



SONOMA STATE UNIVERSITY
Academic Foundation, Inc.
Board of Director's Meeting

MINUTES – June 25, 2010

- I. Call to order. President Armiñana determined that a quorum was present and opened the meeting at 12:15pm.
(Refer to Record of Attendance for June 25, 2010)

- ❖ Approval of the March 19, 2010 Board Minutes:
 - Approved unanimously.
- ❖ Armiñana introduced and welcomed Katie Robinson as a new member of the Board as a student representative.

II. Closed Session – Conference With Legal Counsel

The Board entered closed session with Olsan and Cooper (joining via telephone) at 12:40pm and adjourned at 1:00 pm.

III. University President's Report

Armiñana discussed the following items:

- ❖ Ochoa's last day at SSU is today. He was confirmed last week by the U.S. Senate as Assistant Secretary for Postsecondary Education, beginning July 1, 2010. Ochoa served SSU well over the last 7 years and will be retiring from the CSU system after over 25 years of service. The CSU Board of Trustees voted to increase student fees in the Fall semester by 5%.
- ❖ The Governor's current budget proposal calls for increasing the CSU budget nominally from the current year but it assumes revenue from a 10% student fee increase. This could mean that an additional fee increase could be required in the Spring semester. The proposal would allow the CSU to enroll additional students this year. Currently, demand by students is very high across SSU and the CSU system. SSU is in line to meet or exceed its Freshmen class target of 1,600 FTES for Fall 2010.
- ❖ Armiñana discussed CA Senate Bill 330, being introduced by Senator Leland Yee, which would have the effect of making all CSU Auxiliaries (including SSUAF) subject to the CA Public Records Act.



SONOMA STATE UNIVERSITY
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IV. Vice President for University Development's Report
(See June 25, 2010 Agenda packet for these documents)

Quarterly Development Report

McNeill provided and discussed a report summarizing philanthropic activity for the Foundation for FY 2009/10, as of 3/31/10. Gift receipts were displayed in four different ways, based on purpose, use, source and type. In general, philanthropic activity has declined and is reflective of the stagnation of the economy. McNeill noted that the figures reported are based on standards for philanthropic activity and thus are reported differently than in the CFO quarterly financial report, which is based on GAAP standards.

The majority of gifts, both in numbers and in dollars, went to campus programs and were donated primarily in the form of cash by either community members or Foundations and other organizations.

V. Chief Financial Officer's Report
(See June 25, 2010 Agenda packet for these documents)

Quarterly Financial Report

Coate presented a condensed report of the SSUAF financial statements as of 3/31/10. Total assets have grown by approximately \$3.4M since 6/30/09, primarily due to financial market fluctuations.

Status of Endowment Investments with Commonfund

The Foundation has a \$2.5M commitment to the Commonfund Realty Fund, which has taken repeated write-downs and is now on the verge of possible bankruptcy. Due to this event, the Finance Committee is re-evaluating the endowment's asset allocation, taking in to consideration the Foundation's investment return objectives. It was noted that the Committee has expressed a desire to better understand the underlying assets of the funds and how they are valued, as well as the level of illiquid investments to be used in the portfolio.

2009/10 FY Audit Update

Coate mentioned that the audit is moving along smoothly and the Audit Committee has already met with the auditors during the previous month.



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Board of Director's Meeting

VI. Chief Operating Officer's Report

2010/11 Pooled Endowment Distribution & SSE Scholarship Funding

Schlereth noted that this is the normal time of year for the Board to discuss the proper endowment distribution to be made for the subsequent year. The current Spending Policy for the Pooled Endowment is to annually distribute 4% of a 5 year rolling average of the endowment market value. This would equate to just over \$1M; approximately 30% of which would go to support scholarships and the other 70% to support various campus programs. However, with the endowment's market value at or below its' corpus value, a distribution would place it further underwater.

Schlereth noted that there are funds available within the University to provide financial support to the campus program and scholarship accounts in place of an endowment distribution. Schlereth explained that Sonoma State Enterprises (SSE) has recognized the difficulty of funding scholarships in the current market environment and has approved allocating funds for student scholarships in the 10/11 year. Therefore, this portion of the endowment distribution has an alternative funding source. In addition, there are sufficient funds available as a result of interest earnings on student fee revenue collected and deposited with the CSU System-wide Investment Fund-Trust (SWIFT) to be utilized to support the campus program funds which usually receive an endowment distribution.

Schlereth proposed to the Board that a distribution from the pooled endowment not be made in the 10/11 year in order to allow these funds to remain invested and recover from the financial downturn. It would then be expected that SSE funding would support scholarships and SWIFT earnings would support campus programs in 10/11. Schlereth added that there would be no requirement or liability to the Foundation to pay back these funds. The use of the funds is intended to remain the same; only the source would change.

Following discussion, action was motioned, seconded and unanimously approved to make no distribution from the Foundation Pooled Endowment in 10/11, with the understanding that SSE would be funding the scholarship portion and the University would fund the campus program portion which would normally receive support from the endowment distribution, in order to allow the financial markets to stabilize and not remove funds out of the Foundation at this time.

As a result of the Pooled Endowment distribution being suspended in 10/11, the accumulated ordinary income has been appropriated (made available for



SONOMA STATE UNIVERSITY
Academic Foundation, Inc.
Board of Director's Meeting

spending) but deferred as deemed prudent by the Board and is not to be treated as additions to the permanently restricted endowment balance.

Motion: Approval of no distribution from the pooled endowment for 10/11 per recommendation by the Finance Committee

Action: Unanimously Approved.

VII. Action Items

(See June 25, 2010 Agenda packet for these documents)

Approval of Revised 09/10 SSUAF General Fund Budget

Coate explained that the presented revised 09/10 operating budget for the Foundation comes as a Finance Committee Recommendation. Due to legal cost over-runs associated with recent events (the AG Audit and the Carinalli bankruptcy), a recommendation is being made to use an additional \$93,000 from a Foundation fund primarily consisting of unrestricted proceeds from the Moore Trust, in order for the fund balance to remain intact.

Motion: Approval of revised 09/10 SSUAF General Fund Budget

Action: Unanimously Approved.

VIII. New Business

Hannah noted that immediately following the meeting, a tour of the GMC Concert Hall has been arranged by Kevin Martin, GMC Facilities Director, for any interested Board members.

Minutes Approved by:
Letitia Coate
Chief Financial Officer, SSUAF

Minutes Prepared by:
Ian Hannah
Acting University Treasurer, SSU



SONOMA STATE UNIVERSITY
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 Board of Director's Meeting

Record of Attendance
 June 25, 2010

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

Members Present 24
 Members Absent 8
 Board Quorum 13 *Article II, Section 1(a), Bylaws*

Staff/Guests Present:

- Mr. Erik Greeny – *Associate Vice President for Development, SSU*
- Mr. Ian Hannah – *Acting University Treasurer, SSU*
- Mr. Jeremy Olsan – *SSUAF Counsel - Perry, Johnson, Anderson, Miller, & Moskowitz (via tele.)*
- Mr. Michael Cooper – *SSUAF Counsel - Wendel, Rosen, Black & Dean, LLP (via tele.)*
- Ms. Amanda Visser – *Deputy Controller for Auxiliaries, SSU*