

# CAL POLY

## CORPORATION

BOARD OF DIRECTORS ANNUAL MEETING  
Friday, January 27, 2017 8:30 a.m.  
Corporation Administration Building #15  
Conference Room #124

### MINUTES

Fiscal Year 2016-17

**Present:** Phil Barlow, Alexandra Bonestroo (*left at 11:00 a.m.*), Steve Harding, Paul Hoover, Keith Humphrey (*arrived at 9:54 a.m. and left at 11:19 a.m.*), Kimi Ikeda, Nick Pettit, Kim Shollenberger, Justin Rajah, Cyrus Ramezani (*arrived at 9:10 a.m.*), Andy Thulin, Cynthia Villa

**Absent:** Mary Verdin

**Guest:** President Jeffrey Armstrong, Victor Brancart, David Valadez

**Staff:** Preston Allen, Joe Alves, Kelly Azel, Dan Banfield, Frank Cawley, Kacey Chun, Ellen Curtis, Spyros Gravas, Starr Lee, Lorie Leetham, Melissa Mullen, Fatma Spanton, Eumi Sprague, Mike Thornton

#### I. CALL TO ORDER AND INTRODUCTIONS

Chair Cindy Villa called the meeting to order at 8:39 a.m. and welcomed everyone in attendance.

She announced President Armstrong and Spyros Gravas, Campus Dining Director.

Spyros addressed the Board, stating that he feels very fortunate to be working on campus. He has been meeting people and getting the feel of the campus. He is looking forward to working with the campus dining team and constituents.

Cindy acknowledged Paul Hoover for being named the 2016 Paso Robles Wine Industry Person of the Year.

#### II. PUBLIC COMMENT

There were none.

#### III. MINUTES

##### A. Board Meeting Minutes – October 21, 2016

*(M/S/P) (Bonestroo/Shollenberger) that the Board accepts the October 21, 2016 minutes as presented.*

None opposed.

#### IV. CHAIR REPORT

President Armstrong thanked the Board members and the Corporation staff for all they do for Cal Poly.

President Armstrong reported that several key recruitments are in process: Dean, College of Science and Math; Dean, Orfalea College of Business; and Dean, College of Engineering. Cindy

Villa is heading the search for the Vice President and Chief Officer for Diversity and Inclusion position. Four candidates will be visiting campus over the next two weeks.

Cal Poly is the seventh most selective university in the United States. In Fall 2016, there were a total of 58,429 applicants to Cal Poly, which is a 3.3% increase from Fall 2015. Cal Poly enrolled 21,306 students this academic year, an increase of 1.7% over the prior year. 85% of those enrolled are California residents. Of these, 95% are undergraduates.

The average GPA for incoming freshmen this year was 3.92. The average GPA for incoming freshmen in the College of Engineering was 4.06. In recent years, Cal Poly has increased its activities around outreach to partner schools in California. Partner high schools are schools in which 80% of the students are on free or reduced lunch and whose families earn \$80,000 or less a year.

Cal Poly has created the Cal Poly Scholars program. Cal Poly Scholars provides scholarships to students from partner high schools, as well as iPads and additional assistance needed.

Cal Poly has been ranked number one in the Regional University West category for improving the six-year graduation rate every year since 2003. The six-year graduation rate is at 83% and the retention rate of first time freshmen is 95%.

Student Affairs is a critical partner in providing a safe, welcoming and academically challenging environment for students. Student Affairs has established a bias response team to support students who think they are being abused, discriminated against, or harassed. In Spring Quarter, Student Affairs will be opening a Dream Center to support undocumented students and their allies. They recently created a program called "Cal Poly Cares." This program helps students stay on track to graduation by providing funds to help remove emergency roadblocks that financial aid cannot.

Cal Poly has committed to adding more than 2,300 beds for students on campus by 2024. The university's plan is to house all first and second year students on campus. Retention rates are higher for students who live on campus and the university has found that most at-risk students are more successful if they live on campus their first two years.

ASI has been proactive in making improvements to its organization. Recently, the ASI Board of Directors capped campaign spending limits to \$2,000 to make it easier for low-income students to run for ASI President.

The Tech Park is currently in Phase Two and has secured a \$500,000 grant from the U.S. Economic Development Administration. Study findings recommend that at least 60,000 square feet of new space be added to the Tech Park. A local architecture firm is working on conceptual site planning. The firm will produce a master plan for the site. The master plan is projected to be completed in June 2017.

As the community advocates for greater investment in economic development, Cal Poly needs to do the same. Cal Poly has engaged Bob Linscheid, the past President and CEO of the San Francisco Chamber of Commerce and the past Chairman of the Board of the CSU Trustees to help. Bob will work with Jim Dunning and other colleagues in the Tech Park, SLO Hothouse, Cyber Training Center, Cuesta College, SLO Chamber of Commerce, and local government to ensure that Cal Poly is successful in the area of economic development. Cal Poly is eager to engage the local community in a conversation regarding the closure of Diablo Canyon and the possibilities it may

open for Cal Poly.

Cal Poly provided its draft strategic plan to the campus at the beginning of the 2016 Fall Quarter. Input for the plan covered a wide range of issues, such as sustainability and diversity. Currently, Cal Poly is working on incorporating input where it is possible and developing a proposal to ensure accountability as the plan is implemented. Cal Poly intends to revise its strategic plan this quarter and present it to its shared governance bodies this spring for their endorsement.

Cal Poly has launched a project to upgrade the recreation field and track along Slack Street. The field will be used as a practice field for football and soccer and will be a field that all students can use. The cost of the project is \$5.4 million. A gift of \$1 million was received from the Doerr Family. Athletics has raised \$2.1 million to date. In addition, ASI has committed \$1 million and University Housing has committed an additional \$500,000. The Corporation will be discussing contributing \$750,000 to keep the project on track and completed by late Fall 2017. President Armstrong stated that the Corporation Board approving this contribution would make an incredible impact on the campus community, especially with the completion of Student Housing South in Fall 2018.

Justin Rajah and Lexie Bonestroo both commented that they are first generation college students. Justin was not aware of the Cal Poly Scholars Program, but after hearing about it, believes it's a very valuable program.

## V. UPDATES

### A. Executive Director's Report

Lorlie Leetham reported on the following:

Cal Poly Downtown opened in November. The Grand Opening/ribbon cutting will take place in the spring. The project came in \$2,000 under budget.

The Campus Dining Management Services contract was awarded to Chartwells. Their base services include an on-site director and executive chef, staff development and training, performance audits and assessments, and data analytics. Ken Kline, Executive Chef, will be starting on Monday.

The Corporation has received responses to the University Store Request for Proposals (RFP). Seven companies submitted proposals under four options: full service store, virtual textbook store, campus store without textbooks, and creative proposals and other services. An example of other services is the Amazon package pick-up center.

The University Store RFP Committee is a cross functional committee comprised of ASI representatives, University Store representation, faculty/staff, students and administrators.

The committee is currently reviewing the RFPs with vendor presentations scheduled for February 9 and 10. Committee ratings are due next Friday. The committee will work on a report to present to campus leadership.

Sponsored Programs has gone through a reorganization. Management of Grants Development and Sponsored Programs is now in the Office of Research and will be under the direction of Amy Velasco. Corporation staff and functions will remain with the Corporation for administrative and fiscal support. Melissa Mullen's role has changed; she will now oversee compliance and other regulatory functions.

Conference & Event Planning is working on renegotiating their contract at the request of University Housing. The changes being proposed involve SLO Days accommodations, which could have potential impacts on the budget.

Stuart Bartelson, who gifted the university the 450-acre Bartelson Ranch in Arroyo Grande, passed away in late December. Although this doesn't change anything regarding the gift, Andy is working with Stuart's wife, Jeaneatte, to understand her wishes moving forward.

Recruitment is currently underway for the Manager of Facilities Operations and Capital Projects position.

There have been several title/position changes to the Senior Management team. Kacey Chun, Director, Human Resources is now Senior Director of Human Resources; Dan Banfield, Controller is now Senior Director of Finance; and Starr Lee, Associate Executive Director is now Director of Administration and Legal Affairs.

Fatma Spanton, Director of Conference & Event Planning was named one of the Tribune's "Top 20 under 40." For 12 years, the competition has honored the achievements of local professionals under the age of 40. Fatma has directed Conference & Event Planning since 2012. The Tribune will host an awards luncheon to honor the winners on February 3 at the Madonna Inn.

The University Store's Courseware Manager has accepted a position with McGraw Hill. An interim plan has been put in place while the RFP is in progress.

Megan Coats, Campus Dining's Registered Dietitian, just completed the AASHE/STARS Food and Beverage Purchasing Product Guide to determine dining's real food percentage based on the AASHE/STARS matrix. The AASHE report is a university wide report that is being completed by Cal Poly's facilities management and development team. The percentage of campus dining food that comes from sustainable sources is currently at more than 20 percent.

Every Thursday from 3-5 p.m. Myron's has been hosting a faculty and staff mixer. Faculty and Staff can sample food and drink beer and wine for a total cost of \$5. The feedback from these mixers has been very positive.

The Vista Grande replacement project is close to going out for bid with a target date for the bids sometime in March.

The Corporation is taking another look at options for the Culinary Support Center/Building 19 project; Corporation is looking at possibly renovating Building 19 instead of rebuilding. The first step will be to conduct a seismic review. This change is primarily driven by financial funding. This project has a 4-5 year project timeline.

There was some discussion on having the Culinary Support Center on campus versus off campus.

The Corporation's lease for commercial dining operations at Poly Canyon Village (PCV) will expire in June 2018. Einstein Brothers and Jamba Juice franchise contracts also expire in June 2018. The Corporation will work with Chartwells to survey students and help determine preferences and the best product mix is for campus overall.

Campus Dining is currently partnering with ASI on the second phase of Mustang Station.

The Corporation is working to determine the best use for the 1,900 square feet it will lease in Student Housing South.

Since the University Union renovation project is not moving forward, the Corporation will be meeting with Starbucks to discuss a possible remodel of the Starbucks store in that location.

The Corporation's senior management team has been working with Dale Magee of Catalyst Consulting on its strategic planning. The management team worked together to revise the Corporation's mission statement to make it more current with campus, adding "innovative" and "partnership" to the mission statement language. Although the team is not as far as long as it would like to be, they will be working to align the Corporation's strategic plan with the university's and Administration and Finance's strategic plans, which are both in development.

The Corporation has created a Culture Club, which is a cross functional group that oversees and plans Corporation events. There have been several fun events such as Rock and Bowl at Mustang Lanes, a Halloween pumpkin carving and baking contest and movie night at the theater to watch the newly released Star Wars movie.

The Corporation's strategic goals include: ensuring that the Corporation is a valued, active partner in university life; that Corporation staff is high performing, engaged and thriving; that the Corporation is developing world class facilities, continually optimizing IT systems, and building financial sustainability.

Regarding optimizing the IT systems, Justin Rajah asked whether the Corporation had considered this as a topic for student senior projects. Eumi Sprague commented that the IT department is very open to the idea.

***The Board took a break at 10:34 a.m. and reconvened at 10:43 a.m.***

## **VI. BUSINESS**

### **A. Publicly Available Pay Schedule for CalPERS**

***M/S/P (Harding/Ramezani) that the Board approve the Publicly Available Pay Schedule for CalPERS.***

Kacey Chun reported that CalPERS requires that the Publicly Available Pay Schedule be adopted by the Board. The pay schedule has to be approved by the Board and every position has to show a pay range, time base and must be able to be accessed by the public with an effective and ending date and cannot reference another document.

### **B. Contribution to Athletic Fields**

***M/S/P (Humphrey/Thulin) that the Board approve a \$750,000 contribution to athletic fields.***

Dan Banfield reported that the university has requested the Corporation contribute \$750,000 towards the construction of the Doerr Family Field at the current I-Field location. Construction is set to begin this summer and be completed in the Fall of 2017.

Nick Pettit stated that the project includes a new, state-of-the-art, 140-yard synthetic turf field with Cal Poly branding. The Doerr Family Field will directly impact student athletes on a daily basis. The current football and soccer practice fields are in the Upper Sports Complex, a mile away from Mott Gym. The total cost of the field is \$5.4 million. Athletics has raised \$2.1 million to date with fundraising still underway. This project demonstrates collaboration at its finest on the part of many. Athletics and ASI will share in the use, scheduling, and management of the field.



There was some discussion on how the amount of \$750,000 was decided on and whether the Corporation be asked to give more.

Dan commented that the funding will come from the Bella Montana Housing Reserves. The Corporation holds these reserves for purchasing units when in the best interest of the Corporation. Corporation management believes at this time that there would be a broader impact on the campus community to use the funds for this project.

Cindy Villa noted that ASI is contributing \$1 million, University Housing is contributing another \$500,000 and President Armstrong has requested the Corporation contribute. \$750,000 is an amount Corporation management, working with AFD staff, determined could be impactful while preserving other funds for future projects.

**C. Facilities Capital Outlay Requests 2017-2018**

***M/S/P (Thulin/Bonestroo) that the Board approve the proposed FY 2017-18 Facilities Capital Outlay Budget Request.***

Dan reported that at this time there are two capital outlay requests. Both requests are on behalf of Campus Dining. Additional capital outlay requests not involving facilities planning will be included with the final operating budgets that will be presented to the Board in June.

The first request is for a Building 19 electrical upgrade. At the October Board meeting, the Board approved an expenditure of \$200,000 to replace the switchgear. Since that meeting, the university's lead electrician has obtained revised estimates of the work that needs to be completed. The capital request is for an additional \$220,000.

The second request is for funding approval for a concept renovation as part of the long-term strategic plan for Campus Dining and the Building 19/UU neighborhood. Approval of this request will enable the planning process to begin once student surveys are complete and food concept decisions have been made.

**D. Department of Water Resources Grant Funds – Resolution 17-03**

***M/S/P (Bonestroo/Thulin) that the Board approve Resolution 17-03 affirming Corporation's approval to enter into an agreement with the Department of Water Resources (DWR) and accept the DWR grant funds, and***

***Authorize the Director of Sponsored Programs or her Designee as the representative of Corporation to enter into these agreements with DWR, to sign sponsor reports and approve reimbursement claims.***

Melissa reported that in March 2016, the Corporation submitted three proposals to the Department of Water Resources and all three proposals were recommended for funding. As a requirement to fund the pending awards, the Department of Water Resources has required that a resolution be provided indicating the awardee organization's acceptance of the grants and the awardee organization's intent to enter into an agreement with the Department of Water Resources. The Corporation serves as the awardee institution for such grant proposals, thus requiring the Corporation Board of Directors to approve the resolution.

***Chair Cindy Villa announced that the Board would be moving into Closed Session before going into the reports.***

***The board moved into closed session at 11:05 a.m. and reconvened at 11:19 a.m.***

## VII. REPORTS

### A. Quarterly Investment Report, December 30, 2016

Joe Alves reported that the Investment Advisory Committee met this past Wednesday. Damon Whelchel of Kaspick & Company walked the committee through the quarter and year-to-date performance of Corporation assets. Damon reiterated that the philosophy of Kaspick & Company is to invest for the long term.

The committee also reviewed short-term holdings and no allocation changes were made.

Money Market interest rates have risen since the beginning of the year. The insured portion takes advantage of the FDIC insured accounts and a collateralized money market. The collateral is a selection of securities held in a separate account at a separate institution valued at 110% of what the Corporation's balance is. These funds are through Heritage Oaks Bank, which recently announced a merger with Pacific Premier Bancorp.

Given that the Vista Grande project will be SRB funded, we are currently evaluating the Corporation's cash and short-term asset allocations. Both funds have outperformed their benchmarks by 1.8% and 1.2% respectively. Kaspick does not bill the Corporation on these funds.

In January 2016, the Investment Advisory Committee decided that the Corporation would cut its allocation for the PIMCO All Asset All Authority Fund in half from 15% to 7.5% through a measured exit strategy. The committee believes that this allocation will help provide downside protection while limiting volatility effects on the portfolio.

Student Investment Management Portfolio (SIMP) greatly outperformed its benchmark.

OPEB Pimco All Asset All Authority allocation funds are allocated in a 57/43 mix of equity and fixed income. Fixed income managers played a large part in the outperformance for both of these funds. Both funds are 100% funded.

The full exit of the PIMCO position dragged on the returns of the pool, but provided for more stability for the eight endowments that are managed by the Corporation.

Currently, there are discussions taking place with Cal Poly Foundation regarding the Grant Annuity Society. The original plan was for Cal Poly Foundation to take over the ownership of the Grant & Annuity Society 10 years after the Foundation had been established, on January 1, 2017. The 10 year time frame is per Department of Insurance requirements. There is now some discussion as to whether the move needs to occur since the current arrangement is working. The Corporation will update the Board as new information becomes available.

The OCIO sub-committee has selected RV Kuhns to provide consulting services in the search and review of investment advisors. Kaspick & Company will be included through this process. There was a kick-off meeting on November 4 and the process of collecting data has begun.

### B. Quarterly Report, December 30, 2016

Dan Banfield reported on highlights from the quarter ending December 30, 2016. Income from commercial operations was at \$1.1 million, which is slightly above budget. First time freshman enrollment was 4.4% below budget. Sponsored Programs activity increased 14% from last year. Investments had a strong return of \$1.6 million.

The General Administration revenues are slightly under budget. Payroll and operating expenses

are also slightly under budget and transfers in from the General Fund are higher than budgeted. General Investment fund is valued at \$27.7 million. Dividend and interest income are under budget; expenses are at budget and operating income is above budget due to market value gains.

Campus Dining revenues are slightly under budget, primarily due to the decrease in freshmen head count. Cost of sales is slightly under budget. Payroll expenses are over budget and operating expenses are under budget.

The University Store's courseware sales and revenues are down. Cost of sales decreased. The decreases are mainly due to the decrease in first time freshmen. Payroll and operating expenses are slightly under budget.

Conference & Event Planning's revenue and payroll are at budget. Operating expenses are slightly under budget. The decrease in expenses is due to the delayed billings for on-campus housing expenses that will be billed in the near future.

Plant Operations revenues and expenses increased. The increases in expenses are largely the result of expenditures for Corporation Administration Building projects that were expensed rather than capitalized.

Sponsored Programs total income exceeded budget. The increase is consistent with the growth in overall project expenditures. Payroll was over budget. Operating expenses are slightly under budget. The variance is due to a timing in the billing of AFD Cost Allocation.

Total assets increased \$13.6 million. Liabilities increased \$9 million and net position increased \$4.6 million.

#### VIII. CLOSED SESSION

**Closed Session** in accordance with California Education Code, Section 89920, et seq.  
**M/S/P (Humphrey/Ramezani)**  
Proposed sale of Valencia Creek

#### IX. ANNOUNCEMENTS

Cindy announced that the next Board meeting is April 28 and Mustang Madness is May 20 at the Madonna Expo Center. The Corporation has two tables at the event. Any Board member interested in attending was asked to let Lorlie or Ann know.

Andy announced that the Cal Poly Rodeo is Open House Weekend and encouraged everyone to attend.

Lorlie announced that the Corporation is in the process of scheduling dates for the Board to visit Swanton Pacific Ranch in June or July. She will give an update as soon as more information becomes available.

#### X. ADJOURNMENT

No further matters appearing, the meeting was adjourned at 11:45 a.m.

Respectfully submitted,

  
Ann Roy, Recording Secretary