

SONOMA STATE UNIVERSITY

Academic Foundation, Inc.

Board of Director's Meeting

Tuesday June 3, 2003

Agenda Item II - Approval of March 4, 2003 Minutes

I. Call to Order. Dr. Ruben Armiñana Board Chair, determined that a quorum was present (refer to Record of Attendance for March 4, 2003). The Board Chair made the following general comments:

- ❖ GMC Status and Update – an overview of the GMC project was provided. SSUAF, SSU, and the CSU were actively engaged in development activities, construction planning, and financing activities.
 - ✓ Phase I of the project had been advertised with an open date of April 8, 2003.
 - ✓ Richard Hiscocks, from the firm of Orrick, Harrington & Sutcliffe LLP has been retained as bond counsel for tax –exempt financing to be secured by letters of credit securing the pledges of donors.
 - ✓ Linda Kachiu, from the firm of Zainer Rhinehart Clarke has been retained for advice and guidance for accounting treatment and reporting and tax consequences and requirements.
 - ✓ A RFP for Finance Underwriting services is in process.
- ❖ FY 2003/04 State Budget - CSU is anticipating a 10% reduction approximating \$7 million less a provision for enrollment growth and state university fee increases.
 - ✓ SSU is anticipating increasing enrollment by approximately 500 full-time equivalent students in FY 2003/04.
 - ✓ A very high degree of uncertainty surrounds the FY 2003/04 budget process. A distinct probability of additional reductions exists.
- ❖ Construction Update
 - ✓ Beaujolais Village – Phase I, with each unit consisting of 3 to 4 bedrooms with an individual bathroom is nearing completion. It is anticipated that 300 units will be ready for Fall-2003.

APPROVED, ITEM II, SSUAF BOD'S June 3, 2003 MEETING

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- ✓ Recreation Center is underway and targeted for completion in 18 months.
- ✓ Darwin Hall Renovation is in the planning stage with actual work anticipated to begin in one year.
- ✓ Beaujolais Village – Phase II planning is underway for an additional 700 units.

II. Old Business

- A. Approval of the December 3, 2002 Board Minutes was given without correction.

III. Action Items – None Presented

IV. Development Report.

- A. Byron Blois was introduced as the newest member of the SSU Development Office. Bryon is primarily responsible for the Green Music Festival, sponsorships, and assisting the Schools of Social Sciences, Arts and Humanities, Business and Economics, and the Enrollment and Student Academic Services.
- B. Betty Perez and Kathy Goodacre were introduced. They have been retained to assist in the activities associated with the development and implementation of an annual fund drive.

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V. Finance Committee Report

A. Committee Report for March 4, 2003. Agenda item V.A was reviewed with the Board, which included significant actions taken by committee. The committee's minutes of January 28, 2003 was included. Significant issues discussed included:

1. Continuing negative annual rate of return on investments.
Principle cause being the dramatic loss of market value of invested securities, primarily stocks.
2. No endowment income distribution for FY 2003/04.
 - ✓ \$647k projected deficit of income distributed in excess of earnings at June 30, 2003
 - ✓ FY 2002/03 revised earnings projection at \$746k vs original of \$1,004k
 - ✓ FY 2003/04 projected earnings of \$711K
 - ✓ FY 2003/04 policy income distribution projected at \$840k
 - ✓ \$776k projected deficit at June 30, 2004 if policy not suspended.

B. December 31, 2002 Financial Statements. Letitia Coate discussed the reformatted design of the interim quarterly financial statements.

The new format is a result of adoption of new generally accepted accounting principles and the implementation of the CSU CMS Finance system.

Respectfully submitted,

Steve Wilson
Vice President/Chief Operating Officer

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