trigger to jump back in?

Jagdeep responded by stating that they are where they are in the endowment and are not selling anything. They feel comfortable and well positioned. In the pension, they have around $10 billion in liquidity and if there are assets that are cash or cash equivalent, that they call it that. Jagdeep provided commercial paper, which is generally liquid in 30 days, as an example. They are currently preparing a document and plan and are going to follow it.

As for when to go back in, that’s where the art and science come into play as it’s less of a science for them. They will have a clearer picture in 24 hours. The number of coronavirus cases can move faster in coming days and last weeks, not months. They are also keeping an eye out on their liabilities. Total, they owe $7 billion in capital calls across all their investments. Private equity companies are using up alternative liquidity than going through the bank. The private equity portfolio is currently 15% of the asset allocation. They have the liquidity to meet their liabilities.

Edmond said that there will be lots of opportunities coming up if you have liquidity.

Dave Hadley asked about the date of our spending payout.

Jagdeep confirmed that the payout is in August and all the account holders receive a payout of 4.75%. The UC OCIO can take money out of the Barclays Agg and fulfill the entire spending payout, which is estimated at $400 million, if necessary.

Kim McDade stated that the current payout estimate for UCRF is $7.25 million for fiscal year 2020.

Tim Greenleaf stated that we are looking for a stabilization point and markets may jump, but coronavirus cases may reappear. What are their thoughts on that?

Jagdeep stated that he nailed it. Italy and China shut everything down and in the next 20 days, we are not confident things will sort out. Fortunately for UCRF, we are in the GEP, which is a pooled fund, and that has helped us. Jagdeep re-iterated the speed with which UCRF acted to get into the GEP.

The UC OCIO left the meeting at this time.
IV. UCR Foundation (UCRF) GEP Transition Update

Kim McDade discussed the GEP transition update. She discussed the updated redemption schedule for Balyasny based off the agreement and that the UC OCIO is going to try and sell Hamilton Lane in the secondary market.

Darin asked how much capital calls are left for Hamilton Lane and Essam stated we would follow up with the committee with the amount.

*Action Item: Essam to follow up with the committee regarding how much in capital calls are left for Hamilton Lane.*

Darin also stated that he would like the UC OCIO to purchase Hamilton Lane from us as they work on the sale and in return give us shares in GEP. Kim stated that we would check with Arthur at UC OCIO if this is a possibility.

*Action Item: Essam and Kim to follow up the UC OCIO to see if they are willing to purchase Hamilton Lane and provide UCRF shares in GEP in return.*

V. Spending Policy Review and Approval

Darin started the conversation by stating that the UCRF has the lowest spending policy than all the UC’s. The spending policy also means that the endowment growth rate is faster, comparatively to the other UC’s. By having a conservative payout, it can lead to frustration on behalf of the donors. Darin opened up the conversation to the committee to discuss.

Kim clarified that we are evaluating and approving the spending policy for fiscal year 2021, not 2020.

Dave stated that we have been overly conservative with our current spending policy. He recommended a 4.5% rate with a 36-month average.

Erik Anderson acknowledged that the rates have been lower historically, but wanted the committee to be cautious with the increase in spending at this time because of the markets. Darin noted that we are considering a spending increase when the Fed rate is at zero right now.

Tim stated that we should be cautious moving from an 84-month average to a 36-month average because we would add more fluctuation and volatility. From the perspective of the Chancellor and the campus, the swing could have a big impact.

Darin stated that Judy had to get off the call, but she recommended 4.75% with a 60-month shorter duration and higher payout.

Peter Hayashida clarified that the spending rate came down in 2008 and 2009 because of the downturn in the economy. He also mentioned that there is no good time or bad time to do this. From a donor relations perspective, it would be beneficial to increase it, especially since UCRF is the lowest of the UC’s.

Darin asked Peter what his perspective is on what the rate should be.
Peter stated that 4.75% is unsustainable. However, we are currently an outlier. UCI is currently at 5% with a 36-month rolling average. He feels that more than 60 months would be too much and 36 months or less would be too little. He recommended that 4.5% with a 60-months average would be good, as the 60 months provides smoothing.

Darin agreed and recommended a 60-month rolling average with a 4.5% gross payout like UC Santa Barbara and asked the committee for agreement and everyone agreed. Darin asked for a motion to approve the 4.5% gross payout with a 60-month rolling average.

*Motion: Dave Hadley; Second: Tim Greenleaf. The 4.5% gross payout with a 60-month rolling average for fiscal year 2021 was unanimously approved.*

**VI. FY20 Spending Estimate**

Kim let everyone know that in prior years, we had to approve the spending estimate amount for the end of the fiscal year, because Graystone had to put together an investment withdrawal proposal for the committee to approve to give us the liquidity to payout. Since we are now in GEP, we no longer need to approve the amount, since we will automatically get the 4.75% distribution, so the $7.25 million estimate we provided in the packets is solely for informational purposes.

**VII. Adjournment**

As there was no further business to discuss and no questions about the trusts, the meeting was adjourned at 1:19 p.m.
ACTION ITEM: Approval of recommendation to establish the FY2020-21 spending rate and methodology in the Investment Policy and Guidelines for the Endowed Funds

ISSUE: The Finance & Investment Committee has recommended a FY2020-21 spending rate and methodology.

BACKGROUND: The Investment Policy and Guidelines for the Endowed Funds current spending policy is “to withdraw per unit for each fiscal year 4% of the average unit market value of the endowment fund on the last day of each of the preceding 84 contiguous months ending on May 31 of such fiscal year.” Actual distribution for endowment purpose is net of current 50 bps endowment cost recovery, resulting in 3.5% transferred to the campus benefitting fund.

The spendable amount will be transferred to the UCR campus to support the gift purpose, calculated per share owned as of June 30, and to satisfy any fees defined in campus policy. Benchmark comparison is included as an attachment.

The FIC reviews the spending policy annually. The approach has not been adjusted since Fiscal Year (FY) 2013. For reference, following are the FY12, FY11, and FY10 spending policies:

FY12: Pay out 4.25% of average endowment fund market value calculated using the closing market values on the last day of the 72 contiguous months the last of which ended on the December 31 of the then-current fiscal year.

FY11: Pay out 4.50% of average endowment fund market value calculated using the previous 60 months of portfolio activity the last of which ended on the December 31 of the then-current fiscal year.

FY10: Pay out 4.75% of average endowment fund market value calculated using the previous 12 quarters of portfolio activity the last of which ended on the March 31 of the then-current fiscal year.

At the March 12, 2020 FIC meeting, the Committee reviewed the spending policy and unanimously approved a recommendation to establish a FY2020-21 spending rate of 4.50% using a 60-month average as of May 31, resulting in net payout to campus of 4.00%.

PROPOSED ACTION: Approve recommendation to establish FY2020-21 spending policy of 4.50% using a 60-month average, resulting in net benefit to campus of 4.00%.

AUTHORITY:

Section V.B, of the UCRF Investment Policy and Guidelines for the Endowed Funds as amended on 10/17/2019 states: “The Board shall approve any changes to the sections of these Guidelines pertaining to policy, those being this Section V, the spending rate and number of valuation dates
in Section IX.B. (spending policy), and Section VIII.A. (permitted ranges of equities and bonds). The other sections of these Guidelines pertain to the implementation and administration of that policy, and the Board has delegated to the Committee the authority to change such other sections at any time without Board approval. Promptly after adoption of any amendment the Committee makes to these Guidelines, a copy of the amended Guidelines will be provided to the UCRF Executive Committee.”

OPTIONS:

☐ Approve recommendation to update spending policy of 4.50% using a 60-month average, resulting in net benefit to campus of 4.00%. (Riverside would still have the lowest payout rate across the UC system, along with Davis and Santa Barbara.)

☐ Approve maintaining the current spending policy of 4.00% using a 84-month average, resulting in a net benefit to campus of 3.5%. (UCR would be an outlier, both across the system and nationally, based on available data.)
## Campus Foundation Spending and ECR Policies
### FY 2019-20

**NOTE:** "Payout Policy (gross)" is really intended to be an across the board comparative, using the various policies and methods of the campus foundations and trying to normalize. The actual calculations differ between campus foundations. See comments for more specifics about nuance.

<table>
<thead>
<tr>
<th>Campus Foundation</th>
<th>Payout to Fundholder</th>
<th>Endowment Cost Recovery Fee</th>
<th>Add'l fees</th>
<th>Total</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Irvine</td>
<td>4.50%</td>
<td>0.50%</td>
<td></td>
<td>5.00%</td>
<td>Payout calc is on a 36 month average.</td>
</tr>
<tr>
<td>Berkeley</td>
<td>4.00%</td>
<td>0.80%</td>
<td></td>
<td>4.80%</td>
<td>Payout calc is 4.10% PLUS ECR using a twenty quarter averaging method beginning in FY18/19.</td>
</tr>
<tr>
<td>UC Regents GEP</td>
<td>4.20%</td>
<td>0.55%</td>
<td></td>
<td>4.75%</td>
<td>Payout calc using a 60 month avg.</td>
</tr>
<tr>
<td>Merced</td>
<td>4.20%</td>
<td>0.55%</td>
<td></td>
<td>4.75%</td>
<td>Payout calc using a 60 month avg.</td>
</tr>
<tr>
<td>San Diego</td>
<td>4.20%</td>
<td>0.55%</td>
<td></td>
<td>4.75%</td>
<td>Payout calc using a 60 month avg.</td>
</tr>
<tr>
<td>San Francisco</td>
<td>4.35%</td>
<td>0.40%</td>
<td></td>
<td>4.75%</td>
<td>Payout calc is on a 36 month average with upper and lower cap.</td>
</tr>
<tr>
<td>Santa Cruz</td>
<td>4.20%</td>
<td>0.55%</td>
<td></td>
<td>4.75%</td>
<td>The ECR rate of 0.55% is currently under review. Payout calc is on a three year avg.</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>4.25%</td>
<td>0.44%</td>
<td></td>
<td>4.69%</td>
<td>Payout rate is 4.25% calc using a twelve quarter averaging method. ECR of .44% is estimated, as it is not calculated or deducted as a part of payout, but rather is infrastructure fee, and ECRF calculated based on the 60 month market average. Net payout to benefitting unit is 4.0%</td>
</tr>
<tr>
<td>Davis</td>
<td>4.00%</td>
<td>0.25%</td>
<td>approx 0.25% (6% on adjusted payout)</td>
<td>4.50%</td>
<td>Payout, infrastructure fee, and ECRF calculated based on the 60 month market average.</td>
</tr>
<tr>
<td>Santa Barbara</td>
<td>4.00%</td>
<td>0.50%</td>
<td></td>
<td>4.50%</td>
<td>Payout policy moved to 4.00% to fund holder PLUS ECR of 0.50% for FY 18-19. Payout calc using a 60 month avg.</td>
</tr>
<tr>
<td>Riverside</td>
<td>3.50%</td>
<td>0.50%</td>
<td></td>
<td>4.00%</td>
<td>Payout calc using a 84 month avg.</td>
</tr>
</tbody>
</table>

**ALL Average**

| Campus Fdn AVERAGE | 4.13% | 0.51% | 4.66% |

**NACUBO Study 2018 Avg policy rate**

1 NACUBO Study 2018 Avg policy rate

| NACUBO Study 2018 Avg policy rate | 4.40% |

2 NACUBO Study 2018 Avg effective rate

| NACUBO Study 2018 Avg effective rate | 4.70% |

3 The 2018 NACUBO-TIAA Study did not disclose the average policy spending rate, but did state that 75% of respondents compute their spending by applying their policy rate to a moving average of endowment value.

4 NACUBO Endowment Study 2017 noted that 77% of study participants compute their spending by applying their policy rate to a moving average of endowment value and that the average policy rate was 4.7%.
I. Fiscal Year 2019/20 UCR Foundation Operating Budget-to-Actual as of March 31, 2020

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

- Fiscal Year 2019/20 UCR Foundation operating expenditures as of March 31, 2020 totaled $211,293 (66% of approved operating budget)

Expenditure Summary Information:

- Fiscal Year 2019/20 expenditures as of March 31, 2020 included:
  
  o Other Expenses\(^1\) $105,357
  o Accounting Tech Improvements & Maintenance $33,582
  o Board & Committee Meetings/Board Events $22,086
  o Bank/Credit Card Fees $22,111
  o Tax Preparation Fees $15,500
  o Clearwater Analytics $11,765
  o Office Expenditures $892

\(^1\) $100K contribution for bond measure included in this category.
University of California Riverside Foundation
Nominations Committee Meeting Minutes
February 12, 2020
Hinderaker Hall 4127

Trustees participating: Eddie Allen (via teleconference), Susan Atherton (via teleconference), Brian Hawley, S. Sue Johnson, Walter “Buzz” Stewart, Ron Stovitz (Chair), Kim Wilcox, Kathy Wright

Absent: Darin Anderson, David Tsai

Staff present: Sharilyn Berry, Peter Hayashida, Marie Schultz

Nominations Committee Chair Ron Stovitz called the meeting to order at 10:05 p.m. Roll call was taken.

Approval of Minutes
On the motion and unanimous vote, the Nominations Committee minutes of November 5, 2019 were approved.

Review Trustee Expectations
The committee reviewed the current Board of Trustees Expectations document and recommended to change the first sentence to “During The Campaign for UC Riverside, each trustee is expected to contribute a major gift” to “Each trustee is expected to contribute a major gift”. There was a discussion surrounding the clarity of the document.

On the motion and unanimous vote, the Nominations Committee approves and recommends to the UCR Foundation Board of Trustees to change the first sentence under Major Gifts from “During The Campaign for UC Riverside, each trustee is expected to contribute a major gift” to “Each trustee is expected to contribute a major gift”.

Review of Trustee Board Matrix
The committee reviewed the board matrix diversity noting that the board needs to better reflect the diversity in the community.

Review of Trustee Terms and Recommendation for Renewal
The terms of 13 Trustees whose terms expire on June 30, 2020 and are eligible for continued service were reviewed. Review criteria focused on these aspects of the Trustee Expectations document: meeting attendance, participation, annual giving, and major gift/campaign giving. Two Trustees are ineligible to continue service due to term limits as prescribed in the Foundation bylaws. Two Trustees are eligible to continue service because of continued committee chair service, but one has asked to step down this year after four two-year terms.

On the motion and unanimous vote, 13 eligible Trustees will be invited to serve a new, two-year term, beginning on July 1, 2020 and ending on June 30, 2022.
Consideration of Trustees for Emeritus Status
Nominations Chair Ron Stovitz recused himself for this discussion, and UCRF Board Chair Susan Atherton lead the discussion on Emeritus status. The criteria for approving Emeriti Trustees, as outlined in Article III, Section 1.c. of the UCRF Bylaws (see below), was reviewed. This status should be a beacon that other Trustees aspire to reach, as well as a thank you. There was a discussion about further clarifying the criteria. Two current Trustees whose terms expire on June 30, 2020, Rochelle Campbell and Ron Stovitz, were recommended for approval as Emeriti Trustees.

Trustee Emeritus Criteria
Per Article III, Section 1.c of the UCRF Foundation bylaws requirements for Trustees Emeriti are as follows:

- Trustee Emeritus is an honorary status conferred on a Trustee through the Executive Committee and approved by the full Board.

- Trustees Emeriti are those Trustees who because of circumstances are no longer able to serve, but whose contributions over time have been profound in terms of service, philanthropy, and dedication to UCR’s mission.

- The term of office for a Trustee Emeritus shall be for life, unless revoked by the Board.

- Trustee Emeritus shall receive notification of all general meetings and events, but not Executive Committee meetings.

- They shall not have the right to vote, to be counted towards a quorum, or to hold elective office on the Board.

On the motion and unanimous vote, the Nominations Committee approves and recommends to the UCR Foundation Board of Trustees Rochelle Campbell and Ron Stovitz to Emeritus Trustee status.

Recommendation of 2020-2022 Nominees
Eleven new nominees were reviewed and considered. After discussion, all were approved for inclusion on the slate of nominees to be voted on at the May 13, 2020 Board of Trustees meeting.

The committee discussed and decided who would be assigned phone calls to current Trustees and new nominees.

On the motion and unanimous vote, the Nominations Committee approves and recommends electing all eleven nominees to the UCR Foundation Board of Trustees at the May 13, 2020 meeting.

The meeting was adjourned at 11:30 a.m.