



BOARD OF DIRECTORS ANNUAL MEETING

Friday, June 2, 2023, 12:00 p.m.

Via Zoom for the public (View Only)

<https://calpoly.zoom.us/s/81020634372>

MINUTES

Present: Aaron Fernandes, Marissa Hiji, Sean Hurley, Cynthia Jackson-Elmoore, Geri LaChance, Patrick Mullen, Cyrus Ramezani, Steven Rein, Andy Thulin, Cynthia Villa, Cara Wright

Absent: Keith Humphrey, Dean Wendt

Guest: President Jeffrey Armstrong

Public Comment: Josh Aguilar, Ryan Carter, Alexander Crary, Mikala Purugganan, Alex Raynes, Shelayne Werfel, Jake Zylstra

Staff: Joe Alves, Dan Banfield, Umut Brown, Holly Clark, Molly Clark, Ellen Curtis, Jess Dozier, Tiffany Kramlich, Jason Lewis, Matt Ryan, Cody VanDorn, Darya Veach

- I. **CALL TO ORDER AND INTRODUCTIONS** Cindy Villa 12:00
Chair, Cynthia Villa called the meeting to order at 12:04 p.m. She announced that there were seven individuals in attendance for public comment.
- II. **PUBLIC COMMENT** Cindy Villa
Mikala Purugganan - Student
Requested that CPC not to renew the franchise agreement with Chick-Fil-A as it sends a message that misaligns with campus views.
Ryan Carter- Student
Requested that CPC remove Chick-Fil-A from campus.
Shelayne Werfel - Dietitian
Presented opposition to Chick-Fil-A based on the majority of food at Chick-Fil-A is inaccessible to students due to diets.
Jake Zylstra – Student
Presented that Chick-Fil-A should remain on campus and has done nothing adverse to students on campus.
Joshua Aguilar - Student
Presented that a survey was conducted of students on campus which found 73.3% of students do favor renewing a contract with Chick-Fil-A. Requested renewal of the franchise.
Alex Raynes - Student
Requested that CPC remove Chick-Fil-A from campus. A petition of 670 students signed a petition to do more to address food insecurity.

Alexander Crary - Student

Requested that CPC remove Chick-Fil-A from campus as the company does not represent the values of the University.

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| III. | APPROVAL OF MINUTES | Cindy Villa | 12:15 |
| | A. March 28, 2023, Special Meeting Minutes | | |
| | B. April 28, 2023 | | |
| | (M/S) (Hurley/Thulin) That the Board accepts both the March 28, 2023, and April 28, 2023, minutes as presented. | | |
| | None opposed. | | |

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| IV. | CONSENT AGENDA | | |
| | A. Recommendation from the Budget & Finance Advisory Committee to approve Cal Poly Corporation FY 2023-24 Operating Budgets and Capital Outlay Proposals for Programs with Revenues Under \$1M | Cindy Villa | 12:20 |
| | 1. <i>University Graphic Systems</i> | | |
| | 2. <i>Technology Park</i> | | |
| | 3. <i>Swanton Pacific Ranch</i> | | |
| | 4. <i>Plant Fund</i> | | |
| | 5. <i>Other Commercial Activities - Cal Poly Print & Copy</i> | | |
| | (M/S) (Ramezani/Mullen) that the Board approve the Consent Agenda items IV. A. 1-5. | | |
| | None opposed. | | |

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| | PRESIDENT ARMSTRONG | President
Armstrong | 12:35 |
| | <i>Recognition of outgoing Board Members and University Update</i> | | |
| | President Armstrong commended Marissa for her time and commitment to the board. The board members wished her well in her next endeavor. Andy was also praised for his years of service on the Foundation Board as well as the CPC Board and contributions to campus. Dean Fleming will be taking the role of treasurer for the CPC Board. Marissa will be replaced by Toby Warpole, Student. Aaron Fernandes will continue as a student member on the board. President Armstrong thanked the board and expressed its critical importance to the University. Cal Poly needs faculty and staff to be successful if students will be successful. California needs more graduates. The CSU is down 20,000 residential FTES students based on targets. The governor has stated the desire for 1% growth per year for the five years of the compact initiated last year. This growth will require more staff. The transition from quarter to semester is also in full swing and timing is not controlled by the university. Jolene Koester, interim chancellor, has announced universities that are more than 10% behind in their enrollment will lose 5% of their FTES beginning in the Fall of 2024. The new CSU Chancellor should be named in July 2023. There are six retiring presidents this year in the CSU system. | | |

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| V. | CHAIR REPORT | | |
| | A. Proposed FY 2023-24 Corporation Board of Directors Meeting Schedule | Cindy Villa | 12:45 |

- October 27, 2023
- February 2, 2024
- April 26, 2024
- June 7, 2024

Motion Request

Steve Rein made a motion to have the board discuss voting on future contracts and franchise agreements. He explained the board should provide guidance to the corporation on renewing agreements and new agreements.

(M/S) (Rein/Hiji) That the board discuss voting on future contracts and franchise agreements prior to CPC execution.

Aye: Rein, Jackson-Elmoore

No: Fernandes, Hiji, Hurley, LaChance, Mullen, Ramezani, Thulin, Villa, Wright

The motion did not pass.

VI. COMMITTEE REPORTS

A. Audit Committee Report

Matt Ryan/
Sean Hurley 12:55

Ryan presented that they recently had a meeting which serves as the entrance conference for the annual financial audit. The audit is due September 20th to the Chancellor's office. Field work began in the spring and will be finalized in the summer. Glenn Burdette are the auditors for the corporation.

B. Budget and Finance Advisory Committee Report

Dan Banfield /
Pat Mullen 1:05

Banfield reported that on May 25, 2023, the Budget and Finance Advisory Committee met to review the budgets that were under \$1 million. Each program manager presented their budgets to the committee. At that meeting, Banfield explained expectations for budgets next year. The committee accepted the proposed budgets.

Banfield explained to the board a few assumptions for the budgets being presented today. This fall, the latest projections show that the Freshman headcount is 5,200 students. Next FY 2023-24 CPC is planning on price increases due to inflation and costs. It is anticipated there will be a higher return to events. Interest expense is also higher, which covers three different buildings, Tech Park, Vista Grande and 1901 Marketplace. Payroll assumptions include a general salary increase of 5% and a performance-based compensation of 1.5%. CPC will have a slight decrease in fringe benefit rates in the coming year.

The Campus Dining budget is inclusive of the entire program. The Chartwells agreement is a management fee contract. The revenues and expenses of Campus Dining remain on the corporation's books. Increases are expected in operating costs, insurance, and utilities. The consolidated budget for FY 2023-24 shows the cost of sales as a percentage of sales, which goes down slightly with the agreement with Chartwells leveraging their global buying power. The significant increase in payroll is related to opening Building 1901 Marketplace.

VII. BUSINESS

A. Appointment of Board Members and Election of Officers Cindy Villa 1:15
(M/S) (La Chance/Rein) that the Board appoints Board Members and Election of Officers.

- *Dean, Dean Wendt has been appointed to another year on the board.*
- *Dean, Damon Fleming of OCOB will be joining the board and serving as the Secretary/Treasurer.*
- *Aaron Fernandes will serve another year on the board.*
- *Pat Mullen will serve another term on the board.*
- *Toby Warpole will join the board as a new student member.*
- *Cynthia Vizcaíno Villa will continue as Chair of the board.*
- *Cynthia Jackson-Elmoore will continue as Vice Chair of the board.*

None opposed.

The board took a break at 1:10pm and resumed at 1:20pm.

B. Approval of Cal Poly Corporation FY 2023-24 Operating Budgets and Capital Outlay Proposals for Programs with Revenues over \$1M

1. Commercial Agriculture Operations (CAFES) Andy Thulin 1:25

Andy Thulin presented the overview of nine departments and fifteen majors within CAFES. This college is primarily funded by donations, gifts, and revenues from product sales. More than 75% of CAFES courses require laboratories which use the facilities supported by Agricultural Enterprises. Students are awarded the ability to learn production, marketing, supply chain management and other core competencies.

Accomplishments this year included selling 23 horses for \$390,500. The Western Bonanza Junior Livestock Show set a record for entries and participants. Increased support for Earn by Doing programs and a new avocado rootstock trial was established. Revenue increased in the vineyard and new product labels were created for all products.

Goals for FY 2023-24 include developing a sustainable, integrated processing, production, and a local distribution system for Cal Poly food products. In addition, update and enhance existing CAFES production facilities using an \$18.75M one-time state funding. The proposed FY 2023-24 operating budget shows an increase in payroll and an overall positive net to reserve. The statement of reserves shows a decrease in reserves of \$575,000 for FY 2022-23, mostly due to labor and fee costs.

2. Cal Poly Arts (CPA) Molly Clark 1:40

Molly Clark presented the mission of serving the central coast and Cal Poly communities as the presenter of public performing arts events. Typically presenting 30 – 35 events per year of high-quality diverse programming. Income is derived primarily from ticket sales, but also from donations, grants, and corporate sponsorships. Prices are driven by artist fees and production costs. CPA provides Poly Arts for Youth Arts Education Program and Passport to the Arts. This year a standard student ticket price for

access to performances was initiated. Production costs have increased in the past few years. Technical requirements are estimated by the PAC. Accomplishments in the past season include the creation of the new diverse, and multi-generational audience. A new logo was unveiled. Campus and community engagement has tripled related to activities with artists. Goals for FY 2023-24 are to increase ticket sales with prominent names. CPA is returning to a full Broadway series to increase subscriptions and working to develop strategic partnerships and integrate with campuswide fundraising. Additionally, collaboration with FPAC who will sign on as a season sponsor. The FY 2023-24 budget proposal will generate approximately \$100,000 net to reserves. There are no capital outlay requests.

3. *Campus Dining*

Jess Dozier 1:55

Jess Dozier gave an overview of Campus Dining supporting the University's mission by creating exceptional student experiences. Campus dining employs over 1,100 staff and students and operates 38 food venues. In May of 2023, the corporation formalized an agreement with Chartwells Higher Education, which is transitioning on July 1, 2023. Chartwells will become the employer for all foodservice employees. The corporation retains ultimate decision-making power for all program-related choices. Of eligible associates, approximately 96% accepted Chartwells employment. Accomplishments this year included a proactive opening model. Venue projects were completed over the past summer including VG Express, Mingle & Nosh, and the PAC Plaza. A Kosher food truck was created in collaboration with Rabbi Chaim Hilel this fiscal year. Goals for FY 2023-24 are to utilize Chartwells resources to assist with fall opening, develop best practices to design meal plans with input from students, and successfully open Taco Bell at Poly Canyon Village. The goal is to provide the best first impression for students. The operating budget is based on a large class this year. The cost of goods sold is at 35.6% and inflation continues to be high. Payroll expense is 36%. Net income from operations is expected to be \$443,000. The capital outlay request includes digital signage, vehicles, outdoor seating, and expansion of VG Express in the amount of \$927,000.

4. *Other Commercial Activities*

Dan Banfield / Jason Lewis 2:10

Jason Lewis gave an overview of the Mustang Shop and reminded the board that in 2017 CPC entered into an agreement with Follett. Annual revenues from the on-campus store and the downtown store are \$9.8M. CPC holds the lease to the downtown store and the liquor license to sell Cal Poly Wine. The commission structure is 17% of gross sales except for digital courseware which is 7%; technology does not provide a commission. The Mustang Shop / Follett provides resources including HEOA compliance through courseware on Canvas, the Poly Access

program, Student textbook scholarships, partnerships with Athletics, PAC, National Reading Day, and the graduation fair. The Mustang Shop employs 30-50 student employees. Recently the on-campus location was remodeled. The new layout gives a more visually impactful experience. A strategic plan was developed, and a new store Director began, Jason Lewis. Goals for FY 2023-24 include faculty engagement with quarterly reporting on optimized course materials. A dashboard has been created to track order status. Increase use of OER, digital and inclusive access to drive down course material costs. Grow sales, operate new kiosk at Spanos and partner with CPC on the super-app. The operating budget proposes a modest net to reserves of \$40,000. Total reserves are approximately \$8M. There are no capital outlay requests.

5. *Sponsored Programs Administration*

Darya Veach

2:25

Darya Veach gave an overview of Sponsored Programs Administration (SPA), which manages post-award research and externally funded projects and grants. SP ensures compliance and proper use of funds. SPA provides contracting review, preparation, and negotiation for prime awards. Additionally, they provide all financial oversight for the Centers and Institutes. Total expenditures to date are \$27 million and expected to end the year at \$30 million. SPA is primarily funded by indirect cost recovery. Accomplishments this year included completing the recruiting for five vacated positions. A software upgrade was performed and completed, as well as an audit with the Department of Education. Goals for FY 2023-24 will be extensive training of new staff and development of Finance Enterprise system. Building and implementation of ERA system and developing training materials during this transition. The operating budget income will see a reduction due to fee-for-service arrangements ending. Payroll expenses will increase for FY 2023-24. Operating expenses are expected to rise from consulting fees and administrative cost recovery. Reserves are healthy, and no capital outlays are requested at this time.

6. *Conference and Event Planning*

Umut Brown

2:40

Umut Brown gave an overview of CEP, a self-supporting core business department of the Corporation. CEP assists clients from the initial concept to planning and coordination of an event. Total revenues for FY 2022-23 are \$2.2 million for all the colleges combined. Pre-pandemic revenue levels returned this year. CEP optimized operational flow and strengthened relationships with clients. Goals for FY 2023-24 are organizing large concerts at Spanos Stadium, strengthening partnerships with ACCED-I and increasing awareness of CEP's services. Total budget revenues are expected to increase 42% and total expenses are expected to increase by 38%, while estimated net to reserves will be \$123,000. No capital outlays are requested.

7. *General Administration*

Matt Ryan 2:55

Matt Ryan reviewed accomplishments in FY 2023-23. The transition of Campus Dining to Chartwells under the new management agreement, kicking off the faculty and staff housing project and preparing for the OneSolution upgrade. The operating budget increased revenues, mostly related to departmental assessments. Expenses will increase in the upcoming year partly due to the 5% GSI and 1.5% performance pool. The General Administration fund does supplement funds using dividends and interests from investments. Reserves are fully funded per board policy.

(M/S) (Thulin/Ramezani) that the Board approve the Cal Poly Corporation FY 2023-24 Operating Budgets and Capital Outlay Proposals for programs with revenues over \$1 M, items VII. B. 1-7.

None opposed

VIII. **STAFF PRESENTATIONS**

- o *CEO Report*

Cody VanDorn 3:15

Cody VanDorn with the help of MarCom presented a video to show the impact of the Cal Poly Corporation has had on CPSU this past year.

IX. **ANNOUNCEMENTS**

*Next Board of Directors meeting: Friday, October 27, 2023, at 8:30 a.m.
UPDATE: Thursday, October 26, 2023 at 8:30 a.m.*

Cindy Villa 3:35

X. **ADJOURNMENT of the meeting was 3:15 p.m.**

Cindy Villa 3:35

Respectfully Submitted,

Holly Clark, Reporting Secretary