



# CAL POLY

**BOARD OF DIRECTORS MEETING #3**  
Tuesday, April 26 2022, 12:00 p.m.  
**MINUTES**

**Fiscal Year 2021-22**

**Present:** Marissa Hiji, Cynthia Jackson-Elmoore, Keith Humphrey, Sean Hurley, Geri LaChance, Patrick Mullen, Cyrus Ramezani, Steven Rein, Andy Thulin, Dean Wendt

**Absent:** Cara Crye, Cole Dorris, Cynthia Villa

**Guest:** Students from Orfalea College of Business

**Staff:** Joe Alves, Dan Banfield, Jodi Block, Andrea Burns, Holly Clark, Ellen Curtis, Jim Dunning, Brad Opstad, Jennifer Wharton

**I. CALL TO ORDER AND INTRODUCTIONS**

Vice Chair Cynthia Jackson-Elmoore called the meeting to order at 12:03 p.m., and welcomed everyone in attendance and asked everyone to introduce themselves. The Vice Chair announced that there would be a presentation later in the meeting by the students of Orfalea College of Business (OCOB).

**II. PUBLIC COMMENT**

Jackson-Elmoore asked if there was anyone present who had a public comment. No one responded. No emails had been received prior to the Board meeting.

**III. MINUTES**

**Board Meeting Minutes – February 4, 2022**

***(M/S/P) (THULIN /LACHANCE) that the Board accepts the February 4, 2022 minutes as presented.***

None opposed.

**IV. CONSENT AGENDA**

**A. Accept Quarterly Financial Report**

**B. Accept Quarterly Investment Report**

**C. *Ocean Protection Council Resolution 22-03***

**D. *Capital Budget Reallocation Request***

**E. *Modification of Board Policy 117***

***(M/S/P) (WENDT/MULLEN) that the board approve the Consent Agenda items IV. A. – E.***

None opposed. An explanation was given to Keith Humphrey related to Board Policy 117.

**V. CHAIR REPORT**

- A.** Cynthia Jackson-Elmoore gave a report that Cindy Villa had prepared. She reported that the CSU Board of Trustees voted to appoint Dr. Jolene Koester to serve as interim Chancellor, assuming the role on May 1, 2022 for a one year term, while the Board undertakes the task of searching for a permanent Chancellor.

Total Cal Poly student applicants to date are 69,000, the highest amount ever received. On April 1 – 3, 2022, an opportunity was served to assist underrepresented groups, connecting them to our prospective students with the Cultural Resources campus community; there were 261 students in attendance.

The University is currently recruiting for Vice President of Diversity and Inclusion as well as for the Vice President of Research Economic Development and Graduate Education (R-EDGE). Isaacson, Miller is handling both searches. The recruitment for the Vice President of R-EDGE is expected to be concluded this academic year.

The Frost Center is in its final stages of completion. It includes a 105,000 square feet. multidiscipline lab and is a \$133 million project, \$35 million of which is from the CSU. The Kennedy Library renovation totaling \$75 million(\$68 million from the CSU)will include additional classroom space and is in the planning phase. Construction could start as early as March 2023, pending approval.

**VI. COMMITTEE REPORTS**

**A. Investment Advisory Committee**

Joe Alves reported that the Investment Advisory Committee met on Monday, April 25<sup>th</sup>, 2022. The committee reviewed the portfolio performance. The dollar-weighted average is negative 2.01% due to supply chain issues as well as inflation concerns that are contributing to significant market volatility. Also discussed was the money market and short-term fund. It is showing minimal returns at this time. There followed a discussion about inflation concerns and geopolitical events that contributed to this market volatility.

In the third quarter there was a slight underperformance at one basis point for the growth position portfolios as driven by asset allocations. Other attractive tactical adjustments were discussed, but it was decided not to make any at this time. The investment advisors and the committee will maintain discussions on this topic.

Cyrus Ramezani reported on the volatility of the market, the ongoing discussion of options, and appropriate strategies in this current economic climate. He gave examples of what other foundations are doing at this time.

The next Investment Advisory Committee meeting is in July, and it is expected that a more robust discussion will be required. Currently, a long-term strategy is being used and the committee is not looking to participate in any market-timing investing.

Last year produced good returns and the Corporation liquidated \$5 million from the Corporate pool. This was done to realize market value gains for upcoming capital projects.

**B. Budget and Finance Advisory Committee**

Dan Banfield reported that the Budget and Finance Advisory Committee met on Monday, April 25<sup>th</sup>, 2022 and quarterly results were reviewed through March 31<sup>st</sup>, 2022. An analysis of Campus Dining sales revenues by each location was made and the overall financial position of the corporation and balance sheet were considered.

Pat Mullen, BFA Committee Chair, reported on the discussion they had about the construction of building 1901 Marketplace as related to current supply chain issues. They also discussed trends realized in the market since the beginning of the pandemic.

***Staff Presentations, due to the meeting time being ahead of schedule, began ahead of the presentation by OCOB.***

**VII. STAFF PRESENTATIONS**

**A. CPC Name Change Update**

Ellen Curtis, Director of Marketing, gave an update on the potential name change for Cal Poly Corporation. CPC recently completed a brand-strategy sprint to identify ways to communicate its purpose better, differentiate it from other campus organizations, and increase its perceived value amongst its stakeholders. Out of this study, the idea of a name change was contemplated. A name change would aid in resisting any confusion about the purpose of the corporation while helping to reposition the organization. A name change could help support the newly defined visions which include Commercial Services, Business Services, and Real Estate Development and Services. Extensive thought has been given to ways by which a new name will manifest itself, including looking at the strategic alignment, its functional requirements, and ultimately its passing the test where people like the new name. Additionally, minimum requirements, such as its legal clearance, would also be of consideration.

Input is being requested campus-wide from students, faculty, and staff. Curtis requested input from all of the board members through an online questionnaire to be sent to each of them. A collective intelligence platform will be utilized to assist in the decision-making process which is then followed by the formation of focus groups. Several potential names were shared with the group, despite the possibility that any outcome might end up being the retention of the current name. The goal of the search is to determine a name which aptly describes the positive relationship the corporation has with the university while maintaining its sense of being business-oriented. Marketing's intent is to finalize the name-search process by the end of the Fall Quarter. Several board members provided suggestions toward assisting in the process.

Once the new name is determined, the task of launching a new brand will begin. In order to be the most highly effective, this process will be a multiyear effort.

**B. CFO Report**

Dan Banfield reported a summary of the quarterly reports, highlighting the past nine months. Revenues in CPC commercial operations have doubled this year as compared to last year, still down approximately 5% from pre-pandemic levels. The financial statements through March show that the revenues are in line with the budget: the bottom line, however, shows that CPC is below budget by approximately \$730,000, due to inflation in operational costs, including wages. CPC has made operational adjustments to find ways to retain and attract a workforce; there has been a big push this year to focus on employee satisfaction and retention. In January 2022, a 3% GSI was applied to corporation staff that had not received any sort of adjustment, and had been on furlough, for over 12 months. A consultant was hired to engage a compensation study of the corporation's framework. The goal was to come up with a compensation structure that was closer to market. More information will be shared in the June meeting in connect with the presentation of the 2022-23 budget proposal. Lastly, part of the overall strategy of attracting and retaining employees is the development of the Employee Housing Program.

A few other updates included the loss of \$2.7 million in the General Investment Fund, a result of the volatility being realized in today's markets. Sponsored research through March experienced \$19 million in expenditures, primarily focused in Federal and State awards. Other university programs are tracking very close to their budgets.

***The board took a break at 12:50 pm. The board returned at 1:01 pm.***

**VIII. PROGRAM REVIEW**

**A. Student Managed Portfolio Project Presentation**

Cyrus Ramezani introduced the five presenting students of Orfalea College of Business (OCOB): Alexandra Joelson, Cameron Wong, Dominic Juliano, Samuel Paik, and Shingo O'Flaherty. These five students have been enrolled in the student-managed portfolio project class and their presentation was created for a global competition wherein Cal Poly emerged to the semifinals. In this competition, a public company is assigned to the students in which they play the role of financial analysts. As analysts, they are engaged in researching toward an effort to issue either a buy, sell or hold recommendation for their assigned company. The OCOB students were asked to assess PayPal by evaluating the industry, then creating a business model and determining the environmental, social and governmental impacts to the firm. Their considered conclusion was that PayPal should issue a sell recommendation.

***The board took a break at 1:36 pm. The board returned at 1:41 pm.***

**D. CEO Report**

Cody VanDorn reported on general updates related to the corporation and a few of the top goals for the corporation. He highlighted activities within the corporation's Commercial Services, Business Services, and Real Estate Development and Services areas.

- Open House was a huge success with approximately 5,000 incoming students in attendance.
- The Poly Royal Rodeo, supported by CPC in a myriad of ways, was also well-attended.
- The 1901 Marketplace has officially launched and is on target to open in the Fall of 2023.

- CPC is upskilling PG&E on the noncredit side with a partnership which includes Extended Education. This was intended to be a program in decommissioning, but PG&E has taken advantage of it well beyond Diablo Canyon.
- A new outside general counsel has been retained for CPC and will start the second week in May.
- Bartleson Ranch operations are transitioning over from the Bartleson Family to CPC and CAFES.
- The Diablo Canyon decommissioning is moving along. Cal Poly has submitted a proposal for Parcel P, the industrial site. CPC is also partnering with YTT, the land conservancy, on the lands component of Diablo Canyon; a revised proposal will be submitted in about a week. A request for \$1.9 million was submitted which will enable the due diligence process. This will be an 18 – 24 month process.
- CPC has hired a design builder for the Technology Park Expansion.

VanDorn reviewed three of the organizational goals of the corporation.

#### ***Shop Poly Mobile Application***

This project may eventually be renamed once an e-commerce strategy is reached. Currently, there is \$21 million a year going through the GrubHub campus dining application. The opportunity to capture this revenue, along with other shopping trends, has presented itself after collective emergence from the pandemic. CPC has begun meeting with partners and people with a technical ability that can help architect an application. The idea is to be more than a solution to order food. This super application would act as a virtual mall, facilitating grocery delivery, vending machines, and merchandise purchases and would integrate with automation and data strategies. At the October board meeting there will likely be an overview of what this new application will cover.

#### ***Faculty and Staff Housing***

There has been \$2.5 million dedicated to this project and program. VanDorn showed a visual of the three different zones on the property dedicated to a different type of housing in each zone. One zone will be for high-density rental housing while the second zone will be a mix of sale and rental units, 6 – 8 units per acre. Zone three will be 30 – 50 single-family homes for sale. The recent demand study revealed the need for a mix of sale and rental units. The next step in the design of the project is to solicit for the design builder and an RFP will be published in the next 2-3 weeks to find that partner.

In an effort to make an impact for faculty and staff housing before the completion of this project in 2025, short-term and medium-term solutions are being explored. A resource center for both new and former hires was requested during the focus groups to help navigate home-buying and/or the rental process. CPC has also been meeting with lending partners to find solutions such as loans with no private mortgage insurance, or low interest loans. Other ideas include childcare options and designing accessory dwelling units (ADU's) within the single-family homes. The properties at Slack and Grand on the opposite corner known as SLOCA are being converted into childcare facilities next fall. Talks have begun to determine whether this could work as a solution for potential upcoming housing. In the demand study, it was revealed that many would like the option of having an ADU on their single family residence.

#### ***1901 Marketplace***

This project had a budget of \$28 million but will be over-budget at about \$30 million due to supply chain and labor issues. This venue will have nine new retail locations and is expected to be

completed in the Fall of 2023. VanDorn shared photos of what 1901 could look like when it is complete and explained the plan to incorporate an all-you-care-to-eat buffet venue.

***Culture Plan***

Jennifer Wharton provided an update on the Future of Work, Cal Poly Corporation's Culture Plan indicating that its first step was to listen to our teams. An employee engagement survey had been distributed the day before, the first time a survey has been conducted for this purpose. Gallup was chosen to assist in this engagement. The goal is to identify what the corporation is doing well and what it can improve upon. This will help identify 3 – 5 things that can be done for employees over the next year. Additionally, this will identify ways to improve retention and assist in strengthening employee morale. This survey went out to all 250 full-time employees and a random sampling of 250 student employees.

Post COVID19 plans include determining what teleworking should look like to best service the corporation. Retention is a large concern considering the breadth of other opportunities to work remotely. CPC has made a push to invest in leadership through succession planning and increased employee-training development.

**IX. CLOSED SESSION**

*None*

**X. ANNOUNCEMENTS**

*Next Board of Directors meeting: Friday, June 3, 2022 at 12:00 p.m.*

**XI. ADJOURNMENT 2:23 pm**

***Tour of Justin and J.Lohr Center for Wine and Viticulture by Benoit Lecat***

Respectfully submitted,

*Holly Clark*

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Holly Clark, Recording Secretary