

SONOMA STATE ENTERPRISES, INC.

Minutes

Friday, December 5, 2008

MEMBERS PRESENT:

Mr. Yale Abrams, Dr. William Barnier,
Ms. Letitia Coate, Mr. Neil Markley,
Ms. Janisha Moore, Dr. Eduardo Ochoa,
Joan R. Palmer, Dr. Peter Phillips,
Mr. Derek Pierre, Mr. Floyd Ross,
Mr. Tim Tiemens, Dr. John Urbanski

MEMBERS ABSENT:

Dr. Ruben Armiñana, Ms. Nicolette Margi

OTHERS PRESENT:

Mr. Laurence Furukawa-Schlereth,
Ms. Megan Buckner, Ms. Courtney Buljan,
Mr. Ryan Ernst, Ms. Kathy Mitchell,
Mr. Peter Neville, Mr. Dan O'Brien,
Mr. Talmadge Savage, Ms. Amanda Visser

08.12 Call to Order

The meeting was brought to order at 9:36 a.m.

08.13 Approval of the September 19, 2008 Minutes

Minutes were provided to the committee via email in advance of the meeting. There were no objections and/or changes. Therefore, minutes were approved unanimously.

08.14 Report from SSU Vice President for Administration and Finance

Mr. Schlereth spoke about the state of the budget for 2008/2009. He focused his discussion at the institutional level and pointed out two major budget issues:

- (1) In October, the Governor's Office asked the CSU to come forward with \$31 million reduction. SSU's portion of this reduction was approximately \$700,000. This cut was handled by using reserves for non-recurring funds and from the campus reserve.
- (2) Another \$66 million reduction was anticipated for the CSU system for the 08/09 year. SSU's portion of this reduction is approximately \$2 million. However this required action from the legislature, which failed. Therefore, a second special session is currently underway to approve the state budget. Although this is not an approved reduction, SSU is planning for the cut anyways.

The state budget issues have had an impact on the registration cycle. The number of course sections are significantly less than the number normally offered. He noted that this reduction in courses is particularly difficult and stressful for Freshmen level students. He informed the Board that this issue was discussed in the Academic Senate meeting held yesterday and Mr. Schlereth announced that he will try to find funding to address this matter. He is awaiting information from the Provost's Office which will determine the number of courses needed to really make a difference. Mr. Schlereth indicated that he may need to ask the SSE Executive committee for a financial loan to address these concerns, however, it is not clear if he will need to do this. He anticipates that more details on how to address this immediate registration issue should come out today or by next week. Mr. Schlereth took questions on his report.

08.15 Chief Operating Officer's Report

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

- **Housing** – Housing is expecting 125-140 less students in the Spring semester, which will have a financial impact for both Housing and SSE. Housing has received many calls from students and parents who are concerned about making their housing payments for Spring as a result of inability to register for courses. To accommodate the students and parents, Housing has extended their housing deadline for the Spring semester. Mr. Markley noted that Housing has never experienced anything like this before and Housing is making every effort to assist in this matter.

Tuscany is nearing completion. There has not been a significant amount of rain which has been good for the project and has allowed it to continue to move forward and progress.

- **Dining Services** – Mr. Markley reported that sales are strong this year. However, he indicated that there has been some difficulty in receiving supply chain from local growers. He noted that Dining continues to use organic products and is working with the Ritz company which is trying to set up product for foods from local vendors. Ritz would act as delivery service for these local growers which will hopefully alleviate the supply problems that Dining is experiencing with the local growers.

Waste in the Zinfandel Dining Hall has been reduced approximately 40% due to the elimination of food trays. However, Mr. Markley did note that there has been an increase in participation rates at Zinfandel which could impact food costs. He feels that this is a good thing because students are utilizing their food plans more than historically shown. This change may be a result of the new frozen yogurt machines that were installed prior to the start of the Fall semester.

- **Marketing and Wolfbucks** – The Pub Club campaign has been successful thus far and has returned approximately \$1500 to SSU clubs.

Wolfbucks deposits are outpacing last year's deposits. The number of deposits received this year is already greater than the total number received for last year.

A handout was provided to the Board that showed the types of e-coupons that are sent out via email to those who sign-up for promotions and coupons on the Dining Services website.

- **Bookstore** – A new book ordering process in relation to ATI initiative was announced at the last Board meeting. This new process is currently being implemented for the Spring semester. It will require the Bookstore to carry at least one book for each course. As of December 1, the Bookstore had approximately 125% of total adoptions compared to this time last year. However, the number of used books available will be significantly impacted. Mr. Markley noted that SSE does not have much

control over this process as the Provost's Office is coordinating it. Dr. Phillips indicated that ATI was marketed as a business neutral process where a list would be accessible to all vendors. However, he expressed concern regarding a link to Barnes & Noble that is available to students during the registration process to be able to view and/or purchase their textbooks. Discussion regarding the link ensued.

- *UC* – Mr. Markley hopes to bring plans forward in the near future, however, he did note that construction on this project has been pushed back for (1) economic reasons and (2) enrollment uncertainties. Even though construction has been put on hold, the project is continuing to move forward. Therefore, the UC partners are continuing to plan for this and preconstruction expenses. Unfortunately, this delay does have a direct impact on SSE. Things are falling apart in several of the dining venues: equipment is breaking, carpeting is being held together with duct tape, and chairs are falling apart. Therefore, there will be expenses moving forward to repair and replace these items. Mr. Markley wanted to be sure that the Board was made aware of these expenses. He is hopeful that this construction delay will only be temporary.
- *Assessment* – Mr. Markley informed the Board that Catering moved over effective December 1, 2008.

Mr. Markley welcomed questions on his report. There were no questions.

08.16 Chief Financial Officer's Report

A Schedule of Net Assets and Statement of Activity (both through October 31, 2008) were provided to the Board. Before reviewing the financial reports, Ms. Coate introduced Amanda Visser, the new Deputy Controller for Auxiliaries. Ms. Coate walked through the financial reports with the Board. There was discussion regarding SSE's investments given the current state of the stock market and the investment income coming in lower than projected. Ms. Coate noted that the Finance Committee's strategy is to invest in safe places and watch the investments closely.

08.17 Other Non-Action Items

Mr. Ernst announced Friday's at Four was being held today in the University Club and he invited everyone to come.

Dr. Phillips reflected on the decision made by the Board last year to move forward with building the University Center. He noted that at that time he had asked the Board to delay its decision and now the project is being delayed. He asked the Board to critically analyze issues that come before it. Mr. Schlereth clarified that those groups who are working on this project are continuing their work on the project. He added that with the current economy, the one year delay could allow for better construction pricing on the project. Dr. Barnier and Mr. Markley both noted that SSE voted on the planning process and support of the project.

Neil Markley
Chief Operating Officer

Anna Reynolds-Smith
Recording Secretary