



SONOMA STATE UNIVERSITY
Academic Foundation, Inc.

Board of Directors Meeting
Tuesday, March 8, 2005
Agenda Item II A. Approval of March 8, 2005 Minutes

MINUTES – March 8, 2005

- I. Call to order. Mr. Stuart Jones, Board President, determined that a quorum was present (refer to Record of Attendance for March 8, 2005).
- ❖ University Update. President Ruben Armiñana provided the following comments:
 - SSU is in the middle of the Western Association of Schools and Colleges (WASC) accreditation and the California Commission on Teacher Credentialing (CCTC) accreditation. Team members are not only looking at teaching and provided services, but also outcomes and educational impacts.
 - This has been a difficult year financially. There has been a significant General Fund budget reduction, and enrollment also has been reduced as a consequence. Next year the CSU will be operating within the compact with the Governor, which stipulates that enrollment targets are to increase by 2.5%. Budgets will be increased accordingly. The Chancellor's Office will be practicing enrollment differentiation which will mean that the enrollment at the Sonoma campus will be increasing at a faster rate than other campuses over the next ten years. Most of the new students will come from the southern part of the State, therefore housing will be critical. Classroom space and other facilities will also be critical supply.

- II. Old Business – Board Vice President
December 7, 2004 and January 7, 2005 Board Minutes approved as submitted.

III. Action Items

- A. Use of Nichols Charitable Remainder Trust, Remainder Interest. Louise N. Castle, beneficiary of the Ambrose and Barbara Nichols Charitable Remainder Trust recently passed away. The Trust directs that upon the death of Louise Castle, the Trustee shall distribute all of the principal and income of the trust estate to the Sonoma State University Academic Foundation, Inc. The Foundation Finance Committee recommends to the Board of Directors that the remainder interest be transferred to the Sonoma State University Academic Foundation General Fund and that the budget for the President's Discretionary fund be increased by such amount. The distribution will be \$14,841.94.

Motion: Approve Finance Committee recommendation to transfer Nichols Trust, remainder interest to SSUAF General Fund and increase the President's discretionary budget.

Action: Motion was accepted, seconded and passed unanimously.

- B. Resolution to Establish Audit Committee. The Nonprofit Integrity Act of 2004, which became effective January 1, 2005 amends Section 12586 of the California Government Code to require certain nonprofit corporations to establish an audit committee. It has been determined that the SSUAF is a nonprofit corporation required to establish an audit committee.

Motion: Approve the Resolution to establish an audit committee.

Action: Motion was accepted, seconded and passed unanimously.

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- C. Amend Bylaws for Number of Directors and Quorum. The President, Chief Operation Officer and Chief Financial Officer in consultation with Corporate counsel, recommended that the Bylaws, Article II, Section 1.a be amended. The revised paragraph reads as follows: “The corporate powers of this corporation shall be vested in a Board comprised of directors from the categories listed below, and a quorum for the transaction of business shall require the presence of at least forty percent, but not less than nine of the total number of duly-appointed directors, except that the directors present at a duly called and held meeting at which a quorum is initially present may continue to do business notwithstanding the loss of a quorum at the meeting due to a withdrawal of directors from the meeting provided that any action thereafter taken must be approved by at least a majority of the required quorum for such meeting or such greater percentage as may be required by law, or the Articles of Incorporation or Bylaws of this Corporation.

Effective March 8, 2005

Motion: Approve the above amendment to the Bylaws, Article II, Section 1.a.

Action: Motion was accepted, seconded and passed unanimously.

- D. Phase out First Trust Deeds. The Chief Operating Officer and the Finance Committee discussed notes secured by First Trust Deeds, a current investment vehicle for SSUAF. In order to perform appropriate review of such investments, it was determined that the SSUAF may need additional staff with said expertise. An alternative would be to phase out these loans and replace them with other types of investments, maintaining a comparable return. The Finance Committee recommended that notes secured by First Trust Deed be phased out. Several Board members were of the belief that these investments should not be phased out but more due diligence should be performed. President Armiñana requested that the Finance Committee

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review the policy again with consideration given to comments made by the Board of Directors.

- IV. Vice President/Chief Operating Officer Report. Larry Schlereth informed the Board that there are a number of small pledges related to the Green Music Center construction project that total \$2.8 million. Rather than borrow from the external market, the plan is to borrow from the endowment using funds that would normally be invested with the Common Fund. The interest rate would be the equivalent rate that would have been earned at the Common Fund. Duration of the loan will be four years or less.

Schlereth also informed the Board that this summer the University Grants and Contracts fund will be in need of a loan valued at approximately \$5 million for working capital. The majority of the contracts are with the State of California and reimbursement is paid after the work has been completed thus causing the negative cash flow. Since chance of sponsor default is unlikely, the \$5m deposit to the University Trust fund is therefore very secure.

Respectfully submitted,

Letitia Coate
Chief Financial Officer

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Record of Attendance
 March 8, 2005

		First	Last	In Attendance
1	Dr.	Ruben	Armiñana	Present
2	Mr.	Stuart	Jones	Present
3	Mr.	Laurence	Furukawa-Schlereth	Present
4	Ms.	Letitia	Coate	Present
6	Ms.	Jeannette	Anglin	Present
7	Mr.	Herm	Benedetti	Present
8	Mr.	Sanford	Bressick	Absent
9	Dr.	Jean Bee	Chan	Present
10	Ms.	Anita	Christmas	Present
11	Mr.	John	Comfort	Absent
12	Ms.	Debra	Condiotti	Present
13	Dr.	Katharyn	Crabbe	Present
14	Dr.	Carmen	Finley	Absent
15	Mr.	Tom	Gillespie	Absent
16	Dr.	Alan	Johnson	Absent
17	Ms.	Barbara	Kohler	Present
18	Mr.	Dan	Lanahan	Present
19	Mr.	Dan	Libarle	Absent
20	Ms.	Anne	Lieberman	Present
21	Dr.	Wallace	Lowry	Present
22	Ms.	Delphine	Newman	Present
23	Mr.	Randy	Pennington	Present
24	Mr.	Jim	Perez	Absent
25	Ms.	Beth	Robertson	Present
26	Dr.	James	Robertson	Present
27	Mr.	Rick	Rosa	Absent
28	Mr.	Irwin S.	Rothenberg	Present
29	Dr.	Robert	Schultz	Present
30	Mr.	Michael	Sullivan	Absent
31	Mr.	Michael	Troy	Absent

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Members Present	19	
Members Absent	11	
Board Quorum	12	Article II, Section 1(a), Bylaws

Guests:

Dr. Eduardo Ochoa, SSU Provost/Vice President for Academic Affairs
Ms. Judy Aquiline, Development Director
Ms. Robin Draper, Development Director
Mr. Bill Ingels, University Treasurer
Mr. Mark Spaulding, Development Director
Mr. Richard Ludmerer, Risk Management Director
Dr. Anthony Apolloni, Director, CHIS
Ms. Katrina Franco, Administrative Asst., Development Office

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