



**BOARD OF DIRECTORS ANNUAL MEETING #5**  
**Friday, May 31, 2019 8:30 a.m.**  
**Corporation Administration Building #15**  
**Conference Room #124**

**MINUTES**

**Fiscal Year 2018-19**

**Present:** Phil Barlow, Cara Crye, Steven Harding, Keith Humphrey (*left at 10:28 a.m.*), Kshitij Mehta, Patrick Mullen, Nick Pettit, Cyrus Ramezani, Steven Rein, Andy Thulin, Cynthia Villa, Roman Waskiewicz, Dean Wendt (*arrived at 11:18 a.m.*)

**Guest:** Brian Dietterick, Cole Dorris, Celeste Esparza, Melissa Fowler, Cortney Newby, Liberty Ortiz, Amy Velasco, David Valadez, Dina Vees

**Staff:** Dan Banfield, Andrea Burns, Ellen Curtis, Jim Dunning, Aaron Lambert, Lorie Leetham, Will Marchese, Matt Ryan, Fatma Spanton, Mike Thornton, Thomas Visvikis, Jennifer Wharton

**I. CALL TO ORDER AND INTRODUCTIONS**

Chair Cynthia Villa called the meeting to order at 8:30 a.m. and welcomed everyone in attendance. She announced that Dean Wendt and Steven Rein will be arriving late.

Villa announced and welcomed guests Melissa Fowler and Liberty Ortiz with University Graphic Systems as well as Cole Dorris and Celeste Esparza, who have both been newly appointed to the corporation board for the 2019-20 Fiscal Year. She also stated that Jim Dunning will be joining the meeting later.

**II. PUBLIC COMMENT**

There was no public comment.

**III. MINUTES**

**A. Board Meeting Minutes – April 26, 2019**

*(M/S/P) (Humphrey/Thulin) that the Board accepts the April 26, 2019 minutes as presented.*

None opposed.

**IV. CHAIR REPORT**

Villa announced that board members Cyrus Ramezani, Kshitij Mehta and Roman Waskiewicz are terming out on the board. Villa thanked them for their participation and dedication to the board. Lorie Leetham presented commendations and gifts to all three board members.

Villa announced the proposed 2019-20 Fiscal Year board meeting dates and asked that if the board has any conflicts to please forward alternate dates to Leetham or Ann Roy.

**V. UPDATES**

**A. Executive Director's Report**

Leetham gave a brief update on the following:

Program priorities continue to be focused on infrastructure, capital projects and looking at ways to maximize the use of office and warehouse space.

The corporation will be emphasizing professional development to position staff in areas they are interested in for succession opportunities. The corporation will also be conducting an organizational review that will align with operating needs. Staff compensation, training and retention continues to be competitive and a challenge in the current market.

Brailsford and Dunlavey, Inc. have been hired to complete a business operations assessment for Conference and Event Planning.

In January 2020, state minimum wage is increasing to \$13.00 an hour. The corporation has budgeted a 2 percent general salary increase and a 1 percent merit pool increase for the 2019-20 Fiscal Year. The corporation has also budgeted a 1 percent increase to begin on January 1, 2020, to raise the lowest five to six pay grades to reduce salary compression. A \$15 an hour minimum hiring wage has been implemented for full-time employees, effective immediately.

Leetham asked Dan Banfield to give a consolidated overview of the 2019-20 Fiscal Year budgets.

Banfield gave a high-level summary of the budgets that will be presented to the board and stated he will go into more detail during individual budget presentations.

## VI. BUSINESS

### A. Amendment to Corporation Bylaws

***M/S/P (Mullen/Rein; Humphrey abstained) that the Board amend the corporation's bylaws so that the vice president of administration and finance, vice president of student affairs, and dean of the college of agriculture, food and environmental sciences shall serve as members of the board by position and without term limit on a delegable basis by the university president.***

Will Marchese reported that at the last board meeting, the board raised concerns about possible scheduling conflicts and attendance violations for the three director positions that were being recommended to serve with continuous appointment. The board also had concerns about the position being delegable.

Corporation management amended the proposal for the vice president of administration and finance, vice president of student affairs, and dean of college of agriculture, food and environmental sciences to serve as members of the board without term limits on a delegable basis by the president. This amendment recognizes and alleviates the concerns of the board while still providing effective, collaborative, and sustainable partnership between the university and the corporation. It also provides flexibility for unforeseen circumstances that may prevent one of these three standing appointments from being able to serve. In that case, a delegate may be selected and designated by the president to serve in their absence as needed.

### B. Appointment of Board Members and Election of Officers

***M/S/P (Harding/Ramezani) that the Board approves the President's nomination of officers for the Corporation Board of Directors.***

Villa reported that President Armstrong has nominated the following officers to serve a one-year term beginning July 1, 2019: Cynthia Villa, chair; Nick Pettit, vice chair; Andy Thulin, secretary/treasurer.

President Armstrong also appointed Sean Hurley to serve a 3-year term ending June 30, 2022 and Celeste Esparza and Cole Dorris to each serve a one-year term ending June 30, 2020. Dean Wendt has been appointed as the president's delegate to serve a one-year term ending June 30, 2020.

**C. Technology Park Expansion Project**

***M/S/P (Humphrey/Barlow) that the Board authorize the executive director or her designee(s) to negotiate and execute all documents necessary to facilitate the financing, ground lease, and construction of the Cal Poly Technology Park Expansion Project.***

Banfield reported that at the April meeting Jim Dunning shared plans of an expansion to the existing technology park and mentioned that a request would be forthcoming to the board.

Banfield stated that the technology park is approximately 25,000 square feet and was built in 2010. It was financed with a mix of debt and equity. Technology Park operations fall under the fiscal authority of the corporation with programmatic oversight from the Office of Research and Economic Development (ORED).

Dunning mentioned that there is a demand for this type of space. A planning and research feasibility study was completed in December 2017 and was funded by a sourced grant from the U.S. Economic Development Administration (EDA). Earlier this year ORED submitted a request for capital to the EDA to expand the existing Technology Park. As of May 2019, the project has received tentative approval by the EDA, with an award amount of \$6,745,200. A final award date is expected in July 2019.

The total project cost of the expansion is estimated to be \$11,173,000, which includes \$800,000 for tenant improvements. Of the total project cost, the EDA grant is expected to cover \$6,745,200. An additional \$3,000,000 will be funded by Cal Poly Extended Education. The remaining \$1,427,800 will be provided as an internal loan within the corporation. The internal loan would come from funds held in the corporation's Internal Investment Fund

Project construction will be based on a design-bid-build delivery method and is scheduled to begin in January 2021, with shell completion in September 2022 and tenant improvements completed by January 2024. Once complete, the corporation will operate the building utilizing a ground lease between the university and the corporation.

The project is estimated to create 150 new high-wage jobs and \$20 million in annual economic impact for the region.

Phil Barlow commented that the people involved in these projects are great and are doing a fantastic job, but he would like for the board to be more informed and to have deeper discussions about the construction projects while they are in progress. He suggested creating an executive subcommittee or task force that could report at board meetings on the projects.

Villa stated that the board would take his suggestions under advisement and come back to the board with ideas on how to accommodate his request.

**D. Cal Poly Corporation University Programs FY 2019-20 Operating Budgets and Capital Outlay Proposals**

***M/S/P (Mullen/Humphrey) that the Board approves the Fiscal Year 2019-20 Cal Poly Corporation University Programs operating budgets and capital outlay proposals.***

### **1. University Graphic Systems**

Melissa Fowler introduced herself and stated that she is the current year manager for University Graphic Systems, a student-run enterprise. Liberty Ortiz introduced herself and stated she is next year's manager.

Fowler presented a business overview and highlighted some of the accomplishments for the 2018-19 Fiscal Year. Some of the accomplishments included attending a Specialty Graphic Imaging Association Expo in Las Vegas, adding a freelance designer in order to provide design services and redesigning the visual storefront to make a front desk area.

Ortiz reported on the goals and objectives for the 2019-20 Fiscal Year. Some of the goals include expanding the digital printing services, marketing and seeking out customers to expand sales, and continuing to cultivate UGS' relationship with the corporation. She also reported that the 2019-20 Fiscal Year budget will remain flat.

There are no capital outlay requests for the 2019-20 Fiscal Year.

### **2. Commercial Agriculture Operations**

Andy Thulin gave a brief overview of CAFES, stating that it is the fifth largest college of agriculture in the United States, with 4,200 undergraduate students and is the only college in the top twenty that is not in a land grant and receives no federal or state funding for its facilities or operations. CAFES has nine departments and 15 majors. Every year CAFES receives 6,000 student applications for 900 seats.

Thulin gave a business overview and reported on the 2018-19 Fiscal Year accomplishments and the 2019-20 Fiscal Year goals and objectives for CAFES. Some of the accomplishments included: Cal Poly Grand Gouda won 3rd place and Smoked Gouda won 5th at the 2019 U.S. Championship Cheese Contest; horticulture and crop science's avocado harvest hit peak market price; food science and nutrition installed a new vacuum kettle for jam production and sold \$265,000 in product during the 2018-19 Fiscal Year; and wine and viticulture completed planting of the Trestle Teaching Vineyard.

Thulin highlighted some of the goals and objectives for the 2019-20 Fiscal Year, which include increasing beef inventory, having a fully functional Equine Center, and breaking even with net income. CAFES' management goals include hiring a business manager to assist the dean, completing marketing plans, and increasing sales of all products.

Thulin reported that a decrease in sales and revenue is expected for the 2018-19 Fiscal Year due to a drastic reduction in product sales at the Campus Market and Campus Dining following changes to student meal plans. For the 2019-20 Fiscal Year budget overall sales are budgeted to increase due to a larger avocado harvest. Payroll and operating expenses are budgeted to stay consistent with the current Fiscal Year.

Total capital outlay request for the 2019-20 Fiscal Year is approximately \$11,000.

### **3. Technology Park**

Banfield reported on the operating budget for the 2019-20 Fiscal Year. The largest source of income in the Technology Park's budget is rent revenues. Payroll expense for 2019-20 Fiscal Year represents 30 percent of the total budget payroll cost for the tech park manager and related administrative support staff. Operating expenses are expected to remain relatively the same for the 2019-20 Fiscal Year.

Fiscal Year 2019-20 net income, excluding non-cash transactions is expected to increase 2 percent, with the expectation of full occupancy.

Total capital outlay request for the 2019-20 Fiscal Year is \$20,000.

#### **4. Swanton Pacific Ranch**

Banfield reported on the operating budget for the Swanton Pacific Ranch for the 2019-20 Fiscal Year. The livestock program income is budgeted at \$79,000 and the stocker cattle, natural beef sales and livestock sales together are estimated to be \$89,000. Swanton Pacific Ranch's primary source of income to fund ranch operations comes from the Al Smith Endowment. Other sources of income are from event income, beef/stocker programs, natural beef and cattle sales, and leasing of farmland.

Payroll expense is expected to increase 3.2 percent due to new hires, reclassification and several staff promotions. Operating expenses are expected to have a 10 percent decrease from the current fiscal year due to decreases in depreciation expense and supply expenses.

There are no capital outlay requests for the 2019-20 Fiscal Year.

#### **5. Cal Poly Arts**

Banfield reported on the operations and business overview for Cal Poly Arts.

Banfield reported that the operating budget for the 2019-20 Fiscal Year is expected to remain flat and in line with the current-year budget. Cal Poly Arts can't solely rely on ticket sales; they also depend on donations. The largest expense for Cal Poly Arts are the artist fees; while the second largest are fees paid to the PAC for lease of the facilities.

Operations are cash flow positive and expect to add \$33,000 to reserves in 2019-20 Fiscal Year.

There are no capital outlay requests for the 2019-20 Fiscal Year.

**The board took a break at 9:52 a.m. and reconvened at 10:05 a.m.**

### **E. Cal Poly Corporation Core Programs FY 2019-20 Operating Budgets and Capital Outlay Proposals M/S/P (Ramezani/Barlow) that the Board approves the Fiscal Year 2019-20 Cal Poly Corporation Core Programs operating budgets and capital outlay proposals.**

#### **1. Campus Dining**

Thomas Visvikis introduced himself, gave a business overview and reported on the accomplishments for the 2018-19 Fiscal Year. Some of the accomplishments include winning two NACUFS awards, relocating and remodeling Village Market and Einstein Bros. Bagels, introducing the Choose Well Ambassador Program, and launching Cooking in the Canyon classes in collaboration with university housing. He also reported on the 2019-20 Fiscal Year goals and objectives. Some of the goals included opening Vista Grande, renovating Starbucks in the University Union, opening Grand Avenue Market located at yak?it?ut?u, upgrading the point of sale system and improving food and labor costs.

For the 2019-20 Fiscal Year, first-year student enrollment is anticipated to increase by 300 students and revenue is anticipated to grow \$3.4 million primarily as a result.

Cost of goods sold as a percentage of sales is to be flat for the next fiscal year. Payroll is expected to increase due to salary and minimum wage increases. This includes a minimum hiring salary of \$15 per hour for full-time benefitted employees and an increase in the fringe benefit rates. Operating expenses are expected to increase \$1.5 million; this is attributed to the opening of Vista Grande. Net from operations is expected to decrease.

Major and minor capital outlay requests for the 2019-20 Fiscal Year total \$1.1 million.

## **2. Conference and Event Planning**

Fatma Spanton gave a brief business overview and highlighted the accomplishments for 2018-19 Fiscal Year, which included creating a policies and procedures binder, creating a "How to Create an Event" manual, off campus facilities, creating a CEP website with a visual gallery and portfolio, and expanding CEP's relationships with SLO Chamber of Commerce.

Spanton also reported on the goals and objectives for the 2019-20 Fiscal Year. Some of the goals include completing an external consultant review with the consulting firm of Brailsford and Dunlavey, Inc., researching and outreaching to expand external client base, enhancing relationships with university faculty, deans and support staff, implementing a zero-waste initiative, using DocuSign for efficiency and time management, and relocating the CEP offices to the new Vista Grande building.

Spanton reported that for the 2019-20 Fiscal Year revenues are budgeted to decrease by 3 percent due to the loss of a major client choosing to explore other campus possibilities. Payroll expense is expected to increase due to increase in minimum wage, compensation pool merit increases and being fully staffed. Total operating expenses are expected to decrease by \$50,000 over the current fiscal year due to a decrease in on-campus housing expenses.

There are no capital outlay requests for the 2019-20 Fiscal Year.

## **3. Sponsored Programs**

Amy Velasco gave a business overview of sponsored programs, reported on the accomplishments for the 2018-19 Fiscal Year and the goals and objectives for the 2019-20 Fiscal Year. Some of the accomplishments included the approval of new service center rates, streamlined electronic processes to reduce dependency on paper, hiring a new contracts and grants analyst as well as an office coordinator, and working with the grants development office to refine the campus export compliance review processes.

Goals for the 2019-20 Fiscal Year include working closely with corporation IT in a continued effort to streamline electronic processes, collaborating with the corporation Business and Finance office as well as Administration and Finance to prepare and submit the next Facilities and Administrative Rates proposal renewal of its federally approved indirect costs rate for campus, and participating in the review and update of corporation policies and processes to maximize efficiency and service.

Income for the 2019-20 Fiscal Year is budgeted to increase slightly. Payroll expenses are expected to increase from the current year, due to the expectation of being fully staffed, the compensation pool wage increase and the minimum wage increase. Operating expenses are expected to increase primarily due to an increase in the university cost allocation, as well as, an increase in external consulting expenses to assist in the preparation and submittal of the facilities and administrative rate renewal proposal of the federally-approved indirect cost rate.

There are no capital outlays requested for the 2019-20 Fiscal Year.

#### **4. General Administration**

Banfield gave a brief business overview and highlighted some of the 2018-19 Fiscal Year accomplishments, goals and objectives.

Some of the 2018-19 Fiscal Year accomplishments included finalization of the corporation strategic plan, finishing the master plan phase for the building 19/University Union Neighborhood project, hiring an associate executive director and a Human Resources director, completing the CSU Chancellor's office auxiliary audit and implementing a cloud-based backup and recovery technology process to ensure protection and recovery of corporation data assets.

Some of the goals and objectives for the 2019-20 Fiscal Year include the development and roll-out of the communication element of the corporation strategic plan, creating a sustainability steering committee with charter and purpose, implementing employee self-service software to allow employees' access to human resources and payroll information, and executing a new pouring rights agreement.

Banfield reported on the 2019-20 Fiscal Year budget. Total revenues are expected to increase by 5 percent. Payroll expenses are expected to increase due to the 3 percent compensation pool, with an additional 1 percent increase in January for lower earning employees and the January 2020 minimum wage increase.

Total operating expenses are expected to increase 10 percent and is primarily driven by an increase in software/hardware maintenance expenses. Net operating income is expected to decrease approximately \$191,000 over the current fiscal year.

There are no capital outlays requested for the 2019-20 Fiscal Year.

#### **5. Plant Operations**

Banfield gave a brief overview of the 2018-19 Fiscal Year accomplishments, which included the corporation owned Bella Montaña units were occupied for a majority of the year, repurchasing one Bella Montaña unit and selling another unit on behalf of OCOB, remodeling the restrooms in the corporation administration building, hiring a new project/property manager. In addition, the Grand Avenue properties were rented for the entire Fiscal Year.

Goals for the 2019-20 Fiscal Year include expanding property management functions for corporation owned property, redesigning and replacing the furniture in the corporation administration building to optimize space and accommodate department and staff relocations, and continuing to work with the university to determine the best use of the corporation warehouse space.

Total operating expenses for 2019-20 Fiscal Year are budgeted to decrease by 3 percent, primarily due to a decrease in maintenance expense for the corporation administration building.

Total occupancy income is expected to increase by \$17,000 over the current fiscal year, primarily the result of increases in rental rates charged for Bella Montaña units.

There are no new capital outlay requests for the 2019-20 Fiscal Year.

**6. Other Commercial Activities**

Banfield reported that Other Commercial Activities include the bookstore contract with Follett, Cal Poly Print and Copy and other retail outlets.

Banfield gave an overview of the accomplishments and goals for the 2018-19 Fiscal Year.

Some of the accomplishments included the campus outreach and joint marketing program, as well as, the addition of the Apple alumni program that allows alumni to use the educational discount when purchasing Macs and iPads at the university store or from the website. In addition, Cal Poly Print & Copy has successfully produced 100 percent of all course packs for Follett on time for the past five quarters.

Some of the goals and objectives for 2019-20 Fiscal Year include integrating facilities renovation of the University Store into the University Union/Building 19 Neighborhood project, adopting the immediate access program, collaborating with the university on the library renovation project for options and space for retail spaces for Campus Dining and Cal Poly Print and Copy.

For Fiscal Year-20, sales at Cal Poly Print & Copy are expected to increase 3 percent. Payroll expense reflects a 3 percent compensation pool for full-time employees, with an additional 1 percent in January 2019 for employees at lower earnings to address compression from minimum wage increases. It also reflects an increase in the minimum wage beginning January 2020.

Operating expenses are expected to increase for Fiscal Year 2019-20, primarily the result of an increase in administrative services provided to Cal Poly Print & Copy.

Capital outlay requests for the 2019-20 Fiscal year is \$100,000.

**VII. ANNOUNCEMENTS**

Villa thanked the board members for their dedication and service and wished the students success in their future endeavors.

Leetham stated that corporation management will be working on the formation of a budget and finance committee this summer and scheduling a new board member orientation.

**VIII. ADJOURNMENT**

No further matters appearing, the meeting was adjourned at 11:34 a.m.

Respectfully submitted,



Ann Roy, Recording Secretary