



**CAL POLY  
Partners**

## **BOARD OF DIRECTORS MEETING #5**

Friday, June 7, 2024, 12:00 p.m.

Vista Grande Dining Complex, Third Floor Conference Room

### **MINUTES**

**Present:** Aaron Fernandes, Damon Fleming, Sean Hurley (arrived 12:05), Cynthia Jackson-Elmoore, Geri LaChance, Patrick Mullen, Cyrus Ramezani, Steven Rein (absent from 1:00 – 2:16), Toby Walpole, Cara Wright

**Absent:** Keith Humphrey, Dean Wendt

**Guest:** President Jeffrey Armstrong

**Public Comment:** None

**Staff:** Joe Alves, Dan Banfield, Holly Clark, Molly Clark, Ellen Curtis, Jess Dozier, Tiffany Kramlich, Jason Lewis, Dawn Neill (arrived at 12:41), Matt Ryan, Erin Scherer, Cody VanDorn, Darya Veach, Andrea Burns

#### **I. CALL TO ORDER AND INTRODUCTIONS**

Chair Cynthia Jackson-Elmoore called the meeting to order at 12:04p.m.

#### **II. PUBLIC COMMENT**

No one present for public comment. One email written comment from Scott Zimmerman of Western States Regional Council of Carpenters requesting that Cal Poly Partners consider contractors who have participated in state-accredited apprenticeship programs.

#### **III. APPROVAL OF MINUTES**

##### **A. April 26, 2024**

***(M/S) (Fleming/Ramezani) that the Board accepts the April 26, 2024, minutes as presented.***

None opposed, Geri LaChance abstained.

#### **IV. CONSENT AGENDA**

##### **A. Recommendation from the Budget & Finance Advisory Committee to Approve Cal Poly Partners FY 2024-25 Operating Budgets for All Real Estate Programs and Commercial Services Programs and Capital Outlay Proposals for Programs with Revenues Under \$1M**

***(M/S) (Ramezani/LaChance) that the Board approve the Consent Agenda items IV. A. 1-5.***

None opposed.

1. *University Graphic Systems*
2. *Technology Park*
3. *Swanton Pacific Ranch*
4. *Plant Fund*

5. *Other Commercial Activities - Cal Poly Print & Copy*

**V. PRESIDENT ARMSTRONG**

***Recognition of Outgoing and Incoming Board Members***

President Armstrong thanked outgoing members Aaron Fernandes who has served 2 years on Cal Poly Partners' Board and Steve Rein who has served 6 years on the board and on the Budget and Finance Advisory Committee. Armstrong acknowledged incoming faculty member, Joseph Cleary and student member, Ashleigh Spragins.

Members of the board asked the President about the impending CSU meeting related to Cal Poly integrating with Cal Maritime scheduled for July. Cal Maritime has lost 30% of their students in just a few years. Integration presents an opportunity to keep the college sustainable. It could also present many opportunities for Cal Poly. This change would not be effective, if passed, until FY 2025 - 26. The goal would be to provide operations, help grow enrollment, and recruit and retain faculty and staff.

**VI. CHAIR REPORT**

**A. Proposed FY 2024-25 Cal Poly Partners Board of Directors Meeting Schedule**

- *October 25, 2024*
- *February 7, 2025*
- *April 25, 2025*
- *June 6, 2025*

The Board took a break at 1:01pm and returned at 1:12pm

**VII. COMMITTEE REPORTS**

**A. Audit Committee Report**

Matt Ryan reported that the Audit Committee met on May 9, 2024, which serves as the entrance conference for the annual Financial State Audit Committee. The Auditors are Glenn Burdette. The Committee reviewed the schedule of inventory observations and the audit request list. Interim field work for the audit is from May 6<sup>th</sup> to May 10<sup>th</sup>, and the final is August 12<sup>th</sup> to 16<sup>th</sup>. This year a few major changes included Chartwell's contract taking over management of Campus Dining and the purchase of Mustang Business Park.

**B. Budget and Finance Advisory Committee Report**

Dan Banfield reported that the Budget and Finance Advisory Committee met on May 21, 2024. This meeting reviewed five budgets under \$1 million. The budgets were presented to the committee by each department director. The committee gave a unanimous recommendation to accept the budgets as presented.

**VIII. BUSINESS**

**A. Appointment of Board Members and Election of Officers**

***(M/S) (Wright/Ramezani) that the Board appoints Board Members and Election of Officers.***

None opposed. Damon Fleming and Cynthia Jackson-Elmoore abstained.

The President appointed:

- Faculty member Joseph Cleary for a three-year term
- Faculty member Cyrus Ramezani for another three-year term
- President designee, Dean Wendt for another one-year term
- Student member, Toby Walpole for another one-year term
- Student member, Ashleigh Spragins for a one-year term

The Board approves the following officers:

- Stan Nosek, Chair
- Cynthia Jackson-Elmoore, Vice Chair
- Damon Fleming, Secretary – Treasurer

**B. Approval of Cal Poly Partners FY 2024-25 Operating Budgets for All Real Estate Programs and Commercial Services Programs and Capital Outlay Proposals for Programs with Revenues over \$1M**

***(M/S) (Fleming/LaChance) that the Board approve the Cal Poly Partners FY 2024-25 Operating Budgets and Capital Outlay Proposals for programs with revenues over \$1 M, items VIII. B. 1-7. None opposed.***

Dan Banfield described a few items to help lay the foundation of the budget process for FY 2024-25. The expected Fall 2024 residential population of 5,275 freshman and price increases were considered in these budgets. There are differences in Bartleson Ranch budget presentation; this is the first year of operations with a dedicated operations manager that is an employee of Cal Poly Partners. Also, interest expenses have been increasing related to long-term debt. Payroll assumptions in the budget include the GSI of 5%, and 2% performance compensation pool, as well as slightly higher fringe benefit rates. Payroll also reflects a minimum wage increase to \$18 per hour proposed for January 1, 2025, and AB 1228, increasing all National food service brands to \$20 per hour. Changes in operating expenses from IT related costs, insurance, utilities, and administrative cost recovery charges were considered.

Banfield shared the consolidated operating budget; the change in revenues is driven by meal plan sales to first year students and continuing students. The other income expense category from 2022-23 includes the insurance payout for 1901 Marketplace for remediation of the first floor. Next year's amount includes transfers of funds allocated for Workday and MBP.

**1. Commercial Agriculture Operations**

Bill Hendricks, interim Dean for the College of Agriculture, Food and Environmental Sciences (CAFES) gave an overview. This college is the fifth largest agriculture, food and renewable resources college in the U.S. with approximately 4,200 students. Production teaching facilities are primarily supported by donor funding, gifts, and revenues from product sales. In FY 2023-24 the winery processed 26.9 tons of grapes for the commercial programs. The 2024 Western Bonanza Junior Livestock Show hosted more than 5,200 entries and is organized by more than 140 students. This year 23 horses were sold totaling \$276,000 in sales. The Creamery sold holiday cheese boxes and established a drive-thru ice cream sale. The Plant Sciences Department is coordinating with Cal Poly's Real Food Collaborative to provide produce baskets at a reduced price. They are also partnering with Talley Farms to purchase mandarin fruit.

Goals for FY 2024-25 include updating the pilot plant 24-107 for food safety and functionality. The food production unit is identifying a retail space for purchases. Budget year 2023-24 is the first year of including the winery and wine sales in the commercial agriculture budget, and revenues now offset costs. Additionally, the need to re-evaluate the appropriate number of animals at each unit required for educational purposes is planned.

The budget proposal for FY 2024-25 reflects the escalating feed prices, however, increases in sales are expected to result in positive net to reserves. Net revenue for FY 2024 – 25 is just over \$4.1 million while the net operating loss will be approximately \$94,000. Other transfers from the Leprino Foods Company endowment of \$96,000 will cover the loss.

Bartleson Ranch was acquired in disarray, and it is expected to take three years to recover the farming at the ranch, weather permitting. This budget is separate from the rest of CAFES and is expected to net \$35,882 to reserves in 2024-25.

CAFES received a one-time Climate-Smart funding from the Governor's budget to be used to update facilities, infrastructure and equipment this year. Capital outlay requests will depend on influx of outside funds.

2. *Cal Poly Arts*

Molly Clark, Director of Cal Poly Arts (CPA) explained the program is a unit of the College of Liberal Arts that presents 30 – 35 public ticketed, high quality, diverse events per year. There are five full-time staff positions funded by Cal Poly University, and all other operations continue to be self-supporting. Revenues are from ticket sales and sponsorships. CPA organizes Poly Arts for Youth Arts Education Program, teaching the arts throughout schools all over the county. Passport to the Arts program is an outreach to students and communities with marginalized demographics.

County partnerships are helping to provide free tickets to low-income community members as well. Attendance of performances, production costs, and marketing are all difficult factors to consider when creating next year's budget.

Accomplishments this past year include a 35% increase in attendance at performances, subscriptions are back to pre-pandemic levels, and an addition of a concert truck that travels the county providing concerts monthly.

The FY 2024-25 goals include increasing ticketing capacity, running shows longer, and identifying lead donors for an endowment campaign to commemorate CPA's 40<sup>th</sup> anniversary.

Ticket sales are budgeted to increase in FY 2024-25 by approximately \$155,000. Budgeted income is estimated to be just above budgeted expenses with an estimated increase to reserves over \$55,000. Reserves remain healthy and there are no capital outlay requests.

3. *Campus Dining*

Jess Dozier, Director of Campus Dining presented a few facts about Campus Dining, including there are 50 venues across four neighborhoods on campus. Campus Dining supports the University's health, wellbeing and educational mission.

The continued collaboration with Chartwells as a third-party manager of Campus Dining is going well. Employee retention is strong, and the 1901 Marketplace opening has not lost momentum. Last week Cal Poly Partners and Campus Dining hosted the first student employee appreciation attended by 300 students. Students represent 40% of the Campus Dining workforce.

Next FY 2024 – 25 there will be a new buffet open at 1901 Kitchen, added seating around campus, and the opening of the Cal Poly Partners Plaza at Spanos Stadium. To grow revenue Campus Dining will increase faculty and staff engagement and add a robot delivery service. There is also a plan to rebuild the catering program and begin construction of the new Julian's Café at the library.

Looking at next year's budget, expenses are expected to increase due to increases in depreciation as major capital projects are completed, insurance increases, and utility rate increases. Sales reflect an increase in first-year student and community dining plans to offset COGS inflation. A net loss to reserves is forecasted for FY 2024 – 25 of \$632,000 due to depreciation expense, but positive cash from operations will provide for annual debt payments and maintain operating reserves.

The capital outlay request is \$750,000 for an extensive list of various capital/maintenance items and include the starship delivery robots.

4. *Other Commercial Activities*

Andrea Burns, Associate Executive Director and Jason Lewis, Market Leader presented on the two Mustang Shops, one on campus and one downtown location. Cal Poly Partners with Follett Higher Education Group operate the stores. The campus store underwent a remodel and rebranding last year. Cal Poly Partners holds the liquor license for wine sales and has a base 17% commission on certain sales. The partnership provides critical resources to Cal Poly including administration of courseware, Poly Access program, and an e-commerce site.

In FY 2023-24 a new course materials dashboard was launched, lowering costs and doubled the Poly Access in certain sections. Fiscal year 2024-25 goals include achieving stability in revenue and profitability, improvement of days on hand inventory, and targeting faculty with available Poly Access options to achieve 30% penetration in all departments.

The operating budget proposal for FY 2024-25 returns \$22,972 net to reserves. The capital outlay request for this year is \$900,000 for a new store location downtown which will be co-located with the Center for Innovation and Entrepreneurship.

5. *Sponsored Programs Administration*

Darya Veach, Director of Sponsored Programs explained the program provides the support needed for students, faculty and staff to create, research, and learn by managing externally sponsored projects, Centers and Institutes, fee-for-service, and other programs. They also provide auditing services and contract review.

In FY 2023-24 Sponsored Programs (SPO) integrated a new interim Vice President of Research, recruited two analysts' positions, and developed processes for upcoming software system implementations. For the next FY 2024-25 SPO will be implementing a new electronic research administration system, and a new financial system.

The budget for FY 2024-25 includes a reduced income of \$371,000, due to some fee-for-service contracts ending, payroll expenses increasing to \$1.9 million with the addition of two new analysts, the GSI increase, and equity adjustments. Total indirect costs recovered are budgeted at \$4 million. Both Sponsored Programs' reserve accounts are healthy and there are no capital outlay requests at this time.

6. *Conference and Event Planning*

Erin Scherer, Director of Conference and Event Planning (CEP) presented a few statistics from last FY 2023-24. The total number of customers served was 14,389 and 10,847 bed nights were spent with 1,929 overnight camp participants. CEP hosted the Harlem Globetrotters basketball team for a sold-out event. CEP also worked to enhance partnerships, collaborate with the Athletics Department, and expand their clients. Erin introduced her team of five, Tammy Farrell, Scott Homolka, Carol Ertani, Lynda Mantle and Elizabeth Beckett.

Next FY 2024-25 goals include enhancing event revenue, reimagining PCV utilization, and bringing live events to Spanos Stadium.

Fiscal year 2023-24 ended with over \$1.5 million in operating costs. This will leave a net to reserves of \$7,500. Next year is budgeted to increase operating costs by 11%, expenses are estimated to be \$1.7 million. Reserves are increasing since the Pandemic and expected to be \$160,000 by June 30, 2025.

## 7. *General Administration*

Dan Banfield presented the general administration budget which includes the executive office, business and finance office, human resources, marketing & communications, real estate and facilities division, as well as the IT infrastructure.

This past FY 2023-24 the Cal Poly Corporation was rebranded as the Cal Poly Partners. Also, the design for Vista Meadows, faculty and staff housing project was finalized along with the financing. The REVER Software was launched, and the workforce mortgage assistance program was released.

In the upcoming year the focus will be on implementing Workday software and transforming business processes. A shared services center is being established between Cal Poly Partners and the University.

Cal Poly Partners income budgeted for the upcoming FY 2024-25 will see an increase in departmental assessments from the employee general salary increase, Workday software, and additional ITS fees. However, there will be a decrease in other revenues from overall fee-for-service items and interest income. Expenses are expected to increase resulting in an overall operating loss. This loss is covered by a transfer from the investment fund. Reserves are healthy and designed to cover three months of expenses.

The capital outlay request is \$1.2 million for Workday software. One million was previously approved by the board. The additional \$200,000 is for an independent contractor to help with the implementation of the software.

## IX. **STAFF PRESENTATIONS**

### *CEO Report*

Cody VanDorn sincerely thanked the Cal Poly Partners' team for a year of accomplishments. He recognized the commitment of Aaron Fernandes and Steve Rein to serve on the board of directors. He also thanked campus leadership for support of Cal Poly Partners and would like Cal Poly Partners to be the utility player to allow campus to grow.

VanDorn reviewed a few goals of Cal Poly Partners, beginning with the completion of pre-construction work of Vista Meadows, construction will begin in the fall. The 33 single family units will offer a lottery for Bella Montana homeowners to potentially purchase in this new development, freeing up additional condominiums at an alternate price point. Deferred maintenance on Slack Street will be performed, and the budget is on track for \$25 - \$26 million. The goal is to identify another location to begin providing additional types of housing options for faculty and staff. VanDorn informed the board of a few opportunities in the community that have been presented as potential additional rental housing sites.

The 1901 Marketplace opening, including a faculty and staff lunch space in the Cal Poly Partners Pavilion has been a success. The continued research for development of the e-commerce application is on the list of goals for FY 2024-25. Also, the establishment of new business processes required with the Cal Poly Partners move to Mustang Business Park are planned. There will be more to come related to employee engagement at Cal Poly Partners based on the recent employee survey results.

A grand opening of the Cal Poly Partners Plaza at Spanos Stadium is scheduled for fall and will present the new concessions for the multipurpose venue. Tech Park phase II will be completed in the fall as will the tennis complex. Swanton Pacific Ranch has a lot of work to be done and will require input from the board in the coming year. Also in the coming year is the downtown space development on Chorro, which will enhance economic development strategies.

**X. ANNOUNCEMENTS**

*Next Board of Directors meeting: Friday, October 25, 2024, at 8:30 a.m.*

**XI. ADJOURNMENT**

The board adjourned at 3:27pm.

Respectfully submitted,

Holly Clark

Holly Clark, Recording Secretary