



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

MINUTES – September 24, 2010

- I. Call to order. President Armiñana determined that a quorum was present and opened the meeting at 12:25pm.
(Refer to Record of Attendance for September 24, 2010)

- ❖ Approval of the June 25, 2010 Board Minutes:
 - A motion was made by Lanahan and seconded on behalf of the Audit Committee to add language as it relates to the Board's intent regarding the classification of ordinary income as a result of suspending the Pooled Endowment distribution. This item was brought to the Audit Committee's attention by Moss Adams in order to properly document the Board's intent. The revised minutes were unanimously approved as amended.
- ❖ Current Foundation Board and Committee Membership
 - An updated membership list for 2009/2010 was provided in the packet. Armiñana noted a few changes to the Board and Committee membership for the upcoming fiscal year.

II. Board Responsibilities/Conflict of Interest and Non-Profit Integrity Act

Jeremy Olsan presented and discussed his annual letter to the Board:

- ❖ The letter provides information to Board members regarding their legal responsibilities to the SSUAF, conflict of interest provisions, and the California Non-Profit Integrity Act.
- ❖ Olsan discussed the main responsibilities of a Foundation director:
 - Act in good faith.
 - Do not use the Foundation for own financial gain.
 - Exercise reasonable care in the conduct of Foundation Business.
 - Always follow fiduciary duties when making decisions.
 - Perform due diligence in assessing the reliability of officers and committee members.
 - To vote accordingly.
- ❖ The Education Code, Code of Regulations and Nonprofit Corporation Law set standards for legal responsibilities and stated duties.



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- Conflict of Interest – alert the Board of any decisions made by the Board of transactions personally affecting you as a member.
- Current law includes conditions, requirements, and exceptions as it relates to a conflict of interest transaction with an interested director (Board member).
- An additional section Olsan discussed this year is the duty to comply with investment standards.
- ❖ Details of the California Non Profit Integrity Act were also provided.
- ❖ This document is to be signed by all members and will be mailed out to all absent members for signature.

Armiñana added that a difficult area to cover is the *perception* of a conflict of interest in addition to an *actual* conflict of interest, which may violate the law. All must be cognizant of this difference as the *perception* of a conflict of interest can often cause just as much harm to the Foundation and its' reputation.

III. Closed Session – Conference With Legal Counsel

The Board entered closed session with Olsan for approximately half an hour to discuss litigation matters. All guests present we asked to leave the room. Open session resumed following the adjournment of closed session.

IV. University President's Report

Armiñana discussed the following items:

- ❖ 2010/11 State Budget
 - The State budget will likely go to the legislature sometime next week. It is not know yet what level of funding will pass for the CSU but it is the case that \$106M is to be provided to both the UC and CSU systems, representing the last of the Federal Stimulus funds and will allow additional students to be admitted. Applications are being accepted for the Spring semester but no students will be admitted until the budget is better known.
- ❖ CA Senate Bill 330
 - SB 330, authored by Senator Liland Yee, is currently on the Governor's desk to be signed. This bill allows for public disclosure of CSU and UC auxiliaries, making them susceptible to the Public Records Act. The Governor previously vetoed a similar bill (SB 218) under concern for



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donor anonymity but it is not yet known what action will be taken on this revised bill. The UC and CSU are in opposition to the bill for concern of negative unintended consequences passage of the bill could cause.

V. Vice President for University Development's Report

Item deferred due to time constraints.

VI. Chief Operating Officer and Chief Financial Officer's Report

Item deferred due to time constraints.

VII. Action Items

(See September 24, 2010 Agenda packet for these documents)

Approval of SSUAF Finance Committee Charter

Coate noted that the Finance Committee has been working on developing a Charter for the past few months. She thanked Sullivan and Hannah for their contributions in developing the Charter as a sub-committee of the Finance Committee. This item is being recommended by the Finance Committee for approval by the Board.

Motion: Approval of SSUAF Finance Committee Charter

Action: Unanimously Approved.

Approval of 10/11 SSUAF General Fund Budget

Coate discussed the proposed 2010/11 SSUAF General Fund budget per recommendation of the Finance Committee.

This budget essentially represents all operational costs for the Foundation. Alternative fund sources were used as opposed to an assessment to endowment earnings due to the depressed status of the endowment. A commitment in funding from the Administration and Finance Division is in order to cover audit



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costs. The campus is awaiting guidance from the CSU as it relates to new Executive Order 1052, which may affect whether such support from University funds can continue to be provided to the Foundation. Coate noted that the 10/11 operating budget for the Foundation reflects less anticipated legal costs than the previous year. Total Revenues are expected to equal total Expenses of \$242,000.

Motion: Approval of 10/11 SSUAF General Fund Budget

Action: Unanimously Approved.

Approval of Investment Manager for Galbreath Endowment

Coate passed along a recommendation from the Finance Committee to assign Merrill Lynch and investment advisor Phillip Brewster to manage the investments of the approximately \$1.1M Galbreath Endowment. The committee performed what was believed to be the proper due diligence in evaluating where to invest these funds.

Motion: Approval of Merrill Lynch (Phillip Brewster) as Investment Manager for Galbreath Endowment

Action: Unanimously Approved.

Approval of Financial Audit by Moss-Adams LLP

Lanahan introduced Jeff Bridgens from Moss-Adams, LLP to discuss the 2009/10 Financial Audit. This is the sixth straight year the Foundation has been audited by Moss Adams, under the direction of Partner Jim Lanzarotta. An RFP process will be conducted to determine which audit firm will be hired for the next three year period.

Bridgens provided a presentation of the financials for the year ending June 30, 2010.

- Overall, SSUAF received an unqualified opinion, stating that the auditors can provide reasonable assurance that the financial statements are presented fairly in accordance with GAAP.
- Discussion of required communications and meetings with the Audit Committee.
- A review of financial highlights.



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- Bridgens gave thanks to Foundation staff and the Audit Committee for their assistance in the audit process.

The status of the Foundation's endowment investments will also be discussed and referenced in the financials. Since June 30th, the market has performed well and thus improved the Foundation's investment stance to date.

Lanahan submitted the report for approval by the Board on behalf of the Audit Committee.

Motion: Approval of 09/10 SSUAF Audited Financial Statements

Action: Unanimously Approved.

VIII. New Business

None.

Meeting adjourned by Armiñana at 2:20pm.

Minutes Approved by:
Letitia Coate
Chief Financial Officer, SSUAF

Minutes Prepared by:
Ian Hannah
Acting University Treasurer, SSU



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Record of Attendance
 September 24, 2010

		<i>First</i>	<i>Last</i>	<i>In Attendance</i>
1	Dr.	Ruben	Armiñana	Present
2	Ms.	Patricia	McNeill	Absent
3	Mr.	Laurence	Furukawa-Schlereth	Absent
4	Ms.	Letitia	Coate	Present
5	Ms.	Jeannette	Anglin	Present
6	Mr.	Herm	Benedetti	Present
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	Absent
12	Mr.	Dan	Condron	Absent
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	Absent
18	Dr.	Wallace	Lowry	Present
19	Dr.	Andrea	Neves	Absent
20	Ms.	Delphine	Newman	Present
21	Ms.	Stephanie	Norris	Absent
22	Mr.	Randy	Pennington	Present
23	Dr.	Saeid	Rahimi	Present
24	Ms.	Beth	Robertson	Present
25	Ms.	Katie	Robinson	Present
26	Mr.	Irwin S.	Rothenberg	Present
27	Dr.	Robert	Schultz	Absent
28	Dr.	William	Silver	Absent
29	Mr.	Michael	Sullivan	Present
30	Dr.	Liz	Thach	Present
31	Mr.	Michael	Troy	Present

Members Present 21
 Members Absent 10
 Board Quorum 13 *Article II, Section 1(a), Bylaws*

Staff/Guests Present:

- Mr. Jeff Bridgens – *Senior Manager, Moss Adams, LLP*
- Mr. Erik Greeny – *Associate Vice President for Development, SSU*
- Mr. Ian Hannah – *Acting University Treasurer, SSU*
- Mr. Mike Marovich – *Member of the OLLI Committee on Finance and Budgets*
- Mr. Jeremy Olsan – *SSUAF Counsel - Perry, Johnson, Anderson, Miller, & Moskowitz*
- Ms. Amanda Visser – *Deputy Controller for Auxiliaries, SSU*