

**SONOMA STATE ENTERPRISES, INC.**

**Minutes**

**Friday, September 7, 2007**

**MEMBERS PRESENT:** Dr. Ruben Armiñana, Mr. Yale Abrams,  
Dr. William Barnier, Dr. Carlos Benito,  
Ms. Letitia Coate, Mr. Neil Markley,  
Ms. Whitney McClure, Dr. Eduardo Ochoa,  
Joan R. Palmer, Dr. Peter Phillips,  
Mr. Floyd Ross, Mr. Tim Tiemens

**MEMBERS ABSENT:** Ms. Whitney Diver, Mr. Zach Maruda

**OTHERS PRESENT:** Mr. Laurence Furukawa-Schlereth,  
Ms. Lisa Andresen, Ms. Jenifer Crist,  
Mr. Walt Leonard, Mr. Russell Markman,  
Mr. Jim Morgan, Mr. Dan O'Brien,  
Mr. Jeremy Olsan, Mr. Talmadge Savage,  
Ms. Patricia Sinclair, Ms. Jessica Way

**07.00 Call to Order**

The meeting was brought to order at 9:15 a.m. and moved directly into item 07.04 to accommodate those returning Board members who were not able to be at the first part of the meeting, but had already heard the Conflict of Interest and Non-Profit Integrity Act presentation by Mr. Olsan.

**07.01 Approval of the May 4, 2007 Minutes**

Minutes approved unanimously.

**07.02 Seating of the Board**

Dr. Armiñana asked the Board members to introduce themselves as there were several new members on the Board.

**07.03 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 Ms. McClure.

Finance Committee Members: Ms. Coate, Mr. Markley, Dr. Barnier, Mr. Ross, Mr. Zach Maruda, Mr. Bill Ingles (non-voting), and Ms. Paulette King (non-voting).

Audit Committee: Mr. Abrams (Chair), Mr. Phillips, Mr. Tiemens.

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

*This item was the 1<sup>st</sup> topic of discussion.*

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. Mr. Olsan emphasized the important role that each person is taking as a Board member and the fiduciary duties that go along with their positions on the Board.

There were no questions from the Board in regards to the presentation.

#### **07.05 President's Remarks**

Dr. Armiñana announced that this is the largest freshmen class for SSU. He was very pleased with how well Move-In Weekend went and specifically mentioned the wonderful work done by Housing, Dining and the Bookstore.

Dr. Armiñana discussed the state budget which was signed approximately six weeks behind schedule. He indicated that although state higher education funding was protected as a result of the compact, it does not provide the level of funding needed.

Finally, Dr. Armiñana informed the Board of a resolution for Community Colleges that is going to be on the November ballot. He noted that this measure is seeking to reduce unit cost from \$21 to \$15 per unit and could impact higher education overall.

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

Mr. Schlereth spoke to the Board about two main topics: Move-In Weekend and Strategic Planning.

Mr. Schlereth echoed Dr. Armiñana's comments regarding Move-In Weekend. He particularly acknowledged Mr. Tiemens for heading the event. He also noted the contributions made by ASI, the Student Union, IT, Customer Services, Financial Aid, and Police and Parking Services among others. Finally, he celebrated the efforts made by the Enterprises in the areas of Dining and the Bookstore and commented on their tremendous accomplishments for this weekend event.

Mr. Schlereth briefly discussed with the Board three components of the Strategic Plan that directly relate to SSE: Hospitality Center, Tuscany Project, and the University Center.

- ***Hospitality Center*** – Mr. Schlereth feels that this venue will provide a new revenue center for SSE over time. He suggested that the Board go on a tour of the facility at one of the upcoming meetings.
- ***Tuscany Project*** – Mr. Schlereth announced that construction is scheduled to begin in May 2008. This project will incorporate approximately 600 additional beds and could likely be filled currently if the facility was open as a result of the popularity of SSU housing. The projected cost for the project is just under \$60 million.
- ***University Center*** – Mr. Schlereth noted that this is a collaborative effort between ASI, the Student Union and SSE. He indicated that these groups will proceed forward with the project completing the program and moving into the schematic design phase shortly.

Mr. Schlereth stressed the importance of each of these projects in relation to enhancing the quality of the student experience.

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

Mr. Markley announced that the focus this year will be on the quality of the student experience. He presented a PowerPoint presentation which reviewed the following areas:

- **Housing** – Mr. Markley informed the Board that Housing is currently at 100% occupancy with several students on the waiting list. This demonstrates a need for additional housing as a result of the high demand for SSU Housing. Tuscan design is being finalized and he anticipates that sight preparation may begin in the Fall, but that construction would likely begin after the rains. He noted that there are 120 more freshmen than last year.

In addition, Mr. Markley repeated the praise given to those areas who participated in Move-In Weekend and helped to make the event such a success and appear seamless.

- **Dining Services** – The Zinfandel Dining Room is feeding over 1500 Freshmen this year and is over capacity. New programs have been introduced to help meet these demand requirements (i.e. Grab-and-Go Program through the Marketplace and Meals-To-Go through Zinfandel). He noted that sales are up by 20% for the first two weeks in comparison to last year. Mr. Markley believes this is a result of the enhanced WolfBucks Program.

Mr. Markley indicated that both Zinfandel Hall and the Commons are in need of new equipment. However, new equipment cannot be purchased for these facilities without replacing the exhaust hoods. In order to replace these, it would cost approximately \$2-\$3 million. Capital, Planning, Design and Construction has worked with the Fire Marshall in order to allow the purchase of new equipment so long as the University Center project continues to move forward. However, if the University Center does not move forward, Mr. Markley informed the Board that they could have to put \$2-\$3 million into these facilities.

- **Seawolf Card** – Mr. Markley informed the Board that the Seawolf Card has been expanded to several locations on campus. He reviewed a Google map which indicates these new locations. He is hoping to be able to incorporate a web portal to allow funds to be added more easily over the web. He noted that parents like this option as it allows them to see where funds are being spent by the students. Mr. Markley further indicated that there are several initiatives on the Strategic Plan for this project.
- **Marketing** – The Marketing area has several themes that it is focusing on for this year: exposing freshmen to various options/venues, keeping it fresh, Seawolf Card, and sustainability. As such, marketing is focusing its efforts on helping students to know where they can go on campus, providing feature items in different venues for a one month duration, and providing sustainable options.
- **Hospitality Center** – Mr. Markley informed the Board that design for the center should be completed in Fall and, overall, the Hospitality Center is on target for opening in Fall 2008.
- **University Center** – Mr. Markley believes that programming for the center should be completed shortly and will then move into the schematic design phase of the project. He noted that funding is being identified for the project and increased money has been set aside in the SSE reserves for this project. Mr. Markley feels that this is a very important aspect for the student experience and helps in the need to replace SSE facilities.
- **Bookstore** – Mr. Markley notified the Board that 94% of courses submitted orders for the Fall 2007 semester. In addition, he was happy to report that 41% of textbooks sold were used which is a significant increase from the benchmark of 36%. He is very happy with this significant increase and

complimented the Bookstore on this accomplishment and their hard work. He indicated that this number could go higher if additional Faculty members submitted their books by the ordering deadline.

Issues with the return date for textbooks was confusing in regards to the date put on the receipt. However, Mr. Markley feels that this issue is being resolved.

A new line of clothing, exclusively held by B&N is going to be introduced in the Bookstore. The new Bono line promotes sustainability and should be coming to the Bookstore very soon. Mr. Markley brought samples in of the two styles of shirts and indicated that to help get the word out to the students about this new line of clothing, shirts were being provided to the Student Representatives on the SSE Board from the Bookstore.

To conclude his report, Mr. Markley thanked all of the areas for their great work.

Discussion ensued regarding Mr. Markley's report and questions were answered. Dr. Phillips asked for clarification regarding the percentage of textbook orders received for the Fall 2007. Mr. Markman explained that 94% is a percentage of those orders submitted for the previous year. He felt that the actual number of orders received was closer to 84%. Mr. Markley thanked Mr. Markman for the clarification.

Ms. McClure requested the number of textbook orders received for the previous year. Mr. Morgan agreed to provide her with this information when he returned to the Bookstore.

Dr. Barnier requested an update on the sewer issues in relation to the University Center and Tuscany. Mr. Schlereth provided the Board with an update. He indicated that the campus is continuing to work with the City of Rohnert Park. The University was prepared to pay its fair share (approximately \$2 million); however, the other partners in the project could not as a result of the pending Penngrove lawsuit. He feels that SSU cannot wait for this lawsuit to be resolved and therefore is moving forward with putting a storage tank on campus. This will allow SSU to store sewage on high peak days and disperse at a later time. Mr. Schlereth noted that: Tuscany is a major consideration in these increased flows, the GMC is not a real issue because increased flows will take place on the weekends which are low flow days, and the UC will not increase flows. Additional enrollment will cause additional concerns for sewage flows. This tank will be funded by the students and will not come from the general fund. Other improvements are taking place to assist in these efforts such as changing toilets to low flow.

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

Ms. Coate informed the Board that the Audited Financial Statements for 2006/2007 will be submitted and presented to the Audit Committee later this week. She noted that this report will be brought to the full Board at the next meeting for discussion. Overall, she felt as though it was a good year for SSE and the audit went well.

Ms. Coate reported that the Finance Committee met and approved the Reserve Allocations for 2007/2008 as per the reserve regulations stipulated in the Reserve Policy. Ms. Coate reviewed the reserve categories: Working Capital, Major Maintenance and Repair/Capital Renovation and Upgrade, Capital Development and New Projects (current projects approved by the Board: University Center and Hospitality Center), and Catastrophic Events. Ms. Coate feels that the Board is making good progress on filling the reserves, however, there is a need to complete funding for the University Center and the Hospitality Center.

No questions were raised by the Board.

**07.09 ACTION ITEM: Approval of 2007/08 Budget**

Ms. Coate and Mr. Markley presented and reviewed the Budget for 2007/08 with the Board. They provided a handout that demonstrated the previous year in relation to this year's budget. The Budget was reviewed by the Finance Committee with a recommendation for approval by the Board.

After review, Dr. Barnier moved to accept the 2007/2008 Budget. Mr. Ross seconded this motion.

**MOTION: The Board approved the 2007/08 Budget with one abstention from Dr. Phillips.**

**07.10 Other Non-Action Items**

None

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Letitia Coate  
Secretary/Chief Financial Officer

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Anna Reynolds-Smith  
Recording Secretary