

CAL POLY
CORPORATION

BOARD OF DIRECTORS MEETING
Friday, April 22, 2016, 8:30 a.m.
Corporation Administration Building #15
Conference Room #124

MINUTES

Fiscal Year 2015-16

Present: Phil Barlow, Lexi Bonestroo (*left at 11:04 a.m.*), Steven Harding, Brady Hiob, Paul Hoover, Kimi Ikeda, Nick Pettit (*arrived at 8:58 a.m.*), Kim Shollenberger, Keith Humphrey, Cyrus Ramezani (*arrived at 8:55 a.m.*), Andrew Thulin, Mary Verdin, Cynthia Villa

Guest: Benoit Lecat

Staff: Preston Allen, Joe Alves, Dan Banfield, Frank Cawley, Ellen Curtis, Jeff Heller, Starr Lee, Lorie Leetham, Melissa Mullen, Fatma Spanton, Eumi Sprague, Mike Thornton

I. CALL TO ORDER AND INTRODUCTIONS

Chair Kimi Ikeda called the meeting to order at 8:32 a.m. and welcomed everyone to the meeting.

II. PUBLIC COMMENT

Chair Kimi Ikeda asked if there were any public comments. There were none.

III. MINUTES

A. Board Meeting Minutes – January 29, 2016 and April 6, 2016

(M/S/P) (Villa/Harding) that the Board accepts the January 29 and April 6, 2016 minutes as presented.

None opposed.

IV. CHAIR REPORT

Kimi announced that Jim Lokey has resigned as Chair of the Investment Advisory Committee and Eldon Shiffman has agreed to serve as Interim Chair until a new Chair is appointed.

V. UPDATES

A. Executive Director's Report

University Updates:

The Baker Forum is scheduled for Friday, May 6 in Harman Hall of the Performing Arts Center.

Chris Miller has been named the Managing Director for the Performing Arts Center and will begin May 9. Jo Campbell has been appointed as the Assistant Vice President for Student Affairs and Executive Director of University Housing.

Parking and Transportation Services has engaged a consulting firm to assess and advise the university regarding strategies to better manage and plan for parking and traffic, including the

feasibility of a shuttle.

The university will be going out in May for an RFQ for a P3 project for the proposed faculty/staff housing project on the corner of Slack Street and Grand Avenue.

Corporation Updates:

Budget development for the 2016-17 Fiscal Year is in process. The Corporation has engaged a firm to perform a second actuarial study. Lorlie asked Dan Banfield to speak more in depth on this topic.

The Corporation Human Resources Department has been working on recruitment outreach and developed a recruitment brochure to strengthen hiring pools. They have also completed the affirmative action plan.

Sponsored Programs had an increase in Contracts & Grants activity by 31% and saw a 40% change in personnel over the past twelve months. Currently, there is a joint project underway with the Corporation and the Office of Research and Economic Development to look at the design and process for units involved in grants development and grants administration.

Conference and Event Planning (CEP) is entering their busy season, with 84 events planned between now and September 1. CEP's future project will be to explore the possibility of holding private events and weddings on campus.

Information Technology (IT), has completed the MBS system upgrade and is working on implementation of a business intelligence tool called Tableau to collect and aggregate data to assist in financial data reporting and forecasting. IT is also exploring a mobile food ordering system called GET. This system will improve customer experience and reduce long lines.

Beginning in June, the most frequently used financial reports will be available via the Cal Poly Portal.

The Director of Campus Stores recruitment has been suspended. The Corporation plans to look into working with consultants to determine business model options for the University Store and Cal Poly Downtown. The Corporation would like to explore the impacts and desirability of outsourcing the University Store and Cal Poly Downtown location.

The Corporation has signed the lease for the new location for the Cal Poly Downtown Store. Design and construction work is underway for the landlord's portion of improvements.

Demolition of Vista Grande begins the week after graduation. Lorlie gave the Board of Directors a brief update on the Vista Grande transition plan along with a handout outlining the plan.

Culinary Support Center construction budget costs are coming in higher than expected. The Corporation is working with facilities to reduce the scope of the project.

University Union Advisory Board sub-committee is providing feedback and input to the Corporation's 2016 project on the Ciao!/Bowling Alley 'Pub' refresh and renovation project.

Lorlie introduced Ellen Curtis, Director of Marketing, to the Board and asked her to highlight the

great work that marketing, Campus Dining and University Store put together for Cal Poly's Open House.

Ellen gave a brief overview and presented a video on the activities that students and parents could participate in at Open House, from taste testing food at 19 Metro, to a scavenger hunt at University Store, and photo opportunities. The Marketing Department also developed an informational brochure which featured important information about the University Store and Campus Dining for new students and parents.

VI. BUSINESS

A. University Services Program Funds

M/S/P (Thulin/Humphrey) that the Board approve the funding for the University Services Program for fiscal years 2015-16, 2016-17, and 2017-18 in the amounts of \$836,000, \$986,000 and \$1,015,580.

Lorlie reported that the three year request from the President includes university funding for the 2015-16, 2016-17 and 2017-18 fiscal years. The President's request also includes a \$125,000 adjustment to the base amount in 2016-17, in addition to annual increases of 3% throughout this three-year funding plan. The distribution of these funds is by request and at the discretion of the University President.

Kimi Ikeda stated that Business Item B would be pushed back until Benoit Lecat arrives at approximately 10:15 a.m.

B. Alcohol Sales License for the Cal Poly Pilot Winery

M/S/P (Humphrey/Thulin) that the Board authorize application for winery sales license for the Cal Poly Pilot Winery.

Starr Lee reported that Cal Poly has had a viticulture curriculum since at least the 1980's and an enology curriculum for the last 10 years, which now includes a recognized major and its own Wine and Viticulture (WVIT) department within the College of Agriculture, Food and Environmental Sciences (CAFES). The next steps to maintain the branded Cal Poly wine products and to further educational opportunities is to seek a Type 02 winery sales license for the Pilot Winery at Cal Poly. The Corporation must hold the license as the university cannot hold an alcohol license. The President indicated his support for the winery and is supportive of a new Fermentation Sciences Center, which will include a winery, brewery, and other fermentation related programs.

Starr introduced Wine and Viticulture Department Head Benoit Lecat to the Board.

Benoit reported that having the Type 02 license will provide incremental learning with more autonomy and flexibility to build CAFES' own distribution strategy, including: e-commerce, direct-to-consumer, on-campus sales, restaurant sales, and fine wine shops. CAFES will need to hire a half-time administrative support staff to manage all the legal, compliance and accounting tasks. Adrienne Ferrara, who manages her small family winery business, will train this person. The cost of bonding will be approximately \$2,000 with the application and compliance advice being gifted by Cal Poly alumni Rachel Rey. All startup and operational costs will be covered by existing Cal Poly wine proceeds, CAFES and WVIT.

- C. **Alcohol Sales License for the New Restaurant and Cíao! and Bowling Alley Space**
M/S/P (Hoover/Harding) that the Board authorize application for:
1. ***A beer and wine full service restaurant license for the new Building 19 full service dining area; and***
 2. ***A beer and wine restaurant service license for the Cíao! restaurant space and possibly the bowling alley space***

Starr reported that the Corporation is looking at two new Type 41 alcohol licenses for restaurants and beer and wine service on campus.

The Type 41 license at Vista Grande will be relinquished when the building is demolished. The Corporation will need to apply for a new license at the new location in Building 19 in the area formerly known as the Veranda Café. This new location will be developed this summer into a full service restaurant similar to Visa Grande.

The second Type 41 license will be for Cíao! and will probably include the bowling alley area space if allowable. The intent is to refresh the space with a Cal Poly spirit and sports-oriented theme. The restaurant will also be renamed at a later date.

- D. **Rescind waiver of provision in Bella Montana Ground Sublease**
M/S/P (Ramezani/Bonestroo) that the Board rescind the waiver of section E.1.E in Bella Montana Ground sublease that changed the repurchase option event to 10 years for homeowners in the back-up market and reinstate the provision as written, to be effective for any purchases on and after July 1, 2016.

Starr reported that in 2009 the then Cal Poly Housing Corporation Board agreed at the request of Bella Montana homeowners to temporarily waive one of its contractual rights to make the units more desirable to non-Cal Poly employees and staff during the 2008 downturn in the economy. It was also agreed by the then Board that this would be revisited when the real estate market was healthier for the intended buyers, Cal Poly faculty/staff. The real estate market and the demand from Cal Poly faculty/staff has greatly improved in the last few years, with units generally being available for sale less than 60 days. Based on the changes in the economy and the demand, the Corporation is requesting to re-instate this provision that emphasizes the Cal Poly faculty/staff priority and making units that have been purchased by non faculty/staff available in the future for Cal Poly faculty/staff. This will change will take effect 70 days from approval to provide ample notice to all current homeowners.

- E. **Reallocation of 2015-16 Capital Outlay Budget**
M/S/P (Verdin/Villa) that the Board approve reallocation of \$136,000 of Campus Dining Capital expenditure funds per Policy #117.

Lorlie reported that at the May 2015 board meeting, the Board approved \$362,000 in renovations for the Avenue in building 19 as part of the capital outlay budget. It was later determined that Building 19 could not support the additional electrical expansion for a Wok Station without significant infrastructure costs. This project has now changed and the construction costs are expected to be approximately \$192,000, leaving \$172,000 unspent. The Corporation is asking the Board to approve the reallocation of the 2015-16 unspent capital outlay funds as follows: \$65,000 to purchase a refrigerated box truck, \$40,000 for Avenue modifications, and \$31,000 to paint Building 19, for a total of \$136,000.

VII. REPORTS

A. Quarterly Financial Report, March 31, 2016

Dan reported on the March 31, 2016, quarterly financial report.

Excluding the General Investment Fund, income from Core Operations is up. Year-to-date change in net position was an increase of \$4 million. Year-to-date operating income from core commercial operations is \$1.5 million above budget. The favorable results are primarily due to first-time freshman count for the fall being 6.5% over budget projections. SOAR was a huge success, largely due to the program for the first time was being required for incoming freshman. Investment market losses have been a challenge, although investments did see some recovery in the last month. Sponsored Programs saw a 31% increase in activity.

From June 30, 2015 to March 31, 2016 the Corporation's total assets increased \$6.4 million, total liabilities increased \$5.1 million and total net position increased \$1.3 million.

B. Quarterly Investment Report, March 31, 2016

Joe reported on the March 31, 2016 quarterly investment report.

The General Investment Fund was valued at \$15.8 million at March 31. One CD matured during the quarter for \$3 million and was deposited into the General Account.

Corporate Investment Pool had a positive return for the quarter, outperforming its benchmark by 0.5%. The main driver was the PIMCO All Asset All Authority fund earning 5.5% for the quarter.

The Student Investment Management Group had a fantastic quarter, significantly outperforming their benchmark by 4.4%.

OPEB & VEBA Pools both had positive returns for the quarter, but are slightly behind fiscal year-to-date. The small differences in fiscal year-to-date returns are due to the deposit and withdrawal schedule for contributions and medical premium expenses.

The Endowment Pool had a return of 1.9% for the quarter, but is still underwater for the year.

The Grant & Annuity Society had a positive return for the quarter but did not beat its benchmark. Fiscal year-to-date, one contract valued at \$10,000 was added and seven contracts matured at a value of \$81,677. These proceeds are sent to the Cal Poly Foundation and the Foundation for the Performing Arts.

VIII. ANNOUNCEMENTS

Next Scheduled Board Meeting: May 27, 2016, 8:30 a.m.

Corporation Employee Appreciation: June 15, 2018 3:00 p.m. in the PAC Lobby

IX. ADJOURNMENT

No further matters appearing, the meeting was adjourned at 11:21 a.m.

Respectfully submitted,


Ann Roy, Recording Secretary