

SONOMA STATE ENTERPRISES, INC.

Minutes

Friday, May 8, 2009

MEMBERS PRESENT:

Dr. Ruben Armiñana,
Mr. Yale Abrams,
Dr. William Barnier,
Ms. Letitia Coate,
Mr. Neil Markley,
Ms. Nicolette Margi,
Dr. Peter Phillips,
Mr. Floyd Ross,
Mr. Tim Tiemens,
Dr. John Urbanski

MEMBERS ABSENT:

Ms. Janisha Moore,
Dr. Eduardo Ochoa,
Joan R. Palmer,
Mr. Derek Pierre

OTHERS PRESENT:

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

08.25 Call to Order

The meeting was brought to order at 9:35 a.m. by President Armiñana.

08.26 Approval of the March 20, 2009 Minutes

Minutes were provided to the committee via email in advance of the meeting. There were no comments and/or change to the minutes. The minutes were approved.

08.27 President's Remarks

Dr. Armiñana announced the end of the academic year and upcoming commencement ceremony. In contrast to last year's weather conditions, he is hoping for no rain and dry weather.

Dr. Armiñana reported on the current situation of the state budget. He noted the current budget deficit of approximately \$8 billion coming into the next budget year, as well as, the unrealized tax revenues of approximately \$2 billion. This is nearly \$10 billion total. Depending on what happens with the special election and the propositions, this number is anticipated to grow to \$16-\$20 billion. Dr. Armiñana feels that there is very little chance the state will have a balanced budget at the start of the new fiscal year and this will likely lead to significant reductions for the state, and therefore, result in further reductions to the CSU system.

For the CSU, these reductions are currently the equivalent to approximately \$600 million. SSU's share of that reduction would be around \$14 million. The CSU is currently analyzing how best to address such a significant reduction to the general fund and Dr. Armiñana identified two ways to address these substantial reductions: (1) increase student fees mid-year and (2) a reduction in personnel costs.

Dr. Armiñana also discussed the amount the CSU should have received from the Compact to address the increase in student head count along with the most recent anticipated reduction. Together, this total number is over \$1 billion dollars for the entire CSU system. Of that, SSU's share should have been approximately \$25 million. He emphasized that this is the approximate funding that SSU should have received, but will not be receiving. Overall, it is expected to be a challenging year, but more will be known towards the end of May.

Dr. Armiñana announced those members who are leaving the Board: Mr. Derek Pierre, term is ending; Ms. Nicolette Margi, graduating; Ms. Janisha Moore, term ending; Dr. Bill Barnier, term ending and Mr. Floyd Ross, retiring.

There were no questions on Dr. Armiñana's report.

08.28 Report from SSU Vice President for Administration and Finance

Mr. Schlereth did not have a report.

08.29 Chief Operating Officer's Report

Mr. Markley reminded the Board that the focus for SSE is on enhancing the student experience. He presented a PowerPoint presentation which reviewed the following areas:

- *Housing* – Mr. Markley reported that the Housing occupancy numbers are not as strong as in previous years. He is anticipating around 100 less freshmen living on campus in the Fall 2009. This reduction impacts the number of people on the residential meal plan, which directly impacts SSE. Even given this reduction, Mr. Markley noted that both the Tuscany and Beaujolais villages are full. The village with the most vacancies at this time is Sauvignon. Housing will know more in regards to occupancy levels towards the end of June after summer orientations are completed. Overall, Mr. Markley is anticipating a difficult year for the Housing program.
- *Dining Services* – Dining Sales continue to be very strong and are continuing to perform above budget. Mr. Markley showed his gratitude for all the hard work done by the Dining Services team.

Dining Services is continuing to implement new sustainability initiatives. One of which is a new napkin dispenser that restricts the ability to take several napkins at one time. They are hoping this will help eliminate waste and be environmentally friendly while also limiting paper costs within the various food venues.

Dining Services is working with a local vendor from Sebastopol, Twin Hills Ranch, to bring in new local products. A basket of these items was distributed for the Board members to sample their products.

Dining Services continues to work hard to promote diversity within its venues and programs. Recently, it completed various events for Black History Month and a FAASSU dinner at Zinfandel Hall. In addition, the Friday's at Four events are offering further opportunities for promoting diversity. Mr. Markley thanked Peter Neville, Dan O'Brien and Ryan Ernst for their work with these groups and making these events successful. The events were highly popular.

Mr. Markley announced that Talmadge Savage and Sarah Anderson were honored for their work in Diversity by the Laura Gale Residence Halls National Honorary Society.

Mr. Markley also announced that Zinfandel Hall received an Applause Award for their work on the cultural dinner.

As discussed at the previous Board meeting, the current beverage contract is ending this summer. Mr. Markley noted that work is being done on the beverage RFP, but more about this item will be discussed in Action Item 08.31.

- *Marketing* – Mr. Markley noted that Wolfbucks sales are well above where they were year. It is a very popular item. Marketing has been working to incorporate cultural clubs in the Friday's at Four events and is partnering with the Recreation Center to do more sustainability initiatives throughout Entrepreneurial Activities. Specifically, Ryan Fitzpatrick from the Recreation Center is working with Dining Services team to implement additional sustainability initiatives. Marketing worked very hard to hold the first ever transfer orientation open house for Housing. This was very successful event.
- *Bookstore* – The Bookstore is bringing back the textbook scholarship contest and will again provide 10 students with \$300 towards textbooks for the Fall 2009 semester. The promotion begins next week and runs through the end of the semester. In addition, the Bookstore will be giving away surprise items that will be very valuable to students during finals week. The Bookstore is continuing to work very closely with the Provost's Office in the new/old textbook ordering process.
- *University Center* – The University Center is continuing to move forward. Mr. Markley noted that they are waiting to see what happens with the state budget and enrollment until construction begins. Currently the project is still on budget and the UC Partner Group is beginning the interior design process.
- *Hospitality Center* – Mr. Markley anticipates that the Hospitality Center will be opening sometime in the Fall. He hopes that the first Board meeting can be held in that location.
- *Assessment* – Mr. Markley hopes to close out most of the findings by the next Board meeting. Once these items have been addressed, he will provide a more detailed report at that time. As a side note, Mr. Markley added that the Student Union, which is now a part of EA, is currently working with Pappas Consulting to conduct an assessment of their area. Interviews were held yesterday. Once the results are out, it will go to the campus for further consultation.

Mr. Markley took a moment to also recognize those who are leaving the Board. There were no questions on Mr. Markley's report.

The President made additional comments because he wanted to thank everyone involved, including Dining, for the very successful Senior Send Off event that had occurred recently. He noted the efficiency of set-up and take down for this event. Mr. Markley added that this was a very energetic event where 1200 hot dogs, beverages, cookies and chips were given away. He thanked all those involved for their hard work on this event.

08.30 Chief Financial Officer's Report

Ms. Coate began her report by acknowledging Amanda Visser's work for the corporation. Ms. Coate reviewed the Schedule of Net Assets and Statement of Activity (both through March 31, 2009) with the Board. Handouts were provided.

08.31 ACTION ITEM: Beverage Vendor Selection

Mr. Markley provided background regarding the Beverage Contract. The Beverage contract does not include coffee, dairy and juice. SSE previously had Coke as the exclusive beverage supplier through 1998, until it changed to Pepsi after an RFP process. Given the current economic climate, no one wanted to go out for bid, but there was no way to extend the current beverage contract given the CSU procurement rules. Mr. Markley noted that he felt SSE was getting a very good deal with the current contract. The current beverage request for proposals was posted using the University procurement standards and was open to anyone, not only national companies. A committee was developed and included: Neil Markley, Lisa Andresen and Anna Reynolds-Smith. The RFP was issued in February and only two (2) proposals were received. Four vendors had picked up the RFP, but only two ended up submitting proposals: Coca-Cola and Pepsi Bottling Group.

The selection criteria used by the committee included:

1. Pricing
2. Financial Support
3. Service (Desired a 4 hour response time)
4. Marketing Support (donation of products that are used for give aways such as on Move-In Weekend and Senior Send Off Day).

The Coca-Cola proposal was ultimately determined to be non-responsive because this vendor initially submitted a contingent offer and a final proposal was never received by this vendor even though the time for submission was extended. Mr. Markley received a call this week from the vendor stating that the offer was not accepted by the home office. Therefore, this vendor had to be disqualified. Even if this vendor had not been disqualified, the proposal received by the Pepsi Bottling Group was a better offer.

In regards to the Pepsi proposal, Mr. Markley noted that given the current economic climate, SSE will not be receiving as good of a deal as it is currently receiving. In regards to Financial Support/Marketing have decreased from the existing contract. All categories have been reduced. In terms of vending, the commission rate will be slightly less and costs for purchases is anticipated to be approximately \$20K more. Regarding Pricing Increases, the current contract had a very good deal. The new proposal has no grace period on this. Overall, Mr. Markley indicated that the new proposal offers approximately \$50K less than the current agreement. Unfortunately, given the times, SSE is not going to receive as good a contract as it currently has, however, this is better than have no agreement at all.

Given this information, the selection committee recommends entering into a five-year contract with the Pepsi Bottling Group to provide beverages and beverage vending to the campus, with an option to renew the contract on an annual basis for up to five additional years.

There were no questions from the Board. The Board brought this item to a vote and it passed unanimously.

08.32 Other Non-Action Items

None.

Letitia Coate
Secretary/Chief Financial Officer

Anna Reynolds-Smith
Recording Secretary