



# SONOMA STATE UNIVERSITY Academic Foundation, Inc.

Board of Director's Meeting

## MINUTES – June 19, 2009

### Call to order.

Ruben Armiñana determined that a quorum was present and opened the meeting.  
(Refer to Record of Attendance for June 19, 2009)

- ❖ Approval of the March 6, 2009 Board Minutes:
  - Approved unanimously.
  
- ❖ New Board Members:
  - Armiñana welcomed Sam Brown as a new community representative to the Board. Brown is currently Executive Vice President at Exchange Bank and also serves on the Santa Rosa Symphony Board of Directors. Stephanie Norris and Nick Curry were also welcomed as new student representatives to the Board.

### University President's Report

Armiñana discussed the status of the CSU budget and the outlook for the 09/10 fiscal year budget of the University.

- ❖ The CSU is currently facing a budget reduction for 09/10 of \$584M and this figure could get worse.
  - SSU's share of this cut is approximately \$14M, when mandatory costs are included.
  - Due to the magnitude of the cut, local solutions alone will not be enough to manage the reduction and thus CSU system-wide solutions will be utilized. The following initiatives are being explored as possibilities:
    - Furloughs for CSU workers (2 days a month) but this will depend on the willingness of the various unions.
    - Additional student fee increases, depending on actions taken by CSU Board of Trustees.
    - Reduction in enrollment of approximately 10% across the CSU system.
    - No admissions during the Spring semester, which would have an impact on community colleges.
  
- ❖ SSUAF is also facing issues associated with the economic downturn.



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- Fundraising has become more difficult in recent times and pledges made by certain individuals cannot be fulfilled at this time.
- ❖ Status of the Green Music Center
  - Chairs for the Concert Hall should be out to bid sometime during the summer as funding is still expected to come from CSU capital outlay funds for this purpose.

### Vice President for University Development's Report

(See June 19, 2009 Agenda packet for these documents)

Patricia McNeill referenced a sheet providing a report on fundraising efforts for the last 11 months (as of 5/31/09). During this period the Foundation brought in less than half the value of gifts (includes cash, pledges, deferred and endowed) that had been raised over the same period a year earlier. This decline can be attributed to a drop in gifts made to the GMC since the amount raised in all other areas of the campus has actually increased from the prior year. This suggests a broadening of support by donors to other programs.

McNeill discussed details related to the GMC. There are at least 2 to 3 tours provided every week and now some tour guests have the opportunity to benefit from musical demonstrations in the Concert Hall. These are performed by the Chair of the Music Department at SSU, who is also a clarinet player in the SRJC Symphony. Word has been spreading, related to the acoustic abilities of the Concert Hall and now the Santa Francisco Symphony has expressed increased interest in the facility. Naming opportunities still exist for naming the Concert Hall (\$7M) and the Education Building (\$5M). The Development Office is looking to extend the base of donors.

Osher Lifelong Learning Institute (OLLI) opened a branch in Sonoma and the University is looking to engage these folks with the campus. Armiñana added that San Jose State University recently announced they would be closing down their OLLI program.

### Chief Operating/Financial Officer's Report

(See June 19, 2009 Agenda packet for these documents)



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### Senate Bill 218

Larry Schlereth commented that this proposed legislation would bring all the CSU Auxiliaries under the California Public Records Act (CPRA). The concern is confidentiality with donors to the Foundation who request anonymity but exceptions are currently being proposed that are auxiliary specific, relating to philanthropic organizations.

### Thorsson note – paid off

Schlereth informed the Board that the Thorsson note secured by deed of trust of approximately \$350,000 was paid in full in April 2009.

### SSUAF 403(b) Plan

Schlereth mentioned that the Foundation no longer has any employees. For this reason, the possibility had been explored of terminating the Foundation's 403(b) plan. However, through consultation with an attorney, it was determined that the plan cannot be terminated at this time. The Foundation will continue to maintain the current 403(b) plan until participant money withdrawn.

### Status of 2007/08 External Audit Observations

Schlereth referenced a letter which provided the status of the prior year external auditor observations. Only one observation was made in 07/08 and a solution has been implemented in order to meet the auditor's expectations.

### Status of Endowment Investments with Commonfund

Schlereth turned to Ian Hannah to explain the current performance status of the pooled endowment assets invested with the Commonfund. Hannah referenced a sheet outlining the endowment investment returns with the Commonfund. As of 5/31/09, fiscal year-to-date returns (net of fees) for both the pooled endowment and the OLLI endowment were approximately -21% and -15% respectively. Although recent returns are far from ideal, the portfolio has been rebounding since hitting a low point in March.



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## 09/10 Pooled Endowment Distribution

Schlereth indicated that following discussion at the Finance Committee and in light of the fact that the pooled endowment is underwater, it may not be prudent for a distribution to be made from the pooled endowment in 2009/10. An attempt is being made to fund the 09/10 distribution from campus sources on behalf of the Foundation. However, due to the current condition and uncertainty of the State budget it is difficult to know what the financial condition of the University will be once the State budget is signed. Schlereth added that he has been meeting with the various recipients of these endowed funds in order to determine the minimum amount needed in 09/10 to sustain the programs and scholarships that these funds support. Schlereth indicated that scholarship programs would not be affected in 09/10 since these funds were set aside in the prior year and all will be committed and funded. Discussion of this item will be continued at the next Board meeting.

## Action Items

(See June 19, 2009 Agenda packet for these documents)

## Expenditures for Discretionary and Public Relations Policy

Schlereth explained that the Policy on Expenditures for Discretionary and Public Relations is coming as a recommendation of the Finance Committee. This policy has not been changed since last approved but is to be reviewed every two years and thus has been brought to the Board for review and approval. No revisions or suggested changes were expressed by the Board.

Motion: Approval of Expenditures for Discretionary and Public Relations Policy

Action: Unanimously approved



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## Items for Gifting/Transferring to the University

Schlereth explained that the following items have been brought forward per recommendation of the Finance Committee for gifting or transferring to the University.

### **Grand Player Piano**

Schlereth explained that the Foundation was gifted a Weber Duo Art Grand Piano, valued at approximately \$25,000 back in 1999. It has remained on the Foundation's books since that time. Under further review, it has been determined that the purpose of this gift was for the benefit of the Music Department at SSU. It is not normally the case that the Foundation holds capital assets on its books. Schlereth noted that gifting this item to the University would also have the added benefit of adding a piece of instructional equipment to the balance sheet of the University. Item motioned, seconded and approved.

### **Portion of GMC Land**

Schlereth noted that a small parcel (less than 1 acre) of the remaining GMC site land owned by the Foundation will need to be transferred to the University. The GMC capital campaign would purchase this parcel (approximately \$25,000) and then transfer the land to the University. Hannah added that this parcel relates to a portion of the GMC Concert Hall stairwells on the East side of the complex which overlay onto the Foundation's land. Item motioned, seconded and approved.

### **Continuo Organ**

Schlereth provided detail on the gift of a Henk Klop continuo organ. This organ was purchased through contributions from two different families, both of whom have a long association with the SSU choral program. Approximately \$50,000 in donated funds was restricted for the purchase of this specific continuo organ to support the SSU Music Department's choral program. Item motioned, seconded and approved.

Motion: Approval of items for gifting/transferring to the University

Action: Unanimously approved



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Board of Director's Meeting

## Revised Investment Policy

Schlereth noted that a revised version of the SSUAF Investment Policy is per recommendation of the Finance Committee. A number of suggested changes include sections addressing the Uniform Prudent Management of Institutional Funds Act (UPMIFA), added sections per CSU guidelines on Auxiliary investment policies, and updates as a result of discussions with advisors at the Commonfund and with auditors at Moss Adams.

The main changes to the policy include the following:

- An opening paragraph to describe the purpose of the investment policy.
- More clearly defined roles and responsibilities of the Board of Directors as it relates to the investment policy.
- An additional section on relevant risks impacting the Foundation's investments.
- A more detailed explanation and investment guidelines of the Endowment Pool.
- Additional sections addressing UPMIFA provisions and its effects on the Foundation. This includes considerations of prudent investing, spending, and incurring of investment fees.
- Reference to peer benchmarking as an additional form of performance measurement, monitoring, and evaluation.
- A description of the process and rationale for determination of the appropriate asset allocation targets, ranges, and representative benchmarks of the Pooled Endowment Funds.
- More concise and understandable guidelines for the Charitable Remainder Trust (CRT) Pool.

Motion: Approval of Foundation Investment Policy as revised

Action: Unanimously approved (1 abstention by Wally Lowry)



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Board of Director's Meeting

## New Business

Following discussion of the pay off of the Thorsson note under the COO report, Schlerteth also informed the Board of a new development related to notes secured by deeds of trust. Clem Carinalli has two loans outstanding to the Foundation. One has a balance of \$1.25M and the other has a balance of \$232,500. Carinalli has informed the Foundation that he will no longer be able to make payments on the \$1.25M loan, which is secured by approximately 10 acres of land in Windsor.

The Finance committee met earlier today and plans to meet again next week in order to discuss and make a recommendation on the proper course of action on this issue. It may also be appropriate for the Executive Committee to meet in the near future, acting on behalf of the Board, should the Foundation need to act in an expeditious fashion. No objections were made to this idea.

Meeting adjourned at 2:00 p.m.

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*Minutes Approved by:*  
Letitia Coate  
*Chief Financial Officer, SSUAF*

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*Minutes Prepared by:*  
Ian Hannah  
*University Associate Treasurer, SSU*



**SONOMA STATE UNIVERSITY**  
**Academic Foundation, Inc.**

Board of Director's Meeting

Record of Attendance  
*June 19, 2009*

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



**SONOMA STATE UNIVERSITY**  
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Board of Director's Meeting

Members Present	25	
Members Absent	7	
Board Quorum	13	<i>Article II, Section 1(a), Bylaws</i>

Staff/Guests Present:

Mr. Ian Hannah – *University Associate Treasurer, SSU*

Mr. Bill Ingels – *University Treasurer, SSU*