



CAL POLY

BOARD OF DIRECTORS MEETING #3

Friday, April 28, 2023, 8:30 a.m.

MINUTES

Fiscal Year 2022-23

- Present:** Cara Crye-Wright, Aaron Fernandes, Marissa Hiji, Sean Hurley, Cynthia Jackson-Elmoore, Geri LaChance, Patrick Mullen, Cyrus Ramezani (Arrived 8:54 am, Departed at 10:40 am), Andy Thulin (Departed at 11:10 am), Cynthia Villa, Dean Wendt (Departed at 10:53 am)
- Absent:** Keith Humphrey, Steven Rein
- Guest:** Benoit LECAT, President Jeffrey Armstrong (Departed at 9:20 am)
- Public Comment:** Ryan Carter (Departed at 8:49 am), Allison Theobold (Departed at 8:53 am), Mikala Purugganan, Vaughn Wilbur, Alexander Crary (Mikala, Vaughn & Alexander Departed at 9:10 am)
- Staff:** Joe Alves, Dan Banfield, Andrea Burns, Holly Clark, Ellen Curtis, Jess Dozier, Tiffany Kramlich, Matt Ryan, Cody VanDorn, Laura Little

I. CALL TO ORDER AND INTRODUCTIONS

Chair Cynthia Villa called the meeting to order at 8:36 a.m. She announced that there were five individuals in attendance for public comment.

II. PUBLIC COMMENT

Ryan Carter Shared that they would like Cal Poly to remove Chick-fil-A from campus. Keeping Chick-fil-A on campus is harmful to this marginalized community.

Allison Theobold a faculty member, voiced her opinion about how the decisions that Cal Poly makes impact students on campus. She wondered what kind of students we want on campus. We want to tell all students that they belong here. Supporting Chick-fil-A tells some students they are not welcome.

Mikala Purugganan I want to urge CEO Cody VanDorn to not renew the Chick-fil-A's contract on campus. They were concerned that Chick-fil-A's ideals did not align with diversity, equity, and inclusivity. ASI has passed another resolution to remove the company from campus and I urge you not to ignore it.

Vaughn Wilbur I strongly urge CEO Cody VanDorn to get Chick-fil-A off campus. Chick-fil-A is an institution that has been very homophobic in the past. Wilbur continued; we have students demand our voices be reflected within the corporation.

Alexander Crary I feel like when trying to argue why the contract for Chick-fil-A should not be renewed, I think I just want to make a point that this institution of school, Cal Poly, often sells itself

on the ideals of diversity, inclusivity, and equality. I think that this is one of the situations where we should do what is right and slightly inconvenient.

Villa asked if there was anyone else who wanted to speak.

Holly answered – no one else.

PRESIDENT ARMSTRONG UPDATE

President Armstrong: Thanked everyone for their hard work for Cal Poly.

- Acknowledged the concerns about Chick-fil-A. But where do we draw the line? Finds it just not the right thing to do to take a company off campus, charge the Cal Poly Board and the rest of Cal Poly with investigating every single company for what they do and what they believe.
- Offered a university update:
 - We had over 73,000 applications.
 - Seven out of ten students have a job before they graduate.
 - 96% of students are doing what they want to be doing six months after graduation.
 - In fall of '22 it was the most diverse class ever we added \$11.5 million in financial aid and scholarships.
 - The mean household income in CA is \$80k, half of the eligible population come to Cal Poly. Students have a higher net cost of attendance after financial aid and scholarships to attend Cal Poly than a UC.
 - Our last graduating class was about 18% Hispanic, Latino our incoming class is 24.4%.
 - We are improving our cultural centers and expanding the size of cultural centers
 - We value DE&I, diversity, equality, and inclusion.
 - McCoy scholars, black engineers.
 - Companies and donors fund LGBTQ+ students and in different majors, underrepresented students, underrepresented minorities in some majors.
 - We are prop 209 compliant targeting specific high schools, partnering with specific high schools in the state and outside the state.
 - We're viewed as highly selective on a scale of 60-99 we're like ranked 95.
 - We can offer more classes, continue to work to limit the increase in food and housing.
 - We are looking at how we can utilize the building by the airport. By fall of '24 that's going to free up 25 – 35 thousand square feet of space on campus.
 - And we are looking to build housing for our faculty and staff.
 - Cody is constantly working with Cindy and her team as we're looking to get more and more housing off campus for students.
 - The move to Chartwells is going to reduce the rate of meal plan price increases.
 - Building 19 soon will be in play and we will have all you care to enjoy.
 - Frost Center is a tremendous building with CSU and Cal Poly support, the majority were our donors.
 - This weekend is the groundbreaking for the Madden Football Center at 1 PM. The Madden family will meet with students from the Oakland area that they're supporting. Their first donation to Cal Poly of significance was not football, it was a donation of over a million dollars to provide financial aid for students from Oakland high schools that were near and dear to them.

- Launch of the Cal Poly 5g Innovation Lab. Partnering with Amazon Web Search, Federated Wireless and T-Mobile on May 25th at 3PM out at the wine and viticulture center. It will impact the cost of buildings in the future, enhance wi-fi for students all over campus and really is just continuing looking forward to the innovation.

[One of the students who was in the room for public comment interjected some remarks. The chair asked them not to do so. The interjection continued and they were asked to leave.]

III. MINUTES

Board Meeting Minutes – February 3, 2023

(M/S) (Thulin/Fernandes) that the Board accepts the February 3, 2023, minutes as presented.

None opposed.

IV. CONSENT AGENDA

A. Accept Quarterly Investment Reports

B. Accept Quarterly Financial Reports

(M/S) (Ramezani/Hurley) that the Board approve the Consent Agenda items IV. A. and B.

None opposed.

V. CHAIR REPORT

Villa said she did not prepare a formal Chair Report since President Armstrong provides an overall university update. It was noted that Steve Reins requested a Board member present make a motion to amend the agenda for today's meeting to include requiring the Board to approve all franchise agreements. Our bylaws and open meeting laws do not allow for a change to the agenda for the current meeting. There's a requirement for advanced posting of agendas 72 hours prior to the meeting. Therefore, Villa is unable to accept a motion to change today's agenda.

VI. PROGRAM REVIEW

A. Cal Poly Wine & Viticulture

Benoit acknowledged the Board for the opportunity to present.

- Four weeks ago, the students went to Napa, we organized a tour, there were credits for the week, there was an assignment to do, and we met Andy Beckstoffer one of the largest landowners in Napa and the students had an amazing opportunity to exchange with him and he will be our honored guest tonight.
- We have the big event a big fundraising event tonight.
- Met with our prospective donors we also went to see our guru, our mentor Jerry Lohr in his vineyard.
- There is a presentation with the board of industry leaders, and it was with TikTok and the marketing team was there.
- One of our wines is profitable, two other wines are research and development and the student wine we cannot sell we give away to faculty and parents.
- Andy Thulin added: the corporation is the banker because we have no state funding going into these facilities a lot of it is soft money moved over to the state side. A \$7.6 million dollar loan was given but only half was used.

VII. COMMITTEE REPORTS

A. Investment Advisory Committee

Geri LaChance gave an update on the Investment Advisory Committee, mentioning that the Committee was pleased to welcome Carolyn Herzog as a new member. She comes from Corvus Wealth Management and was recommended by Cyrus Ramezani. Geri mentioned that the relationship with Kaspick started in the early 90's and that when viewing returns from that time period through 2022, the chart is rather steep indicating impressive growth in our investment funds. Cindy Villa agreed that Carolyn will make an excellent addition having worked with her elsewhere. Joe Alves continued that the Committee met this past Wednesday. There were two members that rolled off, Larry Gorman, a faculty member, and Eldon Shiffman, a community member. Both were long serving members of the Committee for over 20 years. With Carolyn's appointment, we will be searching for one more addition by the next meeting in July. Discussion highlights included portfolio performance, inflation concerns, and overall market uncertainty. We're in a period of rising interest rates along with an inverted yield curve. Our short-term fixed income assets are performing better than long-term fixed income assets. This is an indicator of economic health and can signify the possibility of recession. There were solid returns for both the quarter and Fiscal Year to Date. There was a slight underperformance to benchmark primarily due to fixed income managers. Duration is the key driver as short-term rates are above long-term rates. Historically, it's the intermediate duration, 2-5 years, that sees the most risk adjusted returns. These funds are actively managed and continue to shorten duration. Value investing added to returns in calendar year 2022 but there has been some give back in the first quarter of 2023. The S&P 500 Value was up 5.2% compared to S&P 500 Growth up 9.6%. Our portfolio does have a value-style tilt. Over a long-term period, we see that value typically outperforms growth. It hasn't been that way over the past few years, but we are seeing a reversion back to value-style investing. In our short-term assets we have continued our laddered Treasury Bill strategy, currently yielding 4.61% on average. We have \$2 million tranches coming due each month that we rollover into a new 6-month Treasury Bill to take advantage of rising interest rates.

Cyrus Ramezani also provided an update on the students that are involved with the Student Investment Management Portfolio. This team of students recently competed in the CFA Investment Research Challenge where they provided a detailed analysis of a company's stock outlook along with a recommendation. They completed local level competitions, advancing to the sub-regional, regional, and global competitions. They recently were in New York competing against 5 other teams for the global championship. While they did not win, they were a strong competitor, and their presentation is available online.

B. Budget and Finance Advisory Committee Report

Dan Banfield reported that the Budget and Finance Advisory Committee met on Wednesday April 26, 2023, and reviewed the fiscal year to date through March 31, 2023. The committee looked at a multi-trend analysis over the past 5 years comparing the trends of sales and expenses. They discussed the net loss through March 31st that's driven by inflation, operating costs, food costs, and labor costs. There was a contribution made by the corporation to the Frost building during this time period. Expenses are up 14-15% based on pre-Covid numbers but revenues have trailed due to keeping menu prices and meal plan prices relatively stable. Revenues have increased 8%. Mullen added, year to date revenues are down 2% while costs increased by 1% overall net operating loss is approximately \$850,000.

VIII. BUSINESS

A. Amendment to Bylaws

(M/S) (Ramezani/Thulin) that the Board recommends amending the Corporation's Bylaws to change the term limit of two years for Community Directors to a limit of three years.

None opposed. The three community members LaChance, Wright and Mullen abstained.

VanDorn explained this amendment would allow community members to serve three, three-year terms rather than two terms, resulting in a nine-year maximum. This adjustment aligns to most of the other faculty positions that are not ex-officio positions on the Board.

The Board took a break 10:00 am and reconvened 10:15 am

IX. STAFF PRESENTATIONS

A. Corporation Naming

Ellen Curtis presented why we exist as an organization – it has to do with our core values. With 18,000 students, faculty and staff the difference is how people perceive our organization. We need to show our personality and how we are creative, resourceful, independent. Curtis gave a history of the corporation including when it was the foundation. She explained we are at a pivotal moment with a unique chance to tell our story and connect with our stakeholders, build our culture, and image. Her recommendation as a marketer is to change the name.

B. CFO Report

Banfield reported the financial highlights through March 30, 2023, and gave a status update. Revenues have increased 8% over last year. The freshman headcount is 5,115 with 3,236 voluntary continuing student meal plans. Expenses have increased 15% compared to last year. Rising interest rates have returned greater dividends in our general investment fund. The investment on the treasury note ladder is earning 4.6%, which is offsetting some of the operating losses seen this year.

Sponsored Programs have increased 30% with expenditures of \$24.8 million. Additionally, deposits have been made to the commercial space at 4800 Morabito Place. A package will be submitted to HPRC committee at the chancellor's office to review the workforce housing project, which is 75% through the design phase.

C. CEO Report

VanDorn thanked the Board for their hard work and meaningful service as well as their contribution to the larger purpose and activity of Cal Poly Corporation.

VanDorn presented organizational goals.

- The Ecommerce Application agreement with our development partner has been signed, the scoping and discovery piece is approximately 90% complete. Students will have multiple channels of commercial services available to them including Grub Hub and Mustang Concessions, Performing Arts, and ticketing.
- Building 1901 is making progress. The flood on the first floor has created cost gaps in the project.
- Spanos Stadium is expected to be ready for the Spring of 2024 for concerts and other live events.
- Vista Grande litigation should begin in the summer or fall. CPC won the right to be a third-party beneficiary.
- The culture plan is being developed by Tiffany Kramlich to create the culture in our offices, flexible working, and performance evaluations.

- The University Library renovation is in full swing. A Starbucks is planned on the northeast corner. There is a desire to keep Julian's coffee and this is in the plan to keep this brand on campus.
- The design of Swanton Pacific Ranch is making progress and significant progress is being made on the insurance claim of \$35-40 million.
- Our Commercial Services structure is expanding our relationship with Chartwells. Stakeholders are on campus from Chartwells to help build a successful transition. Employees are embracing this transition, 90% of staff have accepted offers from Chartwells and employment will begin on July 1, 2023.
- Faculty & Staff Housing is on track to begin the construction phase of 50 single family residence units and approximately 150 multi-family units. Floorplans range from 1,600 square feet floorplans to 2,000 square feet. Financing is still being worked through.

X. ANNOUNCEMENTS

Next Board of Directors meeting: Friday, June 2, 2023, at 12:00 p.m.

The Frost Building has a grand opening event May 5, 2023, at 3:00, 4:00, and a reception at 5:30 pm with guided tours.

XI. ADJOURNMENT

Meeting was adjourned at 11:28 am.

Respectfully submitted,

Laura Little

Laura Little, Recording Secretary