

SONOMA STATE ENTERPRISES, INC.

Minutes

Friday, May 14, 2010

MEMBERS PRESENT:

Dr. Ruben Armiñana
Ms. Letitia Coate,
Dr. Stephanie Dyer,
Dr. Eduardo Ochoa,
Mr. Michael Ogg,
Mr. Neil Markley,
Ms. Joan R. Palmer,
Dr. Peter Phillips
Mr. Jessie Schwartz,
Mr. Tim Tiemens,
Dr. John Urbanski

MEMBERS ABSENT:

Mr. Yale Abrams,
Mr. Nick Curry,
Ms. Heather Hanson

OTHERS PRESENT:

Mr. Laurence Furukawa-Schlereth
Ms. Malia Arevalo
Mr. Ryan Ernst
Ms. Alicia Hodenfield
Ms. Kathy Mitchell
Mr. Jim Morgan
Mr. Dan O'Brien
Mr. Talmadge Savage
Ms. Patricia Sinclair
Ms. Jessica Way

09.26 Call to order

The meeting was brought to order at 9:36am by Dr. Ruben Armiñana.

09.27 Approval of the March 19, 2010 Minutes

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

09.28 President's Remarks

Dr. Armiñana discussed this afternoon's release of the Governor's proposal of the budget. The Governor met with the heads of the three CA higher education systems and indicated he would not sign a budget that did not include \$305 million for UC system, \$305 million for the CSU system, and \$136 million for the Community Colleges. Dr. Armiñana continued, discussing the proposed budget deficit and needing to plan for enrollment which is difficult when it is unclear what the final budget will provide to the CSU. He stressed the complexity of situation including the order/demand to reduce enrollment for CSU system and restricting FTE/enrollment. SSU's share is 2.3% of 40,000 students or roughly 900 students. However, if the budget is better, it will allow for increased offerings. Dr. Armiñana continued and expressed there is a greater demand by transfer students and as mandated by the CSU, local students are to be given preference for admissions. An additional concern is in housing. Deposits for housing have not been following traditional trends and they are lagging behind enrollment deposits. There does not appear to be one specific reason why, but there are many contributing factors. However, the Housing picture is improving.

Dr. Armiñana also discussed a recent report that was released and the economic impact of CSU multiplier affect. For every dollar spent by CSU it generates \$4.43 or \$17 billion in economic activity and \$1 billion in tax revenues. The differential made by alumni, when comparing High School graduates vs. College graduates, the College graduate contributes \$47 billion more – a very good investment.

There were questions regarding why housing was not following the regular trends. Dr. Armiñana specified some possible reasons – more local students, economic situation, waiting lists at UC's, and waiting for tax returns. There is not just one reason. The housing phenomenon is like this throughout CSU.

09.29 Report from SSU Vice President for Administration and Finance/Chief Financial Officer

Mr. Schlereth addressed three main topics in his report.

1. He expressed appreciation for SSE's involvement with GMC. The vision is finally becoming a reality. And this will be a new cost center for SSE. Most concert halls rely on philanthropic donations and fund raising for support, however the ancillary activities, like the meeting rooms and the hospitality center will provide opportunities for new revenues and new jobs for staff. Already, there are events booked for next year.

2. He reported they are making progress with Conflict of Interest Group that came out of the Clem Carinalli/SSUAF discussions. The committee is considering how to address conflict of interest and whether or not it should follow the Education Code or go above the specified requirements. There is a new transparency reporting link on the AFD website, with links to existing contracts over \$50,000; contracts are made public with exception of Associated Students Productions.
3. The corporation had an extraordinary year. This year, financially, the bottom line increased due to the management of the organization and monitoring.
 - a. Mr. Schlereth stated, he will be requesting a budget revision due to the uncertain state of the State budget and requesting support of the University in the form of scholarships. He said it would be a wonderful gesture of support, provide a bridge for financial aid operation since the State has frozen those funds, it would provide temporary cash flow until State reimburses SSU and then the funds would be allocated to reserves for future scholarships 2011-12.

09.30 Chief Operating Officer's Report

Mr. Markley provided a Power Point presentation that reviewed the following areas:

- Our Focus – The Student Experience, Diversity and Sustainability
- Housing – The 2010/2011 Housing occupancy numbers are uncertain at this time and it is known there will be vacancies. We have received much lower freshman Housing deposits than this time last year. We are concerned, however applications have picked up over the last week and the numbers are improving. We have stepped up our outreach efforts and are working with the Santa Rosa Junior College in offering housing to their students. Conference and Events Services is offering a hotel/apartment product. Ryan Ernst and Tim Tiemens are increasing marketing and outreach, reminding students that housing is available. One way we are reducing expenses and being proactive is by closing buildings as we can.
- Conference and Events Services – We have a strong season already for next year. Jessica Way and team are doing a great job.
- Dining Services – Residential revenue is ahead of forecast, however retail revenue is below forecast. We are carefully monitoring incoming freshman numbers. We continue to be concerned about Spring retail revenue given course selection reductions and will be closely monitoring sales in all units. We had a few successful events including the Asian Pacific Islander Month dinner and Cinco de Mayo event. The dining sustainability presentation at NACAS West event was very well received. Our own Dan O'Brien and a couple of our local suppliers Nancy Prebilich of Gleason Ranch and Ritz Guggiana of Sonoma Direct were part of the panel that presented. Dining has continued to perform exceptionally well this year. Thank you to the board, students, staff and directors.
- Marketing – Wolfbucks deposits remain strong and are slightly ahead of this time last year. We have continued support of campus events. We have refined the

Spring marketing plan to address the sales slump in retail dining, including the Friday 50% off for campus employees at Zinfandel. Take advantage of this before Zinfandel closes for the summer.

- Bookstore – Barnes and Noble is piloting textbook rentals at some of their stores. More information to follow and we are hoping for the Spring. A textbook rental program offers its own challenges, however, students really like the idea and there are websites already offering these services. We have seen a dip in textbook sales. Manager, Jim Morgan is intensifying outreach efforts to the campus. Mr. Markley introduced Malia Arevalo, the new Assistant Manager. The Bookstore Advisory Group has been created and more detail will be provided in the fall regarding their activities and purpose.
- University Center – We are working on finishing the 100% construction drawings and hope to have them by next meeting to present. Interior design is finalizing and the signage package design is underway. If we were to construct today, we would be under budget on the project as construction costs have come down. However, with the uncertainty, we are proceeding cautiously.
- Green Music Center – Kindra Kautz is filling Kelley Kaslar’s place while she is on leave. We are fine tuning interior work and continuing to ramp up sales, marketing and operations. We have had some very successful events including events with: the Santa Rosa Symphony, the San Francisco Symphony, ASI, SSU Basketball, and Business and Economics.

09.31 Chief Financial Officer’s Report

Handouts were provided to the Board: Schedule of Net Assets and Statement of Activity (both through March 31, 2010) and a Financial Statements Financial Summary prepared by Financial Services . The Statement of Activity included June 30, 2010 projections.

Ms. Coate reviewed the handouts in detail with the Board.

Action Item: 09/10 Budget Revision

Mr. Markley introduced the Finance Committee Recommendation:

“Motion to allocate unanticipated surplus as follows:

- Reinstate final payment of \$550,000 to Housing for University Center pre-project expenses
- \$400,000 to the University for scholarships to be distributed in the 11/12 year
- Remaining surplus to reserves (around \$200,000)”

Discussion about the recommendation took place. Dr. Armiñana brought the item to a vote. The motion was passed with one opposed (Dr. Phillips).

09.33 Other Non-Action Items

Dr. Armiñana noted this is the last meeting for the student representative as they are graduating. He extended his thanks and well wishes to Jesse Schwartz, Heather Hanson, and Nick Curry. He offered congratulations to Dr. Ochoa who is leaving and this maybe his last meeting because he was recently appointed as Deputy Secretary of Higher Education – just waiting on full Senate approval/confirmation. He also thanked Peter Phillips, Faculty Representative, as it is the end of his three year term.

The meeting was adjourned at 11:25am by Dr. Armiñana.

Letita Coate
Secretary/Chief Financial Officer

Alicia Hodenfield
Recording Secretary