I. **Call to Order.** Stuart Jones, Board President determined that a quorum was present (refer to Record of Attendance for March 2, 2004, 2003).

Mr. Jones introduced new members Ms. Jeannette Anglin, Mr. Sanford Bressick, and Mr. Michael Troy. In addition, Mr. Brad Bollinger, Mr. Dan Lanahan, Mr. Jim Perez, and Mr. Robert Schultz have also been named to the Board but were unable to attend the March 2 meeting.

Dr. Ochoa, Provost/Vice President of Academic Affairs provided the following general comments:

- **Academic Affairs Strategic Planning.** Participants from the many Academic Affairs constituencies are developing a shared vision for future Academic Affairs planning purposes. A report containing findings, conclusions and actions is anticipated for distribution near the end of the Spring 2004 semester.


If the Governor’s Budget stands as proposed, the CSU would incur an aggregated 20% reduction in general fund support over two fiscal years; FY 2003/04 and FY 2004/05. The combined impact of this reduction is a decrease in new admissions, student enrollment and part time faculty, lecturers and staff employees.
Board of Director's Special Meeting  
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❖ Proposition 55 – Kindergarten-University Public Education Facilities Bond Act of 2004. If this proposition passes SSU will be the recipient of over $19.7 million for the following major capital projects;

✓ $16.1m – Music/Office Building  
✓ $2.2m – Darwin Group II Equipment  
✓ $1.4m – Chiller Replacement project

II. Old Business

A. Approval of the December 2, 2003 Board Minutes was given without corrections.

III. Action Items

A. FY 2004/05 Spending Distribution.

Background: Due to the extreme downturn experienced in the financial markets during the period of 2000 through 2002, the endowment assets of SSUAF experienced significant decline in market value and did not generate sufficient earnings to enable meeting annual endowment spending distributions in accordance with SSUAF Investment Policy.

Endowment income distributed for FY 2002/03 was $700,000, approximately 40% less than the SSUAF Investment Policy required. And in FY 2003/04 no income was distributed to endowment beneficiaries.

Current Status: The financial markets have rebounded and SSUAF endowment assets have and are generating positive returns.

We are projecting that SSUAF endowment assets will have generated $877,500 in net earnings available for distribution on June 30, 2004.
As of December 31, 2003 – Actual Undistributed Earnings $513,000
Projected Earnings through June 30, 2004 $364,500

Projected Earnings available for Distribution $877,500
Less Endowment Earnings Deficit at July 1, 2003 (329,600)
Projected Net Earnings Available for Distribution $547,900

Policy Requirement: Per the spending provision contained in Section IV of SSUAF’s Investment Policy, the projected spending distribution for FY 2004/05 (based on December 31, 2003 data) would be:

- 5% of three year rolling market averaged value $850,000

An allocation from the above distribution would be required to enable the building of a Reserve for Income Distribution. Paragraph 3 of the spending policy section requires an income reserve equal to one year’s spending allocation.

- Less 20% toward building an Income Reserve (170,000)
- Amount to be Distributed per Policy $680,000

Recommendation. It is the recommendation of the Finance Committee that the Board of Director’s;

1. Concur with the Finance Committees suspension of Section IV of SSUAF’s Investment Policy requirement.

2. The Distribution to endowment beneficiaries for FY 2004/05 be set at:

- 80% of the net endowment earnings available for distribution at June 30, 2004 be distributed to endowment beneficiaries on/before September 30, 2004. The amount, based on December 31, 2003 information is estimated to be approximately $438,300. This distribution will approximate 2.7% of three-year rolling market average value.

- 20% of the net endowment earnings available for distribution at June 30, 2004 be credited a Reserve for Income Distribution with APPROVED ITEM II, SSUAF BOD’S April 1, 2004 SPECIAL MEETING
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IV. Development Report

Dr. Saied Rahimi, Dean of the College of Science and Technology (S&T), conducted a presentation showcasing current initiatives of the College.

➢ Galbreath Preserve – A 3,500 acre preserve located in Mendocino County has been offered to SSU as a donation from the Trustees of the Galbreath Living Trust. In addition to the preserve, an endowment of $1 million is also included in the donation. A video was played showing the general terrain of the preserve. Science and Technology students and faculty will be the principal beneficiaries of the preserve for pursuing educational and research efforts.

➢ Bachelor of Science in Engineering Science – approval to create an undergraduate program in Engineering Science is being sought from the CSU Board of Trustees at their March 16-17, 2004 meeting.

➢ Expression of Appreciation – Dr. Rahimi expressed his sincere appreciation to the members for their contributions to the College of Science and Technology and to SSU overall.

✓ Mr. Stuart Jones provided the following comments:

➢ Green Music Center contributions received during the December 2003 and January 2004 period were significant. The project is going forward with construction to begin during early summer 2004.

➢ A report, generated by the CSU Office of the Chancellor, detailing development efforts for all 23 CSU campuses for fiscal year 2002-03 was distributed. Mr. Jones pointed the success of SSU in comparison with other CSU campuses.
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V Finance Committee Report

A. Committee Report for March 2, 2004 was reviewed with the Board, which included significant actions taken by committee. The committee’s minutes of November 18, 2003 and January 27, 2004 are included in the report.

B. December 31, 2003 Interim Financial Statements were reviewed with the Board.

Respectfully submitted,

Steve Wilson
Vice President/Chief Operating Officer

Digitally signed by Steve Wilson
DN: CN = Steve Wilson, O = SSUAF, C = US
Reason: I attest to the accuracy and integrity of this document
Date: 2004.04.01 16:38:45 -06'00'

APPROVED ITEM II, SSUAF BOD'S April 1, 2004 SPECIAL MEETING
Board of Director's Meeting  
Tuesday March 2, 2004  
Agenda Item II – Approval of December 2, 2003 Minutes

**Record of Attendance**  
March 2, 2004

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<td>1</td>
<td>Dr. Ruben</td>
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<td>2</td>
<td>Mr. Stuart</td>
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<td>3</td>
<td>Mr. Steve</td>
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<td>Ms. Jeannette</td>
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<td>7</td>
<td>Mr. Herm</td>
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<td>8</td>
<td>Mr. Brad</td>
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<td>9</td>
<td>Mr. Sanford</td>
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<td>14</td>
<td>Dr. Katharyn</td>
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<td>Ms. Deborah</td>
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<td>Mr. Randy</td>
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<td>Mr. Irwin S.</td>
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<td>Dr. Robert</td>
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<td>Ms. Delphine</td>
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<td>Mr. Michael</td>
<td>Troy</td>
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<tr>
<td>30</td>
<td>Dr. David</td>
<td>Walls</td>
<td>Present</td>
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Board of Director's Meeting
Tuesday March 2, 2004
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Members Present  20
Members Absent    10
Board Quorum      6 Article II, Section 1(a), Bylaws

Guests:
Dr. Eduardo Ochoa, SSU Provost/Vice President for Academic Affairs
Dr. Saeid Rahimi, Dean, College of Science and Technology
Ms. Judy Aquiline, SSU Office of Development
Mr. Mark Spaulding, SSU Office of Development