



# SONOMA STATE UNIVERSITY Academic Foundation, Inc.

Board of Director's Meeting

## MINUTES – March 16, 2007

- I. Call to order. Dr. Armiñana determined that a quorum was present (refer to Record of Attendance for March 16, 2007).
- ❖ Approval of the December 13, 2006 Board Minutes
    - Approved unanimously.
  - ❖ University Update. Dr. Armiñana provided the following comments:
    - A recently published newspaper article and another to be released shortly both focus on the progress of the GMC related to costs and other items. (*see Press Democrat articles “Concert hall takes shape” from 3-11-07 & “The cost of culture” from 3-19-07*)
    - A study completed by the Chancellor’s Office for the period of 2002 through 2006 provided that the average cost per CSU project has increased 76% due to construction costs.
      - Dr. Robert Schulz added that he has experienced hospital construction costs increase about 40% over two and a half years.
      - Dr. Armiñana added that there is no indication that these construction costs will be coming down.
    - This is the last meeting that Ms. Betsy Thompson, student representative of the Board, will be attending as she will be graduating this May. Dr. Armiñana thanked her for serving on the Board.

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### II. Development Report

- ❖ Mr. Bucky Peterson discussed the following items:
  - The Development Office now has a full team with the addition of Sarah Charukesnant - Associate Director of Development and Michelle Covington - Administrative Assistant to the Vice President.
    - Development now has staff to manage the annual fund, which will impact and support Academics.
  - Union Pacific has donated new rails for the SSU Holocaust Genocide Memorial Grove.
  - Mr. Joe Valentine provided an update on the progress of the GMC Finale Capital Campaign:
    - \$700,000 in new dollars have been received since the finale was initiated and the committee is hopeful for another \$1M to be received soon.
    - The campaign is currently in the development, cultivation, and planning activity stage.
    - Dean Barbara Butler has set aside a room in the Schulz Information Center, dedicated to the work of the Finale committee.
  - Ms. Robin Draper mentioned that a retired faculty member provided \$100,000 in an endowed scholarship for an international student in Economics. This gift was cultivated by Dr. Rob Eyler, Chair of the Department of Economics.
    - Dr. Jim Robertson mentioned that it is important this gift will be going to the Economics department, in recognition of the quality of this program, because much of the attention often comes to the Department of Business.
  - Osher Endowment – SSU Lifelong Learning Institute is raising about \$100,000 annually from students and donors. 1,500 students are funded annually. The first \$1M was raised about four years ago.
    - Mr. Ed Stolman was successful in cultivating another \$1M from the Bernard Osher Foundation.
  - Ms. Draper thanked Mr. Michael Troy for his volunteered time in support of the GMC.
  - Mr. Peterson stated that a national fundraising firm would be hired to raise the next \$22M, for additional philanthropic support, and for community support.

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- An action item related to this topic will be reviewed later in the Agenda.

### III. Chief Operating Officer's Report

- ❖ Vice President Schlereth discussed the following items:
  - An Auxilliary compliance audit (FISMA Audit) is conducted every three years on each of the SSU Auxiliary corporations by the CSU Trustees Audit Staff.
  - The Audit of the Foundation was recently conducted and once available, the results will be provided to Mr. Lanahan (Chair, SSUAF Audit Committee).
    - A copy of this audit report with recommendations and campus responses will be brought to the next Board meeting.
    - Mr. Schlereth mentioned that he does not expect anything negative or of great significance to come out of the recommendations.
  - The SSUAF owned Townhomes:
    - Current rental price may be too high, causing vacancies.
    - Rental prices are currently set by Finance Committee so as not to provide a taxable event but offering a lower price and thus resulting in a taxable event to incoming professors might be an advantage to both the Foundation and the faculty member.
    - Proposal to be brought to Finance Committee for revenue neutral option of lowering the rent but increasing the occupancy.
    - Ms. Beth Robinson added that the rental prices are IRS driven in the sense that under market rental prices are not offered or the Foundation would have to issue a document to the professor to declare a specific amount as taxable income.
  - The 5% re-investment fee for the on-going functioning of Development was approved during the 11/29/05 Board Meeting.
    - This topic will be an agenda item at the next Finance Committee meeting, relating to the interpretation of scholarships and endowments directed for scholarships.

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- A recommendation will be brought to the June Board meeting for the Endowment distribution as recommended by the Finance Committee.

### IV. Chief Financial Officer's Report

- ❖ Ms. Letitia Coate was not present at this meeting. Mr. Schlereth combined the CFO and COO reports in the items described above.

### V. Results of 2006 NACUBO Endowment Study

(See March 16, 2007 Agenda packet for this document)

- ❖ Schlereth introduced Ian Hannah, to provide a presentation on results of the 2006 NACUBO study.
  - Mr. Hannah stated that SSU has participated in the annual National Association of College and University Business Officers (NACUBO) Endowment Study for two consecutive years now. With additional guidance over reporting standards this year by both NACUBO and the CSU, the 2006 survey should represent more accurate and comparable data between participants than in prior years.
  - Mr. Hannah provided a PowerPoint presentation, highlighting the main results of the 2006 survey.
    - 765 participants total, including all 23 CSU campuses as well as the Chancellor's Office.
    - The data provided a comparison of the SSU Endowment Pool to the results of the other CSU campuses and the average survey participant, as of 6/30/06.
      - SSU's endowment market value of \$31.3M is 8<sup>th</sup> largest amongst CSU campuses.
    - Discussed topics include: investment pool asset ranges, endowment performance, and asset allocations.
      - SSU's endowment investment return of 10.02% outperformed the average return of 9.3% for NACUBO participants and 8.6% for CSU campuses of similar asset size (\$25 M to \$50 M).
    - Mr. Schlereth added that the Investment Policy brought forth by the Finance Committee and approved by the

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Board seems to be working as the Endowment returns are outperforming their benchmarks.

- Dr. Armiñana mentioned that one of the items the CSU is going forward with is bringing together the smaller CSU campus endowments into one pool because as shown in the presentation, the larger endowment funds were able to produce higher returns.

### VI. Action Items – Chief Financial Officer

(See March 16, 2007 Agenda packet for these documents)

#### ❖ Approval of SSUAF Policy 00-02 – Expenditures for Discretionary and Public Relations

- Mr. Schlereth thanked Ms. Delphine Newman for bringing this item to the attention of the Board.
- This policy looks at the use of discretionary funds of the Foundation with exception of the Scholarship Fund, the Endowment Fund, and the Fiduciary Trust Fund and also ensures compliance with this policy by providing review by the Compliance Review Committee.
  - Ms. Newman, Chair of this committee, reviews these discretionary funds in addition to endowment fund expenditures and reports annually to the Board.
- Revisions were made during the 1/30/07 Finance Committee Meeting and the policy now comes recommended for approval by the Board.
- Mr. Schlereth described that funds affected by this policy are monies specifically allocated by donors for discretionary purposes.

Motion: Approve revised Policy 00-02 – Expenditures for Discretionary and Public Relations.

Action: Unanimously approved.

#### ❖ Approval of amendment to GMC pledge agreements

- The GMC Finale Capital Campaign is looking for support from a national fundraising firm.

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- The GMC pledge agreements need to be amended to allow for compensation to the Fundraisers.
  - This particularly relates to section (dd) in the agreement.
- In addition, the language in the RFP proposals from the interested fundraising firms could possibly change the language of the pledge agreements.
- Ms. Beth Robertson recommended tabling the document and Mr. Schlereth declared that he would re-convene the Executive Committee of the Board for approval of the revised document.

Motion: Approval of amendment to GMC pledge agreements.

Action: Deferred to the Executive Committee of the Board to convene and approve the amendment.

Meeting adjourned at 1:55 p.m.

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Letitia Coate  
Secretary/Chief Financial Officer

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*Minutes Prepared by*  
Ian Hannah  
Management Trainee,  
Administration & Finance, SSU

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**Record of Attendance**  
March 16, 2007

|           |            | <b>First</b>     | <b>Last</b>               | <b>In Attendance</b>   |
|-----------|------------|------------------|---------------------------|------------------------|
| <b>1</b>  | <b>Dr.</b> | <b>Ruben</b>     | <b>Armiñana</b>           | <b>Present</b>         |
| <b>2</b>  | <b>Mr.</b> | <b>Bucky</b>     | <b>Peterson</b>           | <b>Present</b>         |
| <b>3</b>  | <b>Mr.</b> | <b>Laurence</b>  | <b>Furukawa-Schlereth</b> | <b>Present</b>         |
| <b>4</b>  | <b>Ms.</b> | <b>Letitia</b>   | <b>Coate</b>              | Absent                 |
| <b>5</b>  | <b>Ms.</b> | <b>Jeannette</b> | <b>Anglin</b>             | <b>Present</b>         |
| <b>6</b>  | <b>Mr.</b> | <b>Herm</b>      | <b>Benedetti</b>          | Absent                 |
| <b>7</b>  | <b>Mr.</b> | <b>Sanford</b>   | <b>Bressick</b>           | Absent                 |
| <b>8</b>  | <b>Dr.</b> | <b>Barbara</b>   | <b>Butler</b>             | <b>Present</b>         |
| <b>9</b>  | <b>Dr.</b> | <b>Jean Bee</b>  | <b>Chan</b>               | <b>Present</b>         |
| <b>10</b> | <b>Ms.</b> | <b>Anita</b>     | <b>Christmas</b>          | <b>Present</b>         |
| <b>11</b> | <b>Mr.</b> | <b>John</b>      | <b>Comfort</b>            | Absent                 |
| <b>12</b> | <b>Dr.</b> | <b>Katharyn</b>  | <b>Crabbe</b>             | Absent                 |
| <b>13</b> | <b>Dr.</b> | <b>Carmen</b>    | <b>Finley</b>             | <b>Present</b>         |
| <b>14</b> | <b>Mr.</b> | <b>Tom</b>       | <b>Gillespie</b>          | <b>Present (tele.)</b> |
| <b>15</b> | <b>Dr.</b> | <b>Alan</b>      | <b>Johnson</b>            | <b>Present</b>         |
| <b>16</b> | <b>Mr.</b> | <b>Dan</b>       | <b>Lanahan</b>            | Absent                 |
| <b>17</b> | <b>Mr.</b> | <b>Dan</b>       | <b>Libarle</b>            | <b>Present</b>         |
| <b>18</b> | <b>Dr.</b> | <b>Wallace</b>   | <b>Lowry</b>              | <b>Present</b>         |
| <b>19</b> | <b>Dr.</b> | <b>Andrea</b>    | <b>Neves</b>              | <b>Present</b>         |
| <b>20</b> | <b>Ms.</b> | <b>Delphine</b>  | <b>Newman</b>             | <b>Present</b>         |
| <b>21</b> | <b>Dr.</b> | <b>Eduardo</b>   | <b>Ochoa</b>              | <b>Present</b>         |
| <b>22</b> | <b>Mr.</b> | <b>Randy</b>     | <b>Pennington</b>         | Absent                 |
| <b>23</b> | <b>Mr.</b> | <b>Jim</b>       | <b>Perez</b>              | Absent                 |
| <b>24</b> | <b>Ms.</b> | <b>Beth</b>      | <b>Robertson</b>          | <b>Present</b>         |
| <b>25</b> | <b>Dr.</b> | <b>James</b>     | <b>Robertson</b>          | <b>Present</b>         |
| <b>26</b> | <b>Mr.</b> | <b>Rick</b>      | <b>Rosa</b>               | Absent                 |
| <b>27</b> | <b>Mr.</b> | <b>Irwin S.</b>  | <b>Rothenberg</b>         | <b>Present</b>         |
| <b>28</b> | <b>Dr.</b> | <b>Robert</b>    | <b>Schultz</b>            | <b>Present</b>         |
| <b>29</b> | <b>Mr.</b> | <b>Michael</b>   | <b>Sullivan</b>           | <b>Present</b>         |
| <b>30</b> | <b>Dr.</b> | <b>Liz</b>       | <b>Thach</b>              | <b>Present</b>         |
| <b>31</b> | <b>Ms.</b> | <b>Betsy</b>     | <b>Thompson</b>           | <b>Present</b>         |
| <b>32</b> | <b>Mr.</b> | <b>Michael</b>   | <b>Troy</b>               | <b>Present</b>         |

## Board of Director's Meeting

|                 |    |   |
|-----------------|----|---|
| Members Present | 23 |   |
| Members Absent  | 9  |   |
| Board Quorum    | 13 | <i>Article II, Section 1(a), Bylaws</i> |

### Staff/Guests Present:

Ms. Robin Draper – Associate Vice President of Development, SSU

Mr. William Ingels – University Treasurer, SSU

Mr. Ian Hannah – Management Trainee, Administration & Finance, SSU

Ms. Kristin Berger – Development Director, SSU

Mr. Joe Valentine – Campaign Director, SSU