

# **SONOMA STATE ENTERPRISES, INC.**

## **Minutes**

**Friday, March 20, 2009**

### **MEMBERS PRESENT:**

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

### **MEMBERS ABSENT:**

Dr. Ruben Armiñana,  
Ms. Letitia Coate,  
Mr. Derek Pierre

### **OTHERS PRESENT:**

Mr. Laurence Furukawa-Schlereth,  
Ms. Lisa Andresen,  
Mr. Eric Malvestiti,  
Ms. Kathy Mitchell,  
Mr. Jim Morgan,  
Mr. Peter Neville,  
Mr. Dan O'Brien,  
Mr. Talmadge Savage,  
Ms. Patti Sinclair,  
Ms. Amanda Visser,  
Ms. Jessica Way

### ***08.18 Call to Order***

The meeting was brought to order at 9:34 a.m. by Mr. Markley.

### ***08.19 Approval of the December 5, 2008 Minutes***

Minutes were provided to the committee via email in advance of the meeting. Mr. Ross moved to approve the minutes and Mr. Abrams seconded. Minutes were approved unanimously.

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

Mr. Schlereth brought the Board up to date on the financial picture of the campus given the current budget situation. He noted that the campus has already absorbed approximately \$1.7 million in cuts, in addition to

the original reduction of about \$700,000 for a total reduction of approximately \$2.4 million at this point. These reductions were made through a variety of one-time resources and by keeping many positions vacant to generate salary savings in addition to using over-enrollment student fee revenue. He believes that SSU has sustained all the budget reductions for 08/09, however there is still a level of uncertainty in Sacramento. The attention has started to shift for financial planning for the 09/10 year. The current budget plan in place calls for another reduction of approximately \$1.4 million for Sonoma State University which will take place on July 1<sup>st</sup>, however, there could be another \$1.2 million reduction which may or may not take place depending on what happens with the Federal Stimulus package money.

Mr. Schlereth noted that there is a special meeting on Monday for the campus presidents to plan for an additional \$50 million reduction to the entire CSU system. For SSU, this would be about \$2.5 million which is approximately a 3% budget reduction for SSU's general fund or operating budget. Mr. Schlereth is trying to keep the campus informed through the Budget Town Hall meetings of which the next one is to take place on April 2<sup>nd</sup>.

There are other issues that are outside the state budget issues which are compounding the budget:

- (1) The economy has significantly impacted the value of the endowment. Currently, the value of the endowment has decreased approximately 30%. This is pretty typical across the nation right now as a result of the decline of the stock market. This reduction is important because the endowment earnings are used to fund a variety of programs on campus. Many of these programs rely on this money on an annual basis in order to continue. Therefore, this decrease is causing challenges to these areas because the money is not available. There have been discussions with the Foundation about selling the stock to provided funds to these programs, however, the Foundation Board advised against this because this is one of the worst times to sell stock because money will be lost and never returned.
- (2) Extended Education is transitioning to a new business model.
- (3) Loss in capital budget money. Originally it was thought that these capital funds would come in 09/10, but this is not likely. This loss directly impacts the campus classroom renovation program.

With all these challenges, the President is committed to no lay offs of permanent employees and no furloughs. Mr. Schlereth explained that the upcoming budget year is going to be a very difficult year, but he feels that SSU is weathering the storm better than other organizations. The next big news in relation to the budget will be in April when information regarding the stimulus package is available.

There were no questions on Mr. Schlereth's report.

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

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

- **Housing** – Mr. Markley reported that there are 117 less freshmen in Housing for the Spring than there were in Fall. This reduction translates to less people on the residential meal plan. Mr. Markley noted that SSE had anticipated for this type of reduction, therefore, he feels that SSE should be okay.  
  
Tuscany is nearing completion and will open sometime in the summer. Nearly 1400 students came to an open house that was recently conducted to promote the near Housing product. The response to this was very good, however, Housing and SSE are anticipating lower occupancy numbers for next year. Mr. Tiemens added that all the single rooms in both Tuscany and Beaujolais have been booked. Housing will know more in mid-April after the deposits are due.
- **Dining Services** – Mr. Markley reported that Fall sales are very strong. SSE had budgeted about 1-2% increase for most revenues, however, sales are exceeding these projections. Mr. Markley believes this has to do with dining services continued hard work and the higher enrollment numbers

experienced in the Fall semester. He does not anticipate as strong of sales in the Spring semester given the lower enrollment.

Dining Services is working hard to promote diversity within its venues and programs. Dining Services recently put on a Black History Night dinner working with Black Scholars United at the Zinfandel Res Halls. In addition, working in collaboration with the Center for Culture, Gender and Sexuality, Dining is also incorporating diversity at the Friday's at Four events as well.

As reported at the last Board meeting, Ritz Food Service (one of SSE's primary suppliers) was trying to set up product and distribution services for foods from local vendors to alleviate supply problems that Dining Services was experiencing with local growers. Unfortunately, Ritz Food Company recently shutdown and this process was also stopped. Dining Services is working with the community to try and ramp up alternate suppliers for local products.

The beverage contract will be ending this summer. Therefore, an RFP was sent out approximately one month ago requesting proposals for beverage services. More information will be brought regarding this matter at the May Board meeting. Mr. Markley noted that this RFP was not limited to national companies, but it was open for any and all companies that were interested in bidding

- **Marketing and Wolfbucks** – The Pub Club promotion has been very successful. It has returned approximately \$2,000 to clubs this year and has brought a lot of life back to the Pub. All the weeks are booked through the end of the year.

Entrepreneurial Activities has adopted men's basketball as a part of A&F's initiative to help support the athletic department and teams.

In relation to sustainability, Dining Services works closely with many local vendors and Marketing is putting out posters to inform the campus community where many of Dining Services products are grown and purchased from. They are also putting up posters that are informing students about what they can do to be more sustainable. Emphasis is being placed on educating the student on what Dining Services is currently doing. Examples of these posters were passed around for the Board.

Wolfbucks deposits have increased about 50% over last year's deposits. There is an upcoming promotion for wolfbucks that will add a 10% bonus to all deposits made between March 30, 2009 to April 5, 2009.

- **Bookstore** – The Bookstore is working with the Provost's Office to establish another new textbook ordering process for the Fall 2009 semester that complies with ATI and other legislative action. Booklists will be posted on line so that students can have easy access to their textbooks and have the ability to go anywhere to purchase their books. Mr. Markley noted that last semester selections went through the Provost's Officer, but now the selection process is coming back to the Bookstore because they have the staff and capability to order the books. The Provost's office is really driving this process, however, the Bookstore is working very closely with the Provost's Office on this new/old process.

The Bookstore and SSE sponsored 10 textbook scholarships at the end of last Fall semester for the Spring semester and hope to do this again for the Fall 2009 semester. It was a successful promotion and we hope to be able to do this again.

The Bookstore is really getting out on campus and trying to connect with departments to help departments understand the new textbook ordering process. They have also been partnering with ASI/ASP to help sponsor events on campus. They are trying to be a big part of the campus.

The Bookstore will also be rolling out a new program in the Fall guaranteeing low prices. This Low Price Guarantee program will match the lowest prices of any retailer with the exception of online sources. Mr. Markley noted that the details for this program are currently being worked out, but he hopes to know more at the May meeting.

- **University Center** – The University Center is moving forward and will be moving into the design phase shortly.
- **Assessment** – Mr. Markley informed the Board that EA continues to make progress on the suggestions that were made as a result of the recently completed assessment. Catering moved over effective December 1, 2008, regular pricing surveys are underway and a student dining committee has been formed.

Mr. Markley took questions relating to his report. Joan Palmer asked for clarification on the student enrollment numbers which was provided by Dr. Ochoa. Dr. Phillips inquired if the Beverage RFP was publically announced which Mr. Markley indicated that it was. Dr. Phillips also inquired if coffee was part of the RFP and the response was that it wasn't. There is no contract for a coffee supplier. Dr. Phillips requested clarification on the new textbook selection process and how Faculty will be submitting orders. Mr. Markley noted that more information will be coming out shortly on this matter, however, that faculty can submit orders to the Bookstore by walking in, on-line, via email, over the phone, etc. It was noted that the Bookstore will be providing the Provost's Office an updated list two times per week to be posted on the University's website. Discussion also took place regarding the new Low Price Guarantee program. Dr. Phillips felt that this was targeting one bookstore in particular while others indicated that it was trying to be student friendly while also being competitive in the retail business.

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

In Ms. Coate's absence, Mr. Markley reviewed the Schedule of Net Assets and Statement of Activity (both through February 28, 2009) with the Board. Handouts were provided. Mr. Markley walked through the financial reports with the Board. He noted some of the highlights on each and concluded that the overall, SSE is doing very well.

### ***08.23 ACTION ITEM: Audit Committee recommendation for the retention of the selected independent auditor***

Mr. Abrams reported that the Audit Committee met on Wednesday to review the letter of engagement from Pistenti & Brinker. He noted that the timing would work with SSU Administration as well as meet the obligations set forth by the CSU. The fees are slightly higher than last year, but the committee felt that these were reasonable. The only item that the committee requested be added to the letter was that any additional fees must be approved by the audit committee in advance. With this one change, the committee approved this letter. Mr. Abrams motioned to accept the recommendation to retain Pisenti & Brinker as the independent auditor as outlined in the engagement letter. Dr. Ochoa seconded. Motion passed unanimously.

### ***08.24 Other Non-Action Items***

None.

---

Neil Markley  
Chief Operating Officer

---

Anna Reynolds-Smith  
Recording Secretary