

Board of Directors Meeting

Friday March 10, 2023

10am – 12pm

Sonoma Valley Room / 2nd Floor Student Center OR Video/Teleconference via Zoom

MEETING MINUTES

# Call to Order

#

David Felte called meeting to order at 10:05am.

Perez welcomed everyone to the first hybrid (in-person plus zoom) board meeting.

Felte proceeded with new Board Committee member confirmations to be approved. He called for motion to approve new SSU Associated Students (AS) President, Nataly Hernandez as the new student representative on the SSUF Board. Nataly will finish out this fiscal year as student rep so this is likely her first and only Board meeting. Previous AS President, Yasmin Esquivel has stepped down. Nataly was also the 22/23 Heart of SSU Scholarship Recipient. Nataly then introduced herself.

Action: Board approved Nataly Hernandez as the new SSUF Board student representative

# Public Comment Period

No public comments were noted.

# Consent Agenda

*(see 12.2.22 meeting packet)*

David Felte called for motion to approve the following consent agenda items:

* December 2, 2022 Board Minutes
* 21/22 Endowment Comparative Data
* Graystone Quarterly Performance Report
* Quarterly Financial Statements
* 21/22 CSU Donor Report

Action: Board unanimously approved all consent agenda items.

# University President’s Report

President Mike Lee gave greetings to Board members and provided the following updates:

* The Distinguished Alumni events last week honored three amazing Alumni, including foundation board member Anita Christmas who was one of the honorees.
* Alpha Omega winery event in Napa – met with friends and supporters in one of SSU’s attempts to participate in more events, strengthen partnerships and broaden the reach for SSU, noting that “SSU is Napa’s University”.
* Strategic Enrollment Update: SSU has signed agreements with neighboring community colleges (in 5 county service area – Solano, Sonoma, Napa, Marin, Mendocino) for guaranteed transfer admission to SSU. Outside service area has additional requirements; impacted programs also more requirements. A reminder that SSU’s four-year grad rate is #4 in the CSU system and the transfer student two-year grad rate is #1 in the system. SSU admitted 12,000 and has provided thousands of recruitment scholarships and housing scholarships in an effort to increase enrollment.
* Also signing agreements with school districts in the area if A-G educational requirements are achieved then will get guaranteed admission to SSU – algebra is critical part.
* Upcoming Commencement; roughly 2,500 students graduating in May.

Board members asked follow up questions and engaged in discussion with President Lee about the topics he shared.

# Special Presentation – University Budget Update

Monir Ahmed, CFO and Vice President for Administration and Finance and Laura Lupei, Associate Vice President for University Budget, Resource Planning and Analysis were in attendance to provide a presentation on the latest info on the University Budget status.

Fortunately, Governor kept to the higher education funding compact despite projected State revenue shortfall, resulting in a 5% increase in state budget allocation (around 2/3 of budget or ~2.8% increase to SSU from prior fiscal year).

However, SSU’s budget is still in deficit as a result of multiple years of declining enrollment. SSU’s Operating Fund is funded from student fees and state allocation. In 22/23,

Budgeted revenue = $137.9M and budged expense = $151.8M, resulting in a $13.9M base budget deficit. Overall 22/23 University budgeted revenue is closer to $220M when additional state/federal funding, campus-based fees, and other funding (such as ORSP, REACH, SEIE and SSE) is included. Some of these areas have seen reduced revenue due to enrollment impacts. It was noted that SSU is currently at 62% occupancy of 3,200 available on-campus beds in student housing.

SSU enrollment was 9,097 headcount at the peak in 16/17 and has declined to 6,271 in 22/23. Base budget deficit of $13.9M in 22/23 was off-set primarily from use of one-time funds. For 23/24, there is a $15-17M projected deficit (10-11% of this year’s budget). $5.2M in base savings was identified from the Voluntary Separation Incentive Program (VSIP) and vacant position pool to support 23/24 base reduction. Many other strategies are being used to address the remaining deficit from both base and one-time sources.

Multi-year planned enrollment growth: low point projection of 6,120 in 23/24 before anticipated growth thereafter. This assumes graduating classes will become smaller and incoming student classes to become larger; (“rate in, rate out”). This year there is a 2,500 graduating class but next year much less. International student recruitment also important from perspective of diversity and higher tuition revenue.

The conversation turned to strategic enrollment and recruitment activities on campus to ensure enrollment is increased due to its’ large impact on the campus budget.

Recruitment out of area has become a greater focus, however all CSU campuses are recruiting and overall the CSU system is under enrollment targets and thus we need to let students know the positives of SSU. Ideas were discussed around online search optimization, grass roots promotion, influencers (including faculty and alumni), removing barriers for students (such as providing more materials in Spanish). Applications are improving for SSU but increasing yield is a large factor.

It was noted that Strategic Enrollment Management is an anticipated special presentation topic for an upcoming Board meeting to continue the conversation.

President Lee noted that SSU will be a stronger and better university as we work to preserve strengths. It may be a smaller university and he was appreciative of sacrifices everyone is making under the current budgetary and enrollment challenges.

# Student Update

New Student Board representative, Nataly Hernandez provided the student report, covering the following general areas:

* Hernandez was in attendance for Advocacy Day in Sacramento
* Title VI, student debt relief
* March 27 SSU is hosting CSU BOT student trustee Diana Aguilar-Cruz
* Associated Students Senate meeting later today

# Alumni Association Update

With Travis Saracco absent, Perez provided the SSU Alumni Association (SSUAA) update to the Board. He noted the following:

* Grad Pack sales were launched in February. Grad Packs are an opportunity for our graduating students to purchase their first official alumni swag. Cost is $50 (also option to opt in for complementary lifetime membership only) and $10 of every purchase is a donation to their 2023 class gift to campus. Associated Students identified The HUB as this year's philanthropic gift to campus. Sales are off to a great start and will continue through May and commencement. Helps build culture of philanthropy for our students/grads.
* We took to the road and hosted a series of alumni events in southern California in February. The alumni office identified where we had large pockets of alumni. We had receptions in Anaheim and San Diego. Really great attendance and engagement. Will look to continue these in the future. Included SSU basketball games.
* Last week we finally celebrated our 2020 Distinguished Alumni honorees. Brad Selegman, Bill Loshe, and Anita Christmas. The alumni office and board identified a new structure for our recognition events and went from one formal dinner pre-Covid to a new two-day structure that begins at noon with multiple events and then culminates the next day at noon. It was a huge success and our honorees were recognized appropriately. This included one of our own - SSUF Board member Anita Christmas.
* Next weekend, March 18 is our Latinx alumni event. This is a new event for the Alumni Association. We'll have a picnic at the Lakes and then alumni can attend the free family concert at the Green Music Center.
* Alumni office continues to support enrollment efforts and will be assisting with their admittance receptions throughout the state this month. Alumni Board making yield calls to share experience.

# Committee Reports

*(see 12.2.22 meeting packet)*

*Executive Committee Report*

Hannah noted that the Executive Committee met in preparation for today’s meeting and to review the future Board Special Presentation topics schedule.

Topic discussed at both Governance Committee and Executive Committee:

A number of Board members are up for term renewal this year and membership will be confirmed at the Annual June Board meeting. Mario and David plan to reach out to those members in the coming weeks or months who are up for renewal to gauge interest and desire to remain on the Board and renew for an additional term.

*Investment Committee Report*

Brent Thomas reported to Board that Graystone provided quarterly market report and portfolio performance as of 12/31/23. Portfolio finished up 4.9% for the latest quarter and flat as of fiscal year to date.

Graystone proposed adjusting the policy maximum percentage of illiquid funds from 20% to 30% to allow for efficient adjustments in the portfolio, keep in it line with asset allocation percentages, as well as allow for quicker response to opportunities that could benefit the earnings of the portfolio. This would be a change to adjust in the current IPS. Committee discussed with Graystone and topic has been tabled to discuss later as there was not consensus from committee members to move forward with the recommendation.

Thomas also reviewed keys points of the endowment talking points comparative sheet:

* Comparative data not available at time of Investment Committee meeting but was released in late February.
* Added comparative results to 21/22 Endowment Talking Points sheet previously presented at last Board meeting.
* Total endow market value as of 6/30/22 = $60.8M.
* 1-year return for 21/22 = -10.5%; longer term average 6-7% range; compared to long term return objective of 7%.
* SSUF spending rate is conservative compared to average institution but SSUF performance falling short of long-term return objectives has placed greater pressure on maintaining a lower spending rate.
* SSUF’s ESG focused Sustainable Investing Position Statement is consistent with majority of peers and commitment to ESG principles is growing across institutions.

*Joint Philanthropy & Governance Committee Report*

Perez noted that the joint committee reviewed meeting schedule changes for each Committee as they will likely soon move to their individual meetings rather than being a joint meeting. Committee members agreed that each committee should ideally meet no less than twice a year.

Perez then reviewed the fiscal year 2021/22 CSU Donor Report and noted several SSU highlights:

* Chancellor’s message and story highlighting the 2022 SSU Graton Summer Bridge Program. (pg. 1)
* SSU philanthropic productivity totaling $10.0M in FY 21/22 and an average of $9.1M in gift commitments over last three fiscal years. (pg 30)
* SSU falls into CSU peer group II and is expected to raise gift commitments equivalent to 10-15% of campus state budget. SSU raised 12% of its campus budget in FY 21/22 vs. the average of Group II totaling around 11%. (pg 32)
* Total number individual donors to SSU is FY 21/22 was 1,914. (pg 34)
* SSU endowment market value totaled $60.8M for FY 21/22. (pg 40)

Perez then reviewed a summary slide of CSU Advancement campus peers for comparison to SSU on various philanthropic data points. All are in CSU peer group II.

Institutional priorities update:

* Unrestricted scholarships are showing an impact in attracting and keeping students here at SSU.
* Health sciences initiative has great momentum. Meetings with campus administrators along with CEO’s of largest local health care institutions have been taking place and many discussions have been had on how SSU could partner to help increase workforce in the health sciences. SSU is 7th ranked nursing school among all statewide programs. Looking to expand opportunities for careers for students in this space.

Also reviewed the last quarter philanthropic report and the Giving Day promo video which will be covered in the Advancement report a little later.

*Audit Committee Report*

Randy Pennington reported that the Audit Committee is currently in recess. Committee will resume meeting in May when the next audit kicks off for the 22/23 fiscal year.

The CSU audit team has begun an operational and compliance audit of the Foundation. Responses to questions and requested documents were submitted 2/17 and in person entrance meeting was held on 3/1.

Anticipated timeline: Fieldwork and review period of 7+ weeks with weekly meetings and an exit meeting scheduled for late April. Full report to be provided to Audit Committee.

# Action Items

No action items for Board to approve.

# University Advancement Report

Perez reviewed with Board the Quarterly Philanthropic Report. He noted the following highlights:

* Gift Commitments were approximately $4.7M through 12/31/22. Currently sits SSU just under 50% of goal at halfway point for the year.
* Number of individual donors are nearly 50% of goal as well and are up 24% from this time last year; number of alumni donors are up 5% from this time last year.
* Updated gift commitments as of 2/28/23 = just shy of $6M with 4 months to go.

Giving Day next month (April 6th); Perez encouraged everyone to check out the Giving Day website at [givingday.sonoma.edu](https://givingday.sonoma.edu/). The promotional video was played for all Board members to see and received positive feedback.

# New Business / Announcements / Adjournment

Lunch to follow at noon in the same room. General reminder of next Board meeting scheduled for June 16th, 2023.

Ian Hannah – Redacted Signature

Mario Perez – Redacted Signature

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*Minutes Approved by: Minutes Prepared by:*

Mario Perez Ian Hannah

*Chief Executive Officer, SSUF COO & Secretary, SSUF*

Record of Attendance

March 10, 2023

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| --- | --- | --- | --- | --- |
|  |  | *First* | *Last* | *Attendance* |
| 1 | Mr.  | Monir | Ahmed | Present |
| 2 | Mr.  | Terry  | Atkinson | *Absent* |
| 3 | Dr. | Jean Bee | Chan | Present - Zoom |
| 4 | Ms. | Anita | Christmas | Present - Zoom |
| 5 | Mr.  | David | Felte | Present  |
| 6 | Mr. | Tom | Gillespie | *Absent* |
| 7 | Mr. | Ian | Hannah | Present |
| 8 | Ms. | Nataly | Hernandez | Present |
| 9 | Mr.  | Joseph | Huang | *Absent* |
| 10 | Mr.  | Tom | Isaak | *Absent* |
| 11 | Dr. | Brigitte | Lahme | Present |
| 12 | Dr. | Mike | Lee | Present  |
| 13 | Mr. | Dan | Libarle | *Absent* |
| 14 | Dr. | Andréa | Neves | *Absent* |
| 15 | Mr. | Randy | Pennington | Present - Zoom |
| 16 | Mr.  | Ali | Pourghadir | Present |
| 17 | Dr. | Mario | Perez | Present  |
| 18 | Mr. | Irv | Rothenberg | Present – Zoom (joined late) |
| 19 | Mr.  | Travis | Saracco | *Absent* |
| 20 | Mr.  | Mike | Sullivan | *Absent* |
| 21 | Mr. | Brent | Thomas | Present |
| 22 | Mr.  | Robert | U’Ren | Present |
| 23 | Ms. | Amanda | Visser | Present |

Members Present 15

 Members Absent 8

 Board Quorum 12 *Article IV, Section 6, Bylaws*

Staff/Guests Present:

Ms. Kyle Bishop-Gabriel *– Sr. Advancement/Foundation Analyst & Asst. to the VP, SSU*

Ms. Laura Lupei *– Associate Vice President for University Budget, Resource Planning and Analysis, SSU*