

**SONOMA STATE ENTERPRISES, INC.**

**Minutes**

**Friday, December 16, 2005**

**MEMBERS PRESENT:** Dr. Ruben Armiñana, Mr. Yale Abrams,  
Ms. Sherrie Anderson, Dr. Carlos Benito,  
Ms. Letitia Coate, Mr. Neil Markley,  
Dr. Eduardo Ochoa, Joan R. Palmer,  
Dr. Paul Porter, Mr. Keith Roberts,  
Mr. Floyd Ross, Mr. Tim Tiemens,  
Mr. Nadir Vissanjy

**MEMBERS ABSENT:** Mr. James Reilly, III

**OTHERS PRESENT:** Mr. Laurence Furukawa-Schlereth,  
Ms. Lisa Andresen, Ms. Jenifer Crist,  
Mr. Ryan Ernst, Mr. Walt Leonard,  
Mr. Richard Ludmerer, Mr. Dan O'Brien,  
Mr. Talmadge Savage, Ms. Jessica Way

**05.10 Call to Order**

The meeting was called to order at 9:35 a.m.

**05.11 Approval of the September 16, 2005 Minutes**

The Board unanimously approved the minutes from the September 16, 2005 meeting.

**05.12 Appointment of New Board Members**

Dr. Armiñana introduced the new members on the board who were not present at the September meeting: Dr. Carlos Benito (Faculty Representative) and Joan R. Palmer (Community Representative).

**05.13 President's Remarks**

Dr. Armiñana commented that Fall 2005 was a good semester overall and that he is looking forward to the new year.

Dr. Armiñana discussed the recent remarks from Chancellor Reed stating that the Governor will release a proposed budget for 2006/2007 in mid-January. Dr. Armiñana anticipates that the new budget will hold to the compact and there could be additional funding in programs such as Nursing and/or Mathematics.

Dr. Armiñana discussed the enrollment concerns throughout the CSU system and the impact that the declining enrollment in the Central and Northern part of the state in grades K-12 will have on the CSU. Within the CSU, there is also concern with the number of students who are graduating from High School who are *not* eligible to attend college.

Dr. Armiñana expressed the necessity for the campus to have a business recovery plan in place that would address emergency preparedness, for example, including adequate water supply for the residential community.

**05.14 Report from SSU Vice President for Administration and Finance**

Mr. Schlereth discussed three areas of activity on the Sonoma State Campus that directly impact the Enterprises: WASC Accreditation Review, Strategic Plan, and the GMC.

*WASC Accreditation Review* – Mr. Schlereth, with Dr. Ochoa's leadership, is preparing for a Capacity Review which directly impacts the Enterprises. He feels that the assessment process is a way for the organization to evaluate and improve our work processes towards quality improvement. Currently, the assessment process is well underway in Finance and will move to the Entrepreneurial Activities in the Spring.

*Strategic Planning* – Mr. Schlereth and Dr. Ochoa are providing leadership in the University's Strategic Planning process. One of the primary factors affecting this process is enrollment growth. Preparing the infrastructure to meet this growth is a major goal.

*Green Music Center* – Mr. Schlereth provided an update on the construction of the GMC noting that the price for construction has risen due to various world events. He is working in collaboration with the general contractors to close the funding gap due to these rising costs. Mr. Schlereth anticipates that the first phase of construction will begin after the rains cease in Spring.

Mr. Schlereth reflected on the many contributions that Bruce Walker made to this very important project and expressed the University's gratitude to his other wonderful contributions to the campus. Mr. Walker will be fondly missed.

**05.15 Chief Operating Officer's Report**

Mr. Markley informed the Board that Ken Brown, Bookstore Manager, had a heart by-pass surgery and he is currently at home recovering and doing very well.

Mr. Markley focused his report on two issues: Bookstore Evaluation and the Reprographics Transition.

*Bookstore Evaluation* – Mr. Markley referenced discussion from the last meeting where we discussed developing a committee to look at the possibility of contracting out the bookstore. This was in response to the number of retirements occurring in the Bookstore and, therefore, this was the ideal time to analyze the options. Mr. Markley named the members of the committee: Joan R. Palmer (Community Representative), Paul Porter (Faculty Representative), Keith Roberts (Student Representative), Floyd Ross (Staff Representative), Anna Reynolds-Smith, and Neil Markley.

The committee met last month and decided to proceed with an RFP. A draft is currently being developed to assist with getting all the information to make a decision. The committee will be meeting again in January to go over some draft RFP's and to discuss the next steps. Mr. Markley hopes the committee will reach a decision in the Spring and will be able to bring a recommendation to the Board in the March or May meeting. Mr. Markley reiterated that he has been communicating with the Bookstore employees throughout the process noting that the employees will be guaranteed a position at Sonoma State University if the Bookstore is contracted to an outside vendor.

*Reprographics Transition* – Mr. Markley reported that the financials are only slightly better than last year. Reprographics has become more of a service business than a profit business. He informed the Board that adjustments to the business process have been developed for the Reprographics program. Some aspects of this plan have already started: new equipment has been ordered for KODA, which, Mr. Markley noted is helping the operation. However, the Reprographics printing operation is not doing much better than last year.

Mr. Markley anticipates a continued improvement of the financials and indicated that the plan is on target to transition Reprographics to the University in January.

Discussion ensued regarding concern for reprographics printing operation. Items discussed were: the services that will be available when it moves stateside, concern for Reprographics becoming a resource drain on the University and concept of outsourcing the Reprographics operation.

Mr. Markley explained that on the copier and printer side of the operation we are actually doing quite well and further noted that the operation will be reviewed in the Spring and if it is not breaking even, then changes will need to be made.

#### **05.16 Chief Financial Officer's Report**

Ms. Coate stated that overall, as a company, review of the past five months reveals the budget is on target and she will present a full financial report at the next Board meeting.

#### **05.17 Green Music Center Update**

Mr. Markley reflected on Mr. Schlereth's previous discussion regarding the cost of construction prices in relation to the Green Music Center. Mr. Markley informed the Board that SSE is not exempt from the rising costs of construction and there is a need to identify as much as 2 million dollars for equipment, furniture and fixtures to open the center.

#### **05.18 Faculty and Staff Housing Update**

Mr. Markley provided a brief overview of the Faculty and Staff Housing project noting that the Board has made a commitment to this project and will continue to be involved in the project for several years. He then presented the Faculty and Staff Housing overview video and PowerPoint presentation with additional comments provided regarding the history of the project by Dr. Armiñana.

Mr. Markley anticipates that the first phase (which will be larger than others to accommodate the current demand) of the Faculty and Staff Housing Project will be completed in Fall 2008 noting that this is a fluid timeline and could be reevaluated based on outside factors. Schlereth suggested that volunteers from the Board might want to sit on the Operations Committee which Mr. Markley will solicit at a later date. Mr. Markley also indicated that conversations regarding public safety will take place at a later date as well.

Mr. Markley reviewed the fiscal impacts for this project noting \$4.2 million from the reserve was used to purchase the property. He explained that the land cannot be transferred to the University until issues are resolved with the City of Rohnert Park. This has resulted in lost investment income for SSE. Mr. Markley stated that there are other expenditures associated with the land totaling close to \$535,000 this year reiterating that these are unbudgeted expenses for this year and will need to be addressed.

#### **05.19 Enrollment Growth Implications**

Mr. Markley presented a chart entitled "Enrollment Growth Implication on SSE" which discussed different anticipated needs in the area by fiscal year:

- 2005/06 – Bookstore in need of replacement
- 2007/08 – Zinfandel Dining Hall will become too small to accommodate capacity (approximately 1500 residents.)
- 2008/09 – Bookstore will exceed capacity
- 2009/10 – Additional Student Housing will be required

Mr. Markley indicated that although growth is a good thing, it will heavily impact the Enterprises with associated expenses to meet this growth. He stressed the need for the University Center to begin to mitigate the impacts on these facilities. He stated that Schematics for the University Center need to begin now if the project is to be built in 2009. A committee has been developed including AS, Student Union and SSE, however, a funding source has not been determined.

**05.20 Other Non-Action Items**

None

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Letitia Coate  
Secretary/Chief Financial Officer

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Anna Reynolds-Smith  
Recording Secretary