

# CAL POLY

## CORPORATION

**BOARD OF DIRECTORS MEETING**  
**Friday, October 30, 2015, 8:30 a.m.**  
**Corporation Administration Building #15**  
**Conference Room #124**

**Fiscal Year 2015-16**

**Present:** Phil Barlow, Lexi Bonestroo, Steven Harding, Brady Hiob, Paul Hoover, Kimi Ikeda, Kim Shollenberger, Keith Humphrey, Cyrus Ramezani (*left at 11:03 a.m.*), Andrew Thulin, Mary Verdin, Cindy Villa

**Absent:** Nick Pettit

**Guest:** Jim Dunning

**Staff:** Preston Allen, Joe Alves, Dan Banfield, Dustin DeBrum, Kacey Chun, Ellen Curtis, Lynnette Held, Jeff Heller, Starr Lee, Lorlie Leetham, Melissa Mullen, Fatma Spanton, Eumi Sprague, Mike Thornton

### **I. Call to Order and Introductions**

Vice Chair Cindy Villa called the meeting to order at 8:33 a.m. and welcomed everyone to the meeting. She introduced herself to all in attendance. She stated that Betsy Kinsley has resigned as chair, therefore she will be conducting the meeting until the election and approval of a new chair.

Cindy introduced and read biographies about each new Board member and stated that Nick Pettit would not be able to be in attendance today due to traveling with the Cal Poly football team. Cindy also asked everyone in attendance to introduce themselves.

### **II. MINUTES**

#### **A. Board Meeting Minutes –May 29, 2015 and September 16, 2015**

*(M/S/P) (Harding/Thulin) that the Board accept the May 29, 2015 and September 16, 2015 minutes as presented.*

None opposed.

### **III. BUSINESS**

#### **A. Election of Officer and Audit Committee Members; Appointment of Director**

*M/S/P (Humphrey/Shollenberger) that the Board approve the President's nomination of Chair and that the Board approve the proposed Audit Committee members.*

Lorlie stated that Betsy Kinsley has left the university and resigned as Chair of the Board. President Armstrong has nominated Kimi Ikeda to serve out the remaining term and the current Chair of the Board has nominated Brady Hiob and Cindy Villa to serve as members of the Audit Committee.

Lorlie also stated that President Armstrong has appointed Nick Pettit to serve a three year term and Lexi Bonestroo and Brady Hiob to serve as student directors for a one year term.

*\*After the vote, Kimi Ikeda chaired the remainder of the meeting\**

#### IV. UPDATES

##### A. Executive Director's Report

Lorlie thanked all the newly appointed board members for attending the Board Orientation on October 9. Nick Pettit was the only new member not in attendance, but she and Dan Banfield were able to meet with him separately.

Lorlie Leetham reported on the following:

As of September 30 enrollment was at 20,961, which is 764 over last year at the same time. The first time freshman count is at 4,945 compared to 4,668 last year.

The university had personnel changes that include Betsy Kinsley's resignation as Chief of Staff, Juanita Holler's appointment as Associate Vice President for Facilities Management and Development, and Victor Brancart's appointment to Associate Vice President for Administration and Finance. The PAC Managing Director search is underway with the consulting firm tentatively scheduled to be on campus at the end of November to present potential candidates to the search committee.

The Monterey Center lease was signed by the university. This was an item that was brought to the Board and discussed at the September Special Board Meeting. At that meeting, the Board authorized the Executive Director to sign the lease, but ultimately after further discussion and analysis it was decided that the university would sign instead of the Corporation. There was some discussion amongst the Board as to the reasoning behind the University signing versus the Corporation.

Student Housing South on the corner of Slack Street and Grand Avenue will consist of seven 3-to-5 story buildings with 1,475 beds, a four-level parking structure and information/visitor center. Campus Dining has been asked to provide a small dining venue on the north end of the project. This project was previously approved for financing and construction by the Chancellor's Office. The Campus Dining Culinary Support Center has received preliminary financing and construction approval.

Other construction projects currently underway include the baseball clubhouse and bleacher expansion, fermentation science building, engineering projects building, science and agriculture teaching and research building, campus farm store, and an equestrian pavilion and events center.

The university is exploring market rate housing for faculty and staff and an RFP is being prepared for a P3 relationship for rental housing to be developed on the land on the right side of Grand Avenue as you enter campus. The university is also considering a possible P3 relationship for student housing on land identified in the Campus Master Plan.

CSU new employment background check policies are having a heavy impact on the Corporation's Human Resources department.

University Store Director Bill Hockensmith resigned in May and a search for a new Director is underway. Sponsored programs filled two Grant Analyst positions. Karen Brown retired in August and Kathleen Pennington will be retiring at the end of this year. Kara Clark has been hired as a Design and Content Manager in the Marketing and Communications Department and Eumi Sprague has been promoted to Director of Information Technology.

Compensation study implementation has been completed and the Corporation has adopted a new 15 grade pay schedule that was approved by the board at the May 29 meeting.

The Corporation Employee fall kick-off was held in September with Tom Dobbins, former banking industry CEO, as the keynote speaker. The Corporation also launched its "Making a Difference" campaign that is intended to focus on the important work performed by every employee in any position within the Corporation.

The Corporation also implemented a new employee orientation and on-boarding program. The program includes the history and overview of the Corporation, discussion of major programs, and Human Resources training and overview.

Preston Allen has joined the Cal Poly Corporation as the Director of Campus Experience and Logistics Planning. Lorie asked Preston to address the Board about his role and some of the initiatives that he is involved in.

Lorie presented a slide to the Board that summarized the Corporation's 10 year contribution to the university, what historically the Corporation has contributed to the University and the Corporation's contribution projections for 2016. A discussion ensued as to why the Corporation supports the Capital Campaign, what the funds are used for and what happens to the unused portion of the funding for the President's home on campus.

Lorie asked Mike Thorton to update the Board on the status of the Major Capital Projects that are underway at Campus Dining.

***Board took a break at 10:16 a.m. and reconvened at 10:28 a.m.***

## **V. REPORTS**

### **A. Technology Park Overview**

Jim Dunning gave an overview of the mission and the main drivers behind the Technology Park's success and the experience it provides for Cal Poly students. The Technology Park has 100 employees and of those employees, 40% are alumni and 32% are current Cal Poly students.

Jim gave a PowerPoint presentation on the timeline of the Technology Park from the construction of the building, through the build out of the building, to the tenants that occupy the spaces.

The Technology Park has a positive cash flow after the debt service obligation and covering a fraction of the management and support staff's salaries. Last year, reserves were established for managing the debt and the repair and maintenance of the building.

Jim shared with the Board plans for a future Cal Poly Innovation Complex.

### **B. Audit Committee Report**

Cyrus reported that on September 17 the Audit Committee and Corporation Staff met with the auditors to discuss and accept the Audited Financials. The auditors issued a non-qualified report, which expresses that the information reported within the financial statements presents fairly the financial position of the Corporation as of June 30, 2015.

**C. Annual Financial Report, June 30, 2015 and Quarterly Report, September 30, 2015**

Dan Banfield reported on the following:

**Annual Financial Report ending June 30, 2015**

Dan reported on the financial highlights for Fiscal year 2014-15.

Income from Campus Dining and the University Store totaled \$5.5 million, which is more than double what was budgeted. Investments saw market losses of \$1.9 million at June 30. The Corporation contributed \$6 million into the Corporation VEBA trust and in addition the Corporation amortized the remaining unfunded OPEB obligation. As a result, \$5.3 million in OPEB liabilities were recorded on the Statement of Financial Position. Total assets increased \$13.4 million, primarily due to a \$14 million increase in capital assets which included a 448 acre working ranch, valued at \$11.3 million that was gifted by the Bartleson family in June 2015. The ranch was received on behalf of the College of Agriculture, Food and Environmental Sciences. Liabilities are up \$21.7 million and net position decreased \$10.7 million.

**Quarterly Financial Report ending September 30, 2015**

Dan reported on the financial highlights for the first quarter ending September 30. First-time freshman student enrollment for fall 2015 was approximately 4,900, which is 6.5% over the projected enrollment of approximately 4,600.

Core business operations year to date had a decrease of \$1.8 million in net position. Market value losses of \$2.3 million in the General Investment Fund offset the positive results from the Core Operations.

The Corporation's total net position decreased by \$3.2 million during the first quarter. The decrease was the result of the core business operating results as well as a \$1.4 million decrease in the net position of University Programs.

**D. Annual Investment Report, June 30, 2015 and Quarterly Report, September 30, 2015**

Joe Alves reported on the annual and quarterly investment reports.

Money Market and Certificate of Deposits were at \$24.31 million at June 30 earning 0.34% and increased \$3.02 million to \$27.33 million at September 30. The increase was primarily due to meal plan deposits.

Short term fixed income was at \$8.8 million at June 30 and was earning 1.3% and decreased \$8.78 million in earnings, underperforming its benchmark. Low duration fixed income was at \$11.67 million at June 30 earning 0.4%, but decreased by \$8.78 million at September 30.

The Corporate Pool was at \$27.23 million at June 30 and was at \$25.33 million at September 30. The Student Investment Management Program was at \$485 thousand at June 30 and at \$458 thousand at September 30.

OPEB assets that support the non-vested active employees is fully funded. This fund was at \$6.42 million at June 30 underperforming its benchmark of 1.6% and at September 30 OPEB was at \$5.91 million. The VEBA Trust assets support vested active employees and retirees. This fund was 100% funded as of July 1, 2015. At June 30 it had \$22.45 million and at September 30 was at \$21.12 million.

The Endowment Fund at June 30 was at \$5.83 million and had decreased to \$5.42 million at September 30.

The Grant & Annuity Society had \$1.89 million at June 30 and by September 30 had decreased to \$1.77 million.

**VI. ANNOUNCEMENTS**

A. Next Scheduled Board Meeting: January 29, 2016, 8:30 a.m.

**VII. ADJOURNMENT**

No further matters appearing, the meeting was adjourned at 11:38 a.m.  
**(M/S/P) (Shollenberger/Hiob)**

Respectfully submitted,



---

Ann Roy, Recording Secretary