

**SONOMA STATE ENTERPRISES, INC.**  
**Minutes**  
**Friday, September 22, 2006**

**MEMBERS PRESENT:** Dr. Ruben Armiñana, Ms. Sherri Anderson,  
Dr. William Barnier, Dr. Carlos Benito,  
Ms. Letitia Coate, Mr. Neil Markley,  
Dr. Eduardo Ochoa, Mr. Floyd Ross,  
Mr. Tim Tiemens,

**MEMBERS ABSENT:** Mr. Yale Abrams, Joan R. Palmer,  
Mr. Nadir Vissanjy

**OTHERS PRESENT:** Mr. Laurence Furukawa-Schlereth,  
Ms. Lisa Andresen, Ms. Jenifer Crist,  
Mr. Al Commoli, Ms. Paulette King,  
Mr. Richard Lee, Mr. Russell Markman,  
Mr. Jim Morgan, Mr. Dan O'Brien,  
Mr. Jeremy Olsan, Mr. Talmadge Savage,  
Ms. Patricia Sinclair, Mr. Hugh Tama

**06.00 Call to Order**

The meeting was brought to order at 9:40 a.m.

**06.01 Approval of the May 12, 2006 Minutes**

Minutes approved unanimously.

**06.02 Seating of the Board**

Dr. Armiñana introduced Mr. William Barnier, Professor of Mathematics, as a new Faculty Representative.

**06.03 Committee Appointments**

Committee appointments were made. Following is a list of the current committee members:

Executive Committee Members: Dr. Armiñana, Mr. Markley, Ms. Coate, Dr. Benito, Mr. Ross, and Mr. Vissanjy.

Finance Committee Members: Ms. Coate, Mr. Markley, Dr. Barnier, Mr. Ross, Student representative is vacant, Mr. Bill Ingles (non-voting), and Ms. Paulette King (non-voting).

Audit Committee: Mr. Abrams (Chair), Ms. Anderson, Mr. Tiemens.

**06.04 Conflict of Interest Presentation/Non-Profit Integrity Act**

Mr. Jeremy Olsan, the Organization's attorney, distributed the Conflict of Interest Statements and Non-Profit Integrity Act to the members of the Board. He provided one original and one copy to each Board Member requesting that they sign one copy and return it to Neil or Anna.

Mr. Olsan reviewed the attorney letter emphasizing its main points. He also discussed the Conflict of Interest statements and reviewed the responsibilities of the individuals and the organization under the California Non-Profit Integrity Act.

### **06.05 President's Remarks**

Dr. Armiñana informed the Board that the student target is being met and that Housing is full with an active waiting list.

Dr. Armiñana announced that the contract for the final construction phase of the GMC was finalized a few days ago and the project is moving forward.

### **06.06 Report from SSU Vice President for Administration and Finance**

#### ***Bookstore***

Mr. Schlereth discussed the activities that took place over the summer in relation to the Bookstore. He informed the Board that a Resolution was passed in May by the Academic Senate urging the administration to not sign the contract with Barnes & Noble College Booksellers (B&N). He indicated that the Academic Senate did not feel that there was appropriate consultation in the review process. The Academic Senate Executive Committee met in July and requested further analysis take place in collaboration with the Administration.

Mr. Schlereth further stated that the contract has been signed and a draft charge of the study group involving the Academic Senate and Administration was going before the Campus Re-engineering Committee in today's meeting.

Although Mr. Schlereth believes that the initial business process for this decision was impeccable and the consultative process was correct according to the established University guidelines, he feels that this will be a worthwhile and educational exercise. He hopes that this process will be underway shortly. The study group will develop a set of observations and recommendations that will be brought back to the Board and the campus community as a whole.

Dr. Ochoa suggested including a cost-benefit analysis of the study group's efforts in this review process as well.

#### ***Strategic Planning***

Mr. Schlereth informed the Board that there are 9 goal areas in the Strategic Plan: 3 of these goal areas directly impact SSE.

1. Infrastructure: Mr. Schlereth discussed the need to prepare for enrollment growth. Two projects that apply to this goal area are:

- ***University Center***—The building will include a new campus store location and dining venues which are mandated by enrollment growth. He noted that the reason for the meeting location change was a result of the number of Freshman population which is using the entire Zinfandel Dining facility. Mr. Schlereth anticipates that this center will open in 2009. However, in order for this to occur, it is necessary to begin the design process. Priority from the Housing program and the Sonoma State Enterprises to fund this program.
- ***Green Music Center*** – Mr. Schlereth anticipates that this facility will open in the 2008/09 year, likely in the Fall. He informed the Board that all necessary contracts have been signed. He indicated that the Hospitality Center will need to be furnished and equipped which is anticipated to cost \$2 million. This funding will need to come from Sonoma State Enterprises as it cannot come from the General Fund.

## 2. Student Experience

- **University Center**– This project is the highest priority for students in this goal area. Mr. Schlereth believes that this project directly correlates to the quality of the student experience.
- **One Card** – Mr. Schlereth noted that there will be continued development of One Card program that directly impacts that Sonoma State Enterprises budget.

## 3. Faculty and Staff Development

- **Assessment** – Mr. Schlereth discussed the WASC standards and specified that an assessment is currently taking place in all SSE areas to determine its administrative effectiveness.

Dr. Barnier inquired about the \$13 million bond and its effect on the Enterprises. In response, Mr. Schlereth indicated that this could help SSE because one of the key components of the \$13 million bond is the introduction of year-round popular concerts which would not only support co-curricular activities, but could provide additional revenues to SSE. Specifically, he feels that catering revenues will be positively impacted by this change as a result of the exclusive catering contract that SSE has on campus and the opportunity that these concerts will bring. Mr. Schlereth noted that SSE will have no responsibility for this second debt.

Dr. Ochoa requested information on how the student housing project will be financed. Mr. Schlereth indicated that it would begin with an analysis that would demonstrate demand for the project and the amount of revenue that will be received in rent. This will be followed by a financial plan. And finally, a debt analysis would take place looking at the debt of the project individually and overall debt of the University. This then goes to the Housing Review Committee for approval and then as a Financing item to the Board of Trustees. Mr. Schlereth noted that it is important to show that debt can be sustained at the project level.

### **06.07 Chief Operating Officer's Report**

Mr. Markley presented a PowerPoint presentation which reviewed the following areas:

- **Housing** – Mr. Markley informed the Board that it appears that target numbers have been met with approximately 1400 freshmen students in Housing which is a record number. This directly impacts that Dining Services. There are about 1390 students dining in the Zinfandel dining room. He noted that there is a plan for an additional 600 beds. A demand study has been completed. Currently, they are in the process of completing the graph document to the Housing Proposal Review Committee in November. Mr. Markley hopes to have this complex open in 2009. This project is crucial to meeting enrollment and is well underway.
- **Reprographics** – Mr. Markley reported that Reprographics moved to the University effective July 1, 2006. The employee transition was successful.
- **Bookstore** – Mr. Markley introduced the guests who were present from Barnes & Noble College Booksellers (B&N). He commented that B&N has done a fabulous job in the transition. He is very pleased with how things have progressed thus far and he thanked B&N representatives for their assistance.

Mr. Markley reported that the Bookstore employees transitioned to other areas of the University successfully. He has kept in contact with these individuals to be sure that the transition continues to progress smoothly.

The current staff at the Bookstore include three previous CSU students as full-time staff members and some current student employees will be participating in the B&N “Best Sellers Program” which is similar to SSU’s Management Trainee Program.

Mr. Markley invited the Board to visit the store to see the new changes that have taken place. He noted that more changes are anticipated to come over the next 8 months.

Thus far, Mr. Markley feels that performance of the store has been very good. He has received minimal complaints and sales are up from previous years. Mr. Markley is working on doing some benchmarking surveys which will include analyzing textbook margins for adherence to contract guidelines, mystery shoppers to check service levels, and continued communication to be sure that all Barnes & Noble initiatives are met as well.

Mr. Markley announced that book orders will begin to come into the store and there will be activity from B&N in this area around the campus.

Discussion took place about the possible Faculty boycott and concerns about obtaining a book list for further services to the students.

- ***Dining Services*** – There has been a significant increase in sales due to the increase in enrollment. The Zinfandel Dining Room has seen a significant increase. As a result of this increase, there has been a significant strain to the staff and facilities. He noted that a plan is being put in place to accommodate this enrollment growth for the short-term with use of the existing facilities. Mr. Markley indicated that a long term solution has also begun with the development of the University Center. He informed the Board that a committee has been established which includes, Student Affairs, Student Union, Associated Students and Entrepreneurial Activities.

Full time staffing continues to be an issue. There are a number of staff and student vacancies in this area which is limiting the number of activities that this area is able to accommodate. Dining is currently recruiting to fill these vacancies.

Mr. Markley announced that there is a new structure which is being implemented in Dining Services to provide stability. He noted that several managers and full-time staff employees have been promoted into new positions.

- ***Blackboard/One Card*** – Mr. Markley informed the Board that a full-time implementation team is being developed. Ryan Ernst has been appointed as the Project Manager in this area. The 2006/07 initiatives include: housing locks (Phase 1), readers in the bookstore, vending program and laundry program, launching the Employee ID card, and web portal to put money onto the card more easily. Dr. Armiñana emphasized the importance of locks for safety reasons.
- ***Auxiliary Audit*** – SSE is undergoing a comprehensive audit that will take place from October 2006 through January 2007. This audit is conducted every three years by CSU auditors. Mr. Markley will inform the Board of any developments.
- ***Partnerships with Barnes & Noble and Pepsi*** – Each of these vendors has donated \$10,000 which is going to the President’s Scholar Program on behalf of SSE.

**06.08 ACTION ITEM: Approval of 2005/06 Audited Financial Statements**

Mr. Tiemens delivered the Audit Committee's report in Mr. Abrams' absence. Mr. Tiemens announced that the committee had reviewed the report which was presented by Hugh Tama, SSE's Auditor. He explained that the Auditor's Report was to provide reasonable assurances about whether the financial statements are free of material misstatements. This was accomplished by this audit. The audit verified that the fiscal services used standard methodologies for the investments and accounting principles were consistent and appropriately applied. No difficulties with management were noted and the auditors were very complimentary to the Fiscal staff. Mr. Tiemens reported that the Audit Committee voted to accept the report and would like to recommend that the full Board accept the committee's recommendation.

Ms. Coate reviewed the complete audit statements with the Board.

After review, Dr. Armiñana moved to accept the audited financial statements. Mr. Ross seconded this motion.

**MOTION: The Board unanimously approved the audited financial statements for 2005/06.**

**06.09 ACTION ITEM: Approval of 2006/07 Budget**

Ms. Coate presented the Budget for 2006/07. She reviewed the Budget handout and the Board voted to approve the 2006/07 Budget.

**MOTION: The Board unanimously approved the 2006/07 Budget.**

**05.35 Other Non-Action Items**

None

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Letitia Coate  
Secretary/Chief Financial Officer

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Anna Reynolds-Smith  
Recording Secretary