



CAL POLY

**BOARD OF DIRECTORS MEETING #1
Friday, October 28, 2022, 8:30 a.m.
MINUTES**

Fiscal Year 2022-23

Present: Cara Crye, Aaron Fernandes, Marissa Hiji, Cynthia Jackson-Elmoore, Keith Humphrey (Left at 10:45)
Sean Hurley, Geri LaChance, Patrick Mullen, Cyrus Ramezani, Andy Thulin, Cynthia Villa, Dean
Wendt

Absent: Steven Rein

Guest: President Jeffrey Armstrong, Jerusha Greenwood

Staff: Joe Alves, Dan Banfield, Umut Brown, Andrea Burns, Holly Clark, Ellen Curtis, Jess Dozier, Jim
Dunning, Paulo Iscold, Brad Opstad, Cody VanDorn, Darya Veach

I. CALL TO ORDER AND INTRODUCTIONS

Chair Cynthia Villa called the meeting to order at 8:37 a.m. and welcomed everyone in attendance.

Villa welcomed our new student member, Aaron Fernandes, and our returning members: Marissa Hiji, Geri LaChance, Sean Hurley and Dean Wendt.

II. PUBLIC COMMENT

There was no public comment.

III. MINUTES

A. Board Meeting Minutes – June 3, 2022

(M/S/P) (WENDT/ LACHANCE) that the Board accepts the June 3, 2022, minutes as presented.

None opposed.

IV. CONSENT AGENDA

A. Approve Employee Medical Benefit Program Contribution Rate for 2022-23

B. Approve Publicly Available Pay Schedule for CalPERS

C. Accept Annual and Quarterly Financial and Investment Reports

D. Accept Annual Audited Financial Statements and Federal Awards Report

E. Capital Projects Update

(M/S/P) (MULLEN/THULIN) that the board approve the Consent Agenda items IV. A. – E

None opposed.

V. CHAIR REPORT

A. President Armstrong – University Update

The President welcomed everyone in attendance and stated that the school year is off to a good start. This year welcomed a class with the highest-grade point averages and the most diverse population of students. The University is preparing for the Grand Opening of Cal Poly's Latinx/e Center for Academic Success and Achievement, known as La CASA on November 10th, 2022. CPC has contributed to the expansion of diversity on the campus by offering diverse food options for students. Additionally, through CPC support, there has been an increase in financial aid for students and Cal Poly Scholars.

Last spring, an increase of college-based fees was implemented to students beginning FY 2022-23. The impact has already been felt for students with greatest financial need. Employees will also benefit: A portion of the fees will impact faculty and staff housing.

President Armstrong announced that Jessica Darin will be transitioning to Long Beach to work with Jolene Koester, interim Chancellor of CSU. Jennifer Haft will replace Jessica as Chief of Staff.

Governor Gavin Newsom has signed legislation to promote access to higher education and CSU will receive a 5% year-over-year funding increase. CPSU is also discussing year-round operations, allowing use of campus space during the summer.

Cal Poly Corporation is doing its part in moving the campus along with several projects, including a new donor-funded tennis facility, kicking off design and construction of new faculty and staff housing, and transitioning the Bartleson property operations to the corporation. In collaboration with SB No. 846, the corporation is working on emphasizing economic development at Diablo Canyon Power Plant. The bookstore is reopening as Mustang Shop alongside the corporation's partnership with Follett. Spanos Stadium underwent turf renovation with assistance from the corporation's plans to rebuild the concessions space. Tech Park is ready to break ground on the expansion of an additional 100,000 - 120,000 square foot addition.

Villa thanked President Armstrong for his update and asked for introductions from the member and guest attendees in the room.

VI. PROJECT OVERVIEW

A. Ground Station & New Airplane

Darya Veach, the new Director of Sponsored Programs who oversees and supports the mission of various sponsored scholarly activities, introduced Paulo Iscold, associate professor in the Aerospace Engineering Department.

Iscold gave an overview of the Air Force Research Laboratory's (AFLR) donation of \$5 million to Cal Poly for testing and research on a modified general aviation airplane that will act as an unmanned aerial vehicle (UAV). Cal Poly, with the help of Cal Poly Corporation, was able to purchase an optionally-piloted aircraft for students to learn hands-on from a ground station classroom in a hangar at the local airport. The goals of this program were to establish state-of-the-art capabilities to test UAS Communication and Control (C2) systems, establish better flight test capabilities at CPSU, and establish airplane prototype capabilities. With their subsequent success this year, and the project far from completion, the Air Force has agreed to more funding. Completion of an aerial platform integration is expected in FY 2023-24.

Board took a break at 9:31 am and reconvened at 9:44 am

VII. COMMITTEE REPORTS

A. Audit Committee

Dan Banfield explained to the board that the Corporation is the book of record for the Performing Arts Center, site of the current Meeting. Banfield informed that the audit committee, having convened on September 14th, 2022, did close out the audit that runs from May to September. Glenn Burdette auditors were in attendance for the committee meeting and indicated they had no comments or concerns with the audit and the Audit Committee accepted all results.

B. Investment Advisory Committee

Geri LaChance introduced the committee's overview by stating that the net growth for the corporate and endowment funds in the third quarter of 2022 were negative 6.9%. The Committee did discuss making adjustments to recover, but the majority of committee members agreed to maintaining course and continuing on with its current investments.

Joe Alves welcomed everyone and gave a brief overview of the most recent Investment Advisory Committee meeting which took place on October 26th, 2022. He discussed inflation concerns and uncertainty due to the Federal Reserve's interest rate hikes. The managers of the fund had discussed making adjustments to compensate for underperformance during this meeting.

C. Budget and Finance Advisory Committee

Dan Banfield reported that the Budget and Finance Advisory Committee met this week to review the annual statements for FY 2021-22 and through the first quarter of FY 2022-23. Both in the last fiscal year and this current year, market losses played a large impact. But revenue is almost back to pre-pandemic levels. The total freshman headcount was added to the financial analysis reviewed by the Committee to give a better picture of the trends impacting revenues. Currently there are concerns with inflation, food costs, and pressure on wages.

Pat Mullen welcomed to two new members to the Budget and Finance Advisory Committee, Heather Zacker and David Valadez. He also mentioned that in this, its fourth year of meeting as a committee, he feels that they are doing well in serving the Corporation.

VII. BUSINESS

A. Contribution to Spanos Turf Replacement

(M/S/P) (MULLEN/LACHANCE/PASSED) That the board approves a \$500,000 contribution to the Spanos Stadium turf replacement. None opposed.

Cody VanDorn welcomed everyone in attendance and shared that this half-million-dollar contribution, being a fraction of the total \$3 million expense to replace the turf at Spanos Stadium, helps in the overall vision for the stadium; in the near future, the Corporation will be working on the enhancement of the north endzone of the field beginning in early 2023.

VIII. STAFF PRESENTATIONS

A. Chief Financial Officer Report

Dan Banfield reported a rebound in revenues in FY 2021-22, up 70% from the previous year, however, still down 5% from pre-pandemic levels. Currently trending through September, Campus Dining revenues have increased 25% from this same time last year and total core operations have increased 13%.

The voluntary continuing student meal plans has positively impacted revenue. In FY 2020-21, there were 500 students enrolled in voluntary plans. For FY 2022-23, over 3,200 students are enrolled. This number is expected to grow with 1901's food court coming online next year. Banfield added that expenses are up 17% in the first three months

B. Chief Executive Officer Report

Cody VanDorn began by thanking all board members for their service. He commended the Commercial Services team for the best first impression with the start of FY 2022-23. Although Building 19 (1901) is still under construction, the team was able to deliver great options for students.

Our Concert and Event Planning team is working to offer new opportunities at Spanos Stadium. Additionally, the Corporation hired a new Human Resource Director, Tiffany Kramlich, to evolve our culture and engage employees. Matt Ryan was promoted to Controller of the Corporation, Joe Alves was promoted to Treasury and Risk Manager, and Ellen Curtis was promoted to Associate Vice President of Marketing and Communications.

VanDorn updated each of the top goals of the Corporation:

- Real Estate Development has transitioned Bartleson Ranch to be operated by CPC, offering a tremendous opportunity for students to Learn by Doing. CPC also will be partnering with the community since SB 846 extended the license for Diablo Canyon. Our Technology Park expansion should break ground before the board meets in February, where CPC is the owner of record for the land.
- Our Strategic Plan has been updated and our direction is shifting to focus on team members. Our first employee survey was given which shed light on new opportunities for engagement with employees.
- Vista Grande construction recovery is actively in mediation to be followed by discovery and litigation. The next board closed session will discuss a settlement.
- The creative culture goal is toward maximizing engagement with its employees. Questions looking to be answered revolve around how we can work differently, considering whether hybrid work is the answer, and whether leaders are prepared for a hybrid environment.
- Renovated neighborhoods include the Scout Coffee Shop to the yak?it'ut'yu neighborhood while Campus Market had its outdoor space renovated and a mural installed on an exterior wall.
- The Program Design goal to update the University Union Mustang Station has been put on hold due to the recent escalation of inflation.
- The Swanton Pacific Ranch project will take years of work in its recovery, beginning with permitting followed by design. Recently, a group accompanied CEO VanDorn to visit the ranch toward facilitating and comprehending a rebuild and improvement strategy.
- The Corporation Division Scorecard is being developed that will list the top ten metrics to be focused on by CPC. At the next board meeting an individual metrics by division will be shared.
- New Commercial Service Structure has seen food costs and labor expenses increase tremendously. In January there will be options presented to help manage expenditures.
- The Faculty & Staff Housing project has selected a designer and builder toward combining them into one working team unit under a new vendor contract. It was determined that this project needed the skills of both vendors (Thompson and Dorfmann) as well as Coastal Community Builders to obtain the goal of affordable housing for faculty and staff.

- Corporation rebranding efforts are underway toward resolving to remove any barrier associated with the current name, one of which is a high degree of sensitivity around its being a non-profit with a corporate identifying name.
- Our goal to establish live events is being accomplished with Umut Brown's team scheduling such events that would also achieve complementing the improvements being done at Spanos Stadium.

Overall, the Corporation has invested over \$80 million in physical buildings on campus, but nothing yet in development of ecommerce and a digital experience. This is a more important consideration in investment today for students to be able to live on campus. CPC is working on a new application for this purpose.

Andrea Burns, Associate Executive Director, having assembled a team in conjunction with Wipro and currently in the discovery phase of putting together such an application for students, faculty, staff, and the public. Burns introduced Sandeep Bahri, of Wipro and Ivy Kusler of Chartwells to present Project Bishop.

The goal is to provide one stop shopping, from dining to bookstore items to groceries. Kusler explained that this type of commercial enterprise has never been done, but is certainly the best way to drive enhancement of the college experience. The project started six months ago and will take another fourteen to launch. The first phase will be implemented into the dining experience expected in April or May of 2023 and Phase Two will integrate with the point-of-sale system. Another goal is to ensure that the eventual and ultimate product will remain capable of future enhancements. A detailed discussion related to capabilities of the product, security and opportunity ensued with the board.

X. ANNOUNCEMENTS

*Next Board of Directors meeting: **Friday, February 3, 2023, at 8:30 a.m.***

XI. ADJOURNMENT

Respectfully submitted,

Holly Clark

Holly Clark, Recording Secretary