I. Call to Order and Opening Comments  
(Refer to Record of Attendance for September 19, 2014)

President Armiñana called the meeting to order at 12:30 p.m. and welcomed the Board members.

*Approval of the Minutes*  
(See September 19, 2014 Board Packet)

*Motion:* Approval of the June 6, 2014 Board Minutes.  
*Action:* Unanimously approved.

*Current Foundation Board and Committee Membership*  
(See September 19, 2014 Board Packet)

Armiñana confirmed the current Board and Committee membership for as provided in the Agenda packet. This is the first Board meeting for new student representative Board members Anthony Gallino and Adam Rosenkranz.

II. University President's Report

Armiñana reported that Fall 2014 enrollment is around 9,300 students (headcount), which is the largest ever for SSU.

The Governor's budget allocation for the CSU for 15/16 of $119M compares to the CSU's request for $238M and limits funding for enrollment growth to 1%. The CSU requested 3% growth and even at that level is turning down over 20,000 qualified applicants.
SSU’s direct competition for applicants historically has been CSU Chico, UC Santa Cruz, and UC Davis but this year UC Berkeley topped the list, followed by UC Davis, UC Santa Cruz, and San Francisco State.

SSU’s master plan is to grow to 10,000 full time equivalent students but the campus would need more academic buildings to achieve this and the State is not currently providing additional funding for academic infrastructure. If obtained, SSU would also need additional campus housing. In addition, the CSU has a system-wide problem with deferred maintenance. SSU’s deficiency is not as dire as some CSU campuses (particularly in the seismic and utility infrastructure needs) but SSU’s deferred maintenance list is still more than $30M. This ties to the fact that many of SSU’s buildings are now 40-50 years old.

III. Presentation of 2013/2014 Audited Financial Statements by AKT LLP

(See September 19, 2014 Board Packet)

Pennington, Chair of the SSUAF Audit Committee, named and thanked all committee members and staff for facilitating a smooth audit. Pennington then introduced Bobby LaCour from AKT. It was noted that this is the first year AKT is also conducting the financial audit for the other two auxiliaries at SSU (SSE and AS).

LaCour walked through a presentation on required communications to the Board and other important info related to the current year audit. He explained that there were no difficulties in performing the audit and touched on some relevant points:

- Completed Work outlined in the Engagement Letter
- Rendered unmodified opinion of financial statements (highest level of assurance)
- No conditions identified as material weaknesses in internal controls
- Did not propose any audit adjustments
- Received full cooperation from management and staff
- Accounting estimates in the financial statements relate to allowance for uncollectible pledges and estimate of CRT liabilities
- Trend and ratio analysis was also presented
- Overall, statements show an increase in net position of $5.5M from prior year
SONOMA STATE UNIVERSITY
ACADEMIC FOUNDATION

Pennington forwarded the recommendation from the Audit Committee that the Board accept the Audited Financial Statements as presented by AKT.

Motion: Approval of 2013/2014 Audited Financial Statements.

Action: Unanimously approved.

IV. Board Responsibilities/Conflict of Interest and Non-Profit Integrity Act
(See September 19, 2014 Board Packet)

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.
  - Vote accordingly.
- The Education Code, Code of Regulations, and Nonprofit Corporation Law set standards for legal responsibilities and stated duties:
  - Duties of care, inquiry, loyalty and to comply with investment standards.
  - 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).
- Details of the California Non Profit Integrity Act were also provided.
  - Prohibitions on misrepresenting the purpose, nature or beneficiary of a solicitation.
  - Prohibited practices under the Act can be found in “CSU Auxiliaries: Nonprofit Integrity Act & Charitable Solicitation Procedural Handbook”
The document is to be signed by all members and will be mailed out to all absent members for signature.

V. CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL—
LITIGATION AND INVESTMENT MATTERS (Education Code Section 89923)

Entered into Closed Session from 1:18 p.m. until 1:49 p.m.

VI. Action Items

*Approval of 2014/2015 SSUAF Operating Budget*
(See September 19, 2014 Board Packet)

The 2014/15 Foundation General Fund Budget was presented as a recommendation from the Finance Committee. The revenue is based primarily on an assessment taken from the endowment.

It was presented as a balanced budget with revenues equaling expenses in the amount of approximately $186,000. The largest changes from the previous years were decreases to the line items for “Legal Fees” and “Contingency” due to decreased litigation related costs anticipated in the current year.

**Motion:** Approval 14/15 SSUAF Operating Budget as recommended by the SSUAF Finance Committee.

**Action:** Unanimously approved.
Approval of Updated SSUAF Investment Policy
(See September 19, 2014 Board Packet)

Hannah informed the Board that the SSUAF Investment Policy was reviewed by SSUAF’s Investment Management Consultant, Graystone Consulting and a couple of suggested changes were presented to the Finance Committee. These include changes to page 10 of the policy including the section on risk and the relative benchmarks listed in the Endowment Asset Allocation section. The Finance Committee accepted those changes and has thus recommended to the full Board for approval.

Motion: Approval of Revised SSUAF Investment Policy.

Action: Unanimously approved.

VII. Vice President, University Development’s Report
(See September 19, 2014 Board Packet)

Greeny referred to a document comparing the fiscal year end gift totals for 2013 and 2014. Donations to the campus and/or SSUAF were broken out by cash, pledges and deferred gifts. The amount and purpose of the gifts received was also displayed in a pie chart. Overall gifts in 13/14 totaled $10.3M compared to $6.9M in 12/13. Gifts to the Green Music Center represented the largest total in 12/13 and gifts to the Wine Business Institute represented the largest total in 13/14.

VIII. Chief Operating Officer’s Report
(See September 19, 2014 Board Packet)

Hannah reviewed various items from the most recent Finance Committee meeting. This included fiscal year end endowment balances and performance for the portfolio managed by Graystone Consulting. The committee also agreed on a funding timeline and mechanism for committing funds to the Private Equity portion of the asset allocation target for the endowment. Graystone posted a total portfolio return of approximately 13% for FY 13/14.
IX. Chief Financial Officer’s Report  
(See September 19, 2014 Board Packet)  

No report due to audited financials presentation.

X. New Business

None.

Meeting adjourned at 2:00 p.m.

Minutes Approved by:  
Amanda Visser  
Chief Financial Officer, SSUAF

Minutes Prepared by:  
Ian Hannah  
Chief Operating Officer, SSUAF
Record of Attendance
September 9, 2014

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<td>1</td>
<td>Dr. Ruben</td>
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<td>2</td>
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Members Present       22
Members Absent         7
Board Quorum          12  Article II, Section 1(a), Bylaws

Staff/Guests Present:
Ms. Laurie Ogg - Director of Annual Giving and Alumni Relations, SSU
Mr. Jeremy Olsen - SSUAF Counsel
Mr. David Bjornstrom - SSUAF Counsel
Mr. Bobby LaCour - AKT